

**REVIEW OF CHARTER SCHOOL,
CHARTER TECHNICAL CAREER CENTER,
AND DISTRICT SCHOOL BOARD
2008-09 FISCAL YEAR AUDIT REPORTS
PREPARED BY
INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANTS**



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AND DISTRICT SCHOOL BOARD 2008-09 FISCAL YEAR AUDIT REPORTS
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SUMMARY

Pursuant to Section 218.39, Florida Statutes, certain district school boards and all charter schools and charter technical career centers (hereafter referred to as charter schools) are required to provide for annual financial audits conducted by independent certified public accountants (CPAs). We are required to review all charter school and district school board financial audit reports submitted pursuant to Section 218.39(8), Florida Statutes. Audit reports for the 2008-09 fiscal year, were required to be submitted to us within 45 days after delivery of the audit report to the charter school or district school board's governing body, but no later than 12 months after the end of the fiscal year (June 30, 2010). We reviewed audit reports for 372 charter schools and 16 district school boards received through February 28, 2011, and determined that the audit reports were generally presented in accordance with generally accepted government auditing standards, generally accepted accounting principles, and Rules of the Auditor General. However, we noted instances in which the audit reports were not submitted timely or were not prepared in accordance with all applicable requirements, as follows:

Finding No. 1: Audit reports for 16 charter schools were not submitted to us, including 9 that were closed during or subsequent to the 2008-09 fiscal year. Audit reports for 25 charter schools and 6 district school boards were not submitted to us within 45 days after delivery to the governing bodies. Additionally, audit reports for 21 charter schools were received after the June 30, 2010, deadline.

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

Finding No. 3: Our completeness reviews of audit reports received for 372 charter schools and 16 district school boards disclosed instances of noncompliance with certain requirements, primarily related to the auditors' reports or management letters, and presentation of financial statement note disclosures.

Finding No. 4: Our comprehensive reviews of samples of audit reports disclosed instances of apparent noncompliance with certain requirements, primarily related to the presentation of financial statement note disclosures, required supplementary information (management's discussion and analysis and budgetary comparison schedules), and auditor's reports or schedules required for Federal Single Audits.

BACKGROUND

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

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

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

- Conduct the audits in accordance with Rules of the Auditor General.

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

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

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Timely Submission of Audit Reports

Section 218.39(8), Florida Statutes, requires that the charter school or district school board submit the audit report and a written response to any report or management letter findings to us within 45 days after delivery of the audit report to the entity’s governing body, but no later than 12 months after the end of the fiscal year, which for the 2008-09 fiscal year was June 30, 2010. As of February 28, 2011, 372 charter schools and 16 district school boards submitted a 2008-09 fiscal year audit report to us. Table 1 below shows compliance with the timely submission requirements for the 2008-09 fiscal year and the previous two fiscal years.

**Table 1:
Compliance with Audit Report Submission Requirements**

Type of Exception	Fiscal Year Ended June 30					
	Charter Schools			District School Boards		
	2009	2008	2007	2009	2008	2007
Audit required, but report not submitted.	16	8	14			
Audit report submitted after 45-day deadline.	25	26	42	6	4	10
Audit report submitted after June 30 th deadline.	21	31	5		8	

Source: Auditor General

Regarding the 2008-09 fiscal year information provided in Table 1:

- The 16 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 2008-09 fiscal year, but 9 were closed during or subsequent to the 2008-09 fiscal year.

- Audit reports for 25 charter schools and 6 district school boards were not submitted to us within 45 days of delivery to the governing body (up to 194 and 205 days late, respectively), but not later than June 30, 2010 (see Exhibit B).
- Audit reports for 21 charter schools were submitted after the June 30, 2010, deadline (see Exhibit C). These audit reports were also not submitted to us within 45 days of delivery to the governing body.

