REPORT NO. 2013-003
JULY 2012

REVIEW OF CHARTER SCHOOL, CHARTER TECHNICAL CAREER CENTER, AND DISTRICT SCHOOL BOARD 2010-11 FISCAL YEAR AUDIT REPORTS PREPARED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

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SUMMARY

Pursuant to Section 218.39, Florida Statutes[1], all charter schools and charter technical career centers (hereafter referred to as charter schools) and certain district school boards are required to provide for annual financial audits conducted by independent certified public accountants (CPAs). We are required to review all charter school and district school board financial audit reports submitted pursuant to Section 218.39(7), Florida Statutes. Audit reports for the 2010-11 fiscal year were required to be submitted to us within 45 days after delivery of the audit report to the charter school or district school board's governing body, but no later than 9 months after the end of the fiscal year (March 31, 2012). We reviewed audit reports for 445 charter schools and 20 district school boards received through May 30, 2012, 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 7 charter schools were not submitted to us, including 4 that were closed during or subsequent to the 2010-11 fiscal year. Audit reports for 53 charter schools and 2 district school boards were not submitted to us within 45 days after delivery to the governing bodies. Additionally, audit reports for 13 charter schools and 4 district school boards were received after the March 31, 2012, deadline.

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

Finding No. 3: Our comprehensive reviews of a sample of charter school audit reports, and 20 district school board audit reports, disclosed instances of apparent noncompliance with certain requirements, primarily related to the presentation of financial statement note disclosures, required supplementary information (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:

[1] All references to the Florida Statutes are to the 2011 statutes.

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

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

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 the Federal *Single Audit Act of Amendments of 1996*. 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(7), Florida Statutes, requires that the charter school or district school board submit the audit report and a written response to any report or management letter findings to us within 45 days after delivery of the audit report to the entity's governing body, but no later than 9 months after the end of the fiscal year. Table 1 below shows compliance with the timely submission requirements for the 2010-11 fiscal year as of July 6, 2012, and the previous two fiscal years[2].

[2] Prior to the 2010-11 fiscal year, audit reports were due no later than 12 months after the end of the fiscal year.

Table 1:

Compliance with Audit Report Submission Requirements

Type of Exception	Fiscal Year Ended June 30					
	Charter Schools			District School Boards		
	2011	2010	2009	2011	2010	2009
Audit required, but report not submitted.	7	9	16			
Audit report submitted after 45-day deadline.	53	30	25	2		6
Audit report submitted after March 31st deadline.	13			4		
Audit report submitted after June 30th deadline.		10	21		5	

Source: Auditor General

Further, for the 2010-11 fiscal year information provided in Table 1:

- The 7 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 2010-11 fiscal year, but 4 were closed during or subsequent to the 2010-11 fiscal year.
- Audit reports for 53 charter schools and 2 district school boards were not submitted to us within 45 days of delivery to the governing body (up to 78 days late), but not later than March 31, 2012 (see Exhibit B).
- Audit reports for 13 charter schools and 4 district school boards were submitted after the March 31, 2012, deadline (see Exhibit C).

Charter schools and district school boards that fail to provide for audits may be subject to consequences prescribed in Section 11.40(2), Florida Statutes. Timely audits are necessary to ensure that management is promptly informed of control deficiencies and financial-related noncompliance. Additionally, timely filing of audit reports is necessary to allow timely review by appropriate State oversight agencies.

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

Finding No. 2: Completeness Reviews

All charter school and district school board audit reports submitted to us as of May 30, 2012, pursuant to Section 218.39, Florida Statutes, were subjected to completeness reviews to determine: (1) whether the audit reports included the required financial statements, note disclosures, reports, and other items listed in Chapters 10.800 and 10.850, Rules of the Auditor General, as applicable; and (2) the extent to which they complied, for selected significant matters, with GAGAS, GAAP, and Chapters 10.800 and 10.850, Rules of the Auditor General.

Section 11.45(7)(b), Florida Statutes, requires us to request from charter schools and district school boards significant items omitted from audit reports. Accordingly, for those audit reports that did not include required items, such as financial statements, required supplementary information, auditor's reports/management letter, and auditee's response thereto, the charter school or district school board was requested by letter to provide the missing items. We concurrently provided a copy of the letter to the entity's auditor and the charter school's respective charter sponsors. Charter schools and district school boards are required to provide us with the requested items no later than 45 days after the date of our request.