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

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

Finding No. 2: Licensing of Auditors

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

Based on information provided to us by Board staff, we determined that the 2008-09 fiscal year audits of eight charter schools were performed by five individual audit firms that did not hold active or temporary licenses issued by the Board as of the dates of the auditors' reports on the financial statements, as follows:

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

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

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

Finding No. 3: Completeness Reviews

Audit reports for 372 charter schools and 16 district school boards for the 2008-09 fiscal year were submitted to us as of February 28, 2011 (three audit reports included combined financial information for 8 charter schools). These audit reports 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. To assist auditors in complying with the requirements of GAGAS, GAAP, and applicable laws, rules, and regulations, we promulgated the District School Board, Charter School, and Charter Technical Career Center Audit Report Review Guidelines. These Guidelines are updated annually, and are available on the Auditor General's Web site.

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.

For the 2008-09 fiscal year, 74 charter schools and 7 district school boards were sent letters requesting items omitted from the audit report. Most of the items requested related to information required to be included in the management letter, the auditee's response to findings included in the auditor's report or management letter, the government-wide and fund financial statements, and required supplementary information. As of February 14, 2011, we had received responses from 60 of the 74 charter schools and all of the district school boards from which we requested missing items. The responses received included all of the requested missing items. 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 as of February 14, 2011.

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 the requirements of GAGAS, GAAP, and Chapters 10.800 and 10.850, Rules of the Auditor General, as applicable. However, our completeness reviews disclosed instances of apparent noncompliance with certain GAGAS, GAAP, or Chapters 10.800 or 10.850, Rules of the Auditor General, requirements (similar findings were noted in our report No. 2010-063). For example, for charter schools:

- The auditor's report on the financial statements did not address the auditor's responsibility for required supplementary information presented for 49 (35 percent) of the 142 applicable reports.
- The notes to the financial statements did not disclose the types of investments authorized by legal or contractual provisions for 15 (43 percent) of the 35 applicable reports.
- The notes to the financial statements did not disclose the appropriate risk categories by type of investments for 19 (54 percent) of the 35 applicable reports.

A summary of the deficiencies noted in our completeness reviews by type of entity, with comparative prior year information, is included in Exhibit D. Most of the exceptions disclosed by our completeness reviews relate to: (1) the presentation of auditor's reports or management letters in accordance with GAGAS and Chapters 10.800 and 10.850, Rules of the Auditor General; and (2) the presentation of financial note disclosures in accordance with GAAP. For purposes of this report, we sorted the deficiencies into the areas of the auditor's reports (report on the financial statements and report on internal control over financial reporting and compliance), management letter, management's

discussion and analysis, financial statements, notes to financial statements, and other required supplementary information.

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

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

Finding No. 4: Comprehensive Reviews

In addition to the completeness reviews, we made comprehensive reviews of audit reports submitted for the 2008-09 fiscal year, as follows:

- We reviewed a sample of audit reports for 50 charter schools, and all 16 district school board audit reports, to determine the extent of compliance, on a more comprehensive basis, with GAGAS, GAAP, and Chapters 10.800 and 10.850, Rules of the Auditor General, as they apply to financial statements and notes thereto. For 26 of the 50 sampled charter schools, and 16 district school boards, that reported pension plans, this review included a determination of the extent of compliance with GAAP with respect to pension plan disclosures.
- We reviewed the 2 charter school and 16 district school board audit reports that indicated that the audit was done in accordance with the Federal *Single Audit Act Amendments of 1996* to determine the extent of compliance with the reporting requirements contained in United States Office of Management and Budget *Circular A-133* relative to Federal awards.

Our comprehensive reviews disclosed instances of apparent noncompliance with certain GAGAS, GAAP, or Chapters 10.800 or 10.850, Rules of the Auditor General, requirements (similar findings were noted in our report No. 2010-063). A summary of the deficiencies noted in our comprehensive reviews by type of entity is included in Exhibit E (because of the limited number of items applicable to each type entity, we did not attempt to present comparative prior year information). For example, for charter schools:

- The auditor's report on internal control over financial reporting and compliance did not include a restricted use statement for 10 (20 percent) of the 50 applicable reports.
- The management discussion and analysis did not include a description of significant capital asset and long-term debt activity during the year for 26 (62 percent) of the 42 applicable reports.
- The notes to the 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 assets are available for 26 (57 percent) of the 46 applicable reports.
- The notes to the financial statements did not disclose whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years for each type of insurance coverage for 25 (63 percent) of the 40 applicable reports.

The exceptions disclosed by our comprehensive reviews primarily relate to the presentation of financial statement note disclosures, required supplementary information (management's discussion and analysis and budgetary comparison schedules), and auditor's reports or schedules required for Federal Single Audits.

Recommendation: Charter schools and district school boards should continue efforts to ensure that the financial statement note disclosures (including pension plan disclosures) and required supplementary information (management's discussion and analysis and budgetary comparison schedules) are presented in accordance with GAAP. In addition, charter schools and district school boards, and their auditors, should ensure that reports and schedules are prepared in accordance with Federal requirements.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

The scope of this project included a review of audit reports for 372 charter schools and 16 district school boards prepared by independent CPAs and submitted to us by February 28, 2011, for the 2008-09 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, and Federal compliance review. We applied the basic completeness review checklist to the audit reports for 372 charter schools and to the 16 district school board audit reports. We applied the detailed comprehensive review checklist (other than pension disclosures) to a judgmentally selected sample of 50 charter school audit reports and to the 16 district school board audit reports. We applied the pension disclosure and Federal compliance review checklists, as applicable, to the 50 sampled charter school audit reports and the 16 district school board audit reports.

AUTHORITY

Section 11.45(7)(b), Florida Statutes, requires us to review, in consultation with the Florida Board of Accountancy, all charter school and district school board financial audit reports prepared by independent CPAs and submitted pursuant to Section 218.39, Florida Statutes. Pursuant to the provisions of Section 11.45(7)(b), Florida Statutes, I have directed that this report be prepared to present the results of our review of charter school and district school board audit reports prepared by independent CPAs for the 2008-09 fiscal year.



David W. Martin, CPA
Auditor General

EXHIBIT A
CHARTER SCHOOLS REQUIRED TO SUBMIT AN AUDIT REPORT,
BUT DID NOT FOR THE 2008-09 FISCAL YEAR

CHARTER SCHOOLS	DISTRICT
Academy of Environmental Science	Citrus
Canoe Creek Charter Academy	Osceola
Carl Sagan Academy (1)	Hillsborough
Charter School on the Beach Middle School	Miami-Dade
Dayspring Elementary Charter School (1)	Broward
Fort Myers Preparatory and Fitness Academy	Lee
Guided Path Academy (1)	Palm Beach
Life Institute for Education Academy	Lee
P.M. Wells Charter Academy	Osceola
Rays of Hope Charter School (1)	Seminole
Re-Birth Academy (1)	Hillsborough
Summit Charter School	Orange
Sunrise Community Charter School (1)	Broward
Susie Daniels Charter Elementary (1)	Broward
The Anderson Elementary Academy (1)	Hillsborough
The Charter School at Fort Pierce (1)	St. Lucie

Note: (1) Closed during or subsequent to the 2008-09 fiscal year.

EXHIBIT B
DISTRICT SCHOOL BOARDS AND CHARTER SCHOOLS
SUBMITTING AUDIT REPORT
AFTER 45-DAY DEADLINE
FOR THE 2008-09 FISCAL YEAR

DISTRICT SCHOOL BOARDS	Days Late
Brevard County District School Board	205
Hillsborough County District School Board	80
Lee County District School Board	120
Leon County District School Board	89
Manatee County District School Board	7
Pasco County District School Board	3

CHARTER SCHOOLS	DISTRICT	Days Late
Boston Avenue Charter School	Volusia	116
Broward Community Charter Middle School	Broward	6
Broward Community Charter School	Broward	6
Broward Community Charter School West	Broward	6
CARE Charter School of Excellence	Jefferson	49
Coronado High School	Lee	17
DayStar Academy of Excellence Charter School	Palm Beach	5
Discovery Middle Charter School	Broward	6
Eagles' Nest Elementary Charter School	Broward	61
Eagles' Nest Middle Charter School	Broward	61
Educational Horizons Charter School	Brevard	9
Everglades Preparatory Academy	Palm Beach	194
Glades Academy of Agricultural & Ecological Studies	Palm Beach	6
Imagine Schools at Town Center	Flagler	3
Inlet Grove Community High School	Palm Beach	5
Love to Learn Educational Center	Alachua	187
North Nicholas High School	Lee	3
Oasis Middle School	Manatee	52
Opportunity Charter School	Manatee	21
PAL Academy Charter School	Manatee	21
Paragon Elementary Charter School	Broward	79
Pompano Charter Middle School	Broward	75
Riviera Beach Maritime Academy	Palm Beach	9
Suncoast School for Innovative Studies	Sarasota	58
Toussaint L'Ouverture High School for Arts and Social Justice	Palm Beach	11

**EXHIBIT C
CHARTER SCHOOLS
SUBMITTING AUDIT REPORT
AFTER JUNE 30, 2010, DEADLINE
FOR THE 2008-09 FISCAL YEAR**

CHARTER SCHOOLS	DISTRICT	Date Received
Academie Da Vinci Charter School	Pinellas	09/30/10
Beulah Academy of Science	Escambia	08/10/10
Cape Coral Charter School Authority	Lee	08/12/10
Central Charter School	Broward	08/09/10
Charter School Institute	Broward	08/18/10
Eagle Academy	Broward	08/24/10
Easter Seal Society of Volusia and Flagler Counties	Flagler	08/10/10
Imagine School at North Port	Sarasota	08/12/10
International School of Broward	Broward	08/23/10
Metropolitan Ministries Academy	Hillsborough	08/25/10
Micanopy Middle Charter School	Alachua	08/12/10
Palm Bay Community Charter School – Patriot Campus	Brevard	08/17/10
Reading Edge Academy	Volusia	08/26/10
Richard Allen Leadership Academy	Miami-Dade	08/12/10
Rise Academy School of Science and Technology	Broward	08/20/10
Smart School, Inc., Charter High School	Broward	08/23/10
Smart School, Inc., Charter Middle School	Broward	08/23/10
The Charter School at the National Deaf Academy	Lake	09/03/10
The Foundation School	Polk	08/18/10
Therapeutic Learning Center Charter School	St. Johns	10/22/10
Wayman Academy of the Arts	Duval	09/09/10

EXHIBIT D
COMPLETENESS REVIEWS
SUMMARY OF DEFICIENCIES
FOR THE 2008-09 FISCAL YEAR

Description of Deficiencies - Reports Reviewed for Total of 372 Entities	Charter Schools				District School Boards			
	Number of reports to which criteria applied	Number (1)	Percent (2)	Prior Fiscal Year Percent	Number of reports to which criteria applied	Number (1)	Percent (2)	Prior Fiscal Year Percent
Auditor's Report on the Financial Statements								
The opinion on the audited financial statements did not identify either all or some of the individual opinion units upon which the auditor was opining.	372	96	25.8	25.0	(3)	(3)	(3)	(3)
The opinion on the audited financial statements included some opinion units (i.e., business-type activities, aggregate remaining fund information, or aggregate discretely presented component units) not presented in the audited financial statements.	345	23	6.7	7.1	16	2	12.5	(4)
The report did not address the auditor's responsibility for required supplementary information presented.	362	9	2.5	1.2	16	1	6.3	12.5
The report did not address the auditor's responsibility for supplementary information presented.	142	49	34.5	29.4	(3)	(3)	(3)	(3)
The introductory paragraph of the report did not disclose the entity was a component unit of another entity.	345	30	8.7	5.8	(3)	(3)	(3)	(3)
The introductory paragraph of the report did not identify either all or some of the individual opinion units.	345	66	19.1	14.8	16	1	6.3	(4)
Auditor's Report on Internal Control Over Financial Reporting and Compliance								
The report did not include a statement that noncompliance (not considered material to the financial statements) or items involving internal control over financial reporting (not considered to be significant deficiencies) were communicated to management in a separate management letter.	123	29	23.6	35.7	13	2	15.4	8.3
Management's written statement of explanation or rebuttal concerning findings and recommendations noted in the report was not provided.	108	7	6.5	13.5	(3)	(3)	(3)	(3)
Auditor's Management Letter								
The management letter did not include a statement as to whether or not the charter school or the school district has met one or more of the conditions described in Section 218.503(1), Florida Statutes.	372	23	6.2	(4)	16	2	12.5	(4)
The management letter did not include a statement indicating the auditor applied financial condition assessment procedures pursuant to Sections 10.805(6) and 10.855(10), Rules of the Auditor General.	372	23	6.2	22.4	(3)	(3)	(3)	(3)
Management's written statement of explanation or rebuttal concerning findings and recommendations noted in the management letter was not provided.	123	7	5.7	9.4	16	1	6.3	(4)

**EXHIBIT D (CONTINUED)
COMPLETENESS REVIEWS
SUMMARY OF DEFICIENCIES
FOR THE 2008-09 FISCAL YEAR**

Description of Deficiencies - Reports Reviewed for Total of 372 Entities	Charter Schools				District School Boards			
	Number of reports to which criteria applied	Number (1)	Percent (2)	Prior Fiscal Year Percent	Number of reports to which criteria applied	Number (1)	Percent (2)	Prior Fiscal Year Percent
Required Supplementary Information - Management's Discussion and Analysis (MD&A)								
Certain financial data included in the MD&A did not agree with the same data in the financial statements or notes to financial statements.	342	102	29.8	44.4	16	8	50.0	25.0
The MD&A contained mathematical errors (nonrounding).	342	37	10.8	15.1	16	3	18.8	(4)
Financial Statements								
The financial statements contained mathematical errors (nonrounding).	372	26	7.0	9.7	16	2	12.5	(4)
Some account balances did not agree among the financial statements (nonrounding).	372	62	16.7	11.8	(3)	(3)	(3)	(3)
Notes to Financial Statements								
The notes did not disclose the revenue recognition policies used in the fund financial statements (i.e., the revenue accounting policies used to record revenues, including the length of time used to define "available" for the purposes of revenue recognition for governmental funds).	337	61	18.1	21.6	(3)	(3)	(3)	(3)
The notes did not disclose deficit fund balances in individual funds that were not apparent on the face of the financial statements.	53	9	17.0	49.0	(3)	(3)	(3)	(3)
The notes did not disclose the types of investments authorized by legal or contractual provisions.	35	15	42.9	11.1	(3)	(3)	(3)	(3)
The notes did not disclose the appropriate risk categories (interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk) by type of investment.	35	19	54.3	8.3	(3)	(3)	(3)	(3)
The notes did not disclose a description of the risks of loss to which the entity was exposed and the ways in which those risks of loss are handled.	345	20	5.8	7.0	(3)	(3)	(3)	(3)
The notes contained mathematical errors (nonrounding).	372	21	5.6	8.8	16	7	43.8	12.5
Some totals on supporting schedules or other information in the notes did not agree with the corresponding account totals on the financial statements (nonrounding).	372	122	32.8	28.9	16	6	37.5	12.5
Other Required Supplementary Information								
Some amounts shown on the budgetary comparison schedules did not agree with the corresponding amounts on the financial statements (nonrounding).	337	52	15.4	19.1	(3)	(3)	(3)	(3)
Certain required supplementary information contained mathematical errors (nonrounding).	337	34	10.0	7.9	(3)	(3)	(3)	(3)

Notes: (1) Number of reports for which the deficiency was noted.
 (2) Percentage of applicable reports for which the deficiency was noted.
 (3) Criteria not applicable to entity type or there were no reports for which the deficiency was noted for the 2008-09 fiscal year.
 (4) Percentage not reported in prior fiscal year

EXHIBIT E
COMPREHENSIVE REVIEWS
SUMMARY OF DEFICIENCIES
FOR THE 2008-09 FISCAL YEAR

Description of Deficiencies - Reports Reviewed for Total of 66 Entities	Charter Schools			District School Boards		
	Number of reports to which criteria applied	Number (1)	Percent (2)	Number of reports to which criteria applied	Number (1)	Percent (2)
Auditor's Report on Financial Statements						
When accompanying information was included, the report did not identify the accompanying information (descriptive title or page number of the document).	21	6	28.6	(3)	(3)	(3)
When accompanying information was included, the report did not include either an opinion on whether the information was fairly stated in all material respects in relation to the basic financial statements or a disclaimer of opinion.	21	5	23.8	(3)	(3)	(3)
When the financial statements contained supplementary information required by generally accepted accounting principles and the auditor had not audited the information and the information was not placed outside the financial statements, the required supplementary information was not marked unaudited or the report did not include a disclaimer on the required supplementary information.	8	7	87.5	7	1	14.3
Auditor's Report on Internal Control Over Financial Reporting and Compliance						
The report did not include a definition of a control deficiency and of a significant deficiency and, if applicable, a statement that deficiencies were identified that are considered to be significant deficiencies.	(3)	(3)	(3)	16	7	43.8
The report did not include a restricted use statement.	50	10	20.0	16	9	56.3
Required Supplementary Information - Management's Discussion and Analysis (MD&A)						
Condensed government-wide financial statement information did not include one or more of the following: (1) program revenues, by major source; (2) general revenues, by major source; or (3) excess (deficiency) before special and extraordinary items, and transfers.	36	25	69.4	3	1	33.3
The analysis of overall financial position and results of operations did not address the reasons for significant changes from the prior year, but simply included the amounts or percentage changes.	38	15	39.5	(3)	(3)	(3)
The MD&A did not include an analysis of balances and transactions of individual funds, including addressing the reasons for significant changes in fund balances or fund net assets and whether restrictions, commitments, or other limitations significantly affected the availability of fund resources for future use.	38	29	76.3	(3)	(3)	(3)
The MD&A did not include an analysis of significant variations between the original and final budget amounts or final budget amounts and actual budget results for the General Fund.	45	20	44.4	16	1	6.3
The MD&A did not include a description of significant capital asset and long-term debt activity during the year.	42	26	61.9	(3)	(3)	(3)
The MD&A was not limited to the topics specified by GASB Statement No. 34.	46	11	23.9	16	1	6.3

EXHIBIT E (CONTINUED)
COMPREHENSIVE REVIEWS
SUMMARY OF DEFICIENCIES
FOR THE 2008-09 FISCAL YEAR

Description of Deficiencies - Reports Reviewed for Total of 66 Entities	Charter Schools			District School Boards		
	Number of reports to which criteria applied	Number (1)	Percent (2)	Number of reports to which criteria applied	Number (1)	Percent (2)
Other Required Supplementary Information						
The budgetary comparison schedules did not include the actual inflows, outflows, and balances as stated on the government's budgetary basis.	46	6	13.0	16	1	6.3
Excess of expenditures over appropriations in individual funds were not disclosed in the notes to required supplementary information.	33	30	90.1	16	2	12.5
The basis of accounting applied to each budget was not included in either the notes to the financial statements or notes to required supplementary information.	46	8	17.4	(3)	(3)	(3)
The extent to which budgetary control is exercised was not included in either the notes to the financial statements or notes to required supplementary information.	46	21	45.7	(3)	(3)	(3)
Notes to Financial Statements - Other Than Pension Plan Disclosures						
The notes did not include a description of the government-wide financial statements, noting that fiduciary funds are not included.	7	5	71.4	(3)	(3)	(3)
The notes did not include information about how the separate financial statements for the individual component units may be obtained.	(3)	(3)	(3)	16	3	18.8
The notes did not disclose the policy for eliminating internal activity in the statement of activities.	36	27	75.0	16	1	6.3
The notes did not include a description of the policy for capitalizing assets.	50	7	14.0	(3)	(3)	(3)
The notes did not disclose the policy for calculating depreciation expense, including the method used (e.g., straight line) and estimated useful life.	50	6	12.0	(3)	(3)	(3)
The notes did not include a description of the types of transactions included in program revenues.	46	11	23.9	(3)	(3)	(3)
The notes did not disclose the policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for which both restricted and unrestricted assets are available.	46	26	56.5	(3)	(3)	(3)
The notes did not disclose that the fiduciary funds are reported on the accrual basis of accounting.	7	7	100.0	16	2	12.5
The notes did not disclose whether deposits as of the combined balance sheet or statement of net assets date were entirely insured or collateralized with securities held by the entity or by the entity's agent in the entity's name, or, if not, the reported amount of the total deposits and the total amount of bank balances classified by the category of custodial credit risk.	46	5	10.9	(3)	(3)	(3)
The notes did not disclose current-year depreciation expense, with disclosure of the amounts charged to each of the functions in the statements of activities.	45	9	20.0	16	2	12.5
The notes did not disclose which governmental funds typically have been used to liquidate other long-term liabilities.	4	3	75.0	16	11	68.8
The notes did not disclose whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years for each type of insurance coverage.	40	25	62.5	16	1	6.3

EXHIBIT E (CONTINUED)
COMPREHENSIVE REVIEWS
SUMMARY OF DEFICIENCIES
FOR THE 2008-09 FISCAL YEAR

Description of Deficiencies - Reports Reviewed for Total of 66 Entities	Charter Schools			District School Boards		
	Number of reports to which criteria applied	Number (1)	Percent (2)	Number of reports to which criteria applied	Number (1)	Percent (2)
Notes to Financial Statements - Other Than Pension Plan Disclosures (Continued)						
The notes did not disclose interfund balances by amounts due from other funds by individual major fund, by nonmajor governmental funds in the aggregate, by nonmajor enterprise funds in the aggregate, by internal service funds in the aggregate, and by fiduciary fund type.	20	18	90.0	15	1	6.7
The notes did not disclose the purposes for all interfund balances.	20	13	65.0	15	1	6.7
The notes did not disclose the amount of transfers from other funds by individual major fund, by nonmajor governmental funds in the aggregate, by nonmajor enterprise funds in the aggregate, by internal service funds in the aggregate, and by fiduciary fund type.	13	9	69.2	16	1	6.3
The notes did not disclose the purpose of all interfund transfers.	13	7	53.9	(3)	(3)	(3)
The notes did not disclose details of the property tax calendar.	(3)	(3)	(3)	16	8	50.0
Pension Plan Financial Statement Note Disclosures						
For cost-sharing defined benefit plans, the notes did not include the required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years.	11	9	81.8	(3)	(3)	(3)
For defined contribution plans, the notes did not indicate the name of the plan, identify the entity that administers the plan, or identify the plan as a defined contribution plan.	12	9	75.0	(3)	(3)	(3)
For defined contribution plans, the notes did not include a brief description of the plan provisions and the authority under which they were established or amended.	12	2	16.7	(3)	(3)	(3)
For defined contribution plans, the notes did not include information related to actual contributions of plan members or the employer.	12	11	91.7	(3)	(3)	(3)

**EXHIBIT E (CONTINUED)
COMPREHENSIVE REVIEWS
SUMMARY OF DEFICIENCIES
FOR THE 2008-09 FISCAL YEAR**

Description of Deficiencies - Reports Reviewed for Total of 66 Entities	Charter Schools			District School Boards		
	Number of reports to which criteria applied	Number (1)	Percent (2)	Number of reports to which criteria applied	Number (1)	Percent (2)
Federal Awards						
For one or more Federal awards received as a subrecipient, the Schedule of Expenditures of Federal Awards (SEFA) did not include the name of the pass-through entity or the identifying number assigned by the pass-through entity.	2	2	100.0	16	4	25.0
The Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 did not include a restricted use statement.	(3)	(3)	(3)	16	6	37.5
The schedule of findings and questioned costs did not include a statement as to whether the audit disclosed any findings required to be reported pursuant to OMB Circular A-133.	(3)	(3)	(3)	16	3	18.8
Audit findings included in the schedule of findings and questioned costs related to Federal Awards did not identify one of the following: 1) the Federal awarding agency or 2) the name of the applicable pass-through entity.	(3)	(3)	(3)	6	4	66.7
The corrective action plan did not provide the name(s) of the contact person(s) responsible for the corrective action, the corrective action planned, and the anticipated completion date for each finding.	(3)	(3)	(3)	6	6	100.0

- Notes: (1) Number of reports for which the deficiency was noted.
 (2) Percentage of reports for which the deficiency was noted.
 (3) Criteria not applicable to entity type or there were no reports for which the deficiency was noted for the 2008-09 fiscal year.