For the 2010-11 fiscal year, 39 charter schools and 6 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. Of the 39 charter schools and 6 district school boards that were sent letters requesting items omitted from the audit report, 5 charter schools and 1 district school board had not provided the requested items as of July 6, 2012. Pursuant to Section 11.45(7)(b), Florida Statutes, on July 6, 2012, we notified the Legislative Auditing Committee of those entities that had not provided the requested items.

Most of the audit reports included audited financial statements, and notes thereto, and the required auditor's reports on the financial statements and on compliance and internal control. Additionally, most audit reports were generally presented in accordance with GAGAS, GAAP, and Chapters 10.800 and 10.850, Rules of the Auditor General, as applicable. The majority of the instances of noncompliance disclosed by our completeness reviews related 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 adequacy of financial statement note disclosures in accordance with GAAP. For example:

- The auditor's report on internal control over financial reporting and compliance did not mention that there were additional matters, not considered significant deficiencies, or immaterial instances of noncompliance communicated in the management letter for 38 (40 percent) of the 94 applicable charter school audit reports and for 2 (15 percent) of the 13 applicable district school board audit reports.
- Contrary to Sections 10.804(1)(f)1. and 10.854(1)(e)1., Rules of the Auditor General, the auditor's management letter did not identify those findings that remained uncorrected from the preceding financial audit report that were also included in the second preceding financial audit report for 15 (63 percent) of 24 applicable charter school audit reports and for 2 (33 percent) of 6 applicable district school board audit reports.
- Contrary to Section I50.121a., Codification of Governmental Accounting and Financial Reporting Standards (as of June 30, 2011), the notes to the financial statements did not disclose the types of investments authorized by legal or contractual provisions for 9 (26 percent) of 34 applicable charter school audit reports.

A summary of the deficiencies disclosed by our completeness reviews by type of entity, with comparative prior year information, is included in Exhibit D.

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

Recommendation: Independent auditors of charter schools and district school boards should 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 ensure that financial statement and note disclosures are presented in accordance with GAAP.

Finding No. 3: Comprehensive Reviews

In addition to the completeness reviews, we made more comprehensive reviews of selected audit reports submitted for the 2010-11 fiscal year, as follows:

- We reviewed a sample of 50 charter school audit reports and all 20 district school board audit reports to determine the extent of compliance, on a more comprehensive basis, with GAGAS, GAAP, and Chapters 10.800 and 10.850, Rules of the Auditor General, as they apply to financial statements and notes thereto. We also reviewed a sample of 30 charter schools and 20 district school boards that reported pension plans to determine the extent of compliance with GAAP with respect to pension plan disclosures.
- We reviewed 2 charter school audit reports and 20 district school board audit reports that contained other postemployment benefit plan disclosures to determine the extent of compliance with GAAP with respect to those plans. We reviewed 30 charter school audit reports and 20 district school board audit reports that indicated that the audit was done in accordance with the Federal *Single Audit Act Amendments of 1996* to determine the extent of compliance with the reporting requirements contained in United States Office of Management and Budget (OMB) 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. 2012-013). The exceptions disclosed by our comprehensive reviews primarily relate to the presentation of financial statement note disclosures, required supplementary information (budgetary comparison schedules), and auditor's reports or schedules required for Federal Single Audits. For example:

- Contrary to Section 2300.106h., Codification of Governmental Accounting and Financial Reporting Standards (as of June 30, 2011), the notes to the financial statements did not disclose significant violations of law for material overexpenditures at the legal level of control identified in the budgetary comparison schedules or the actions taken to address these significant violations of law for all 19 of the applicable charter school audit reports.
- Contrary to Section 2300.106a(6)., Codification of Governmental Accounting and Financial Reporting Standards (as of June 30, 2011), the notes to the financial statements did not disclose the policy for eliminating internal activity in the statement of activities for 10 (56 percent) of the 18 applicable charter school audit reports and for 1 (5 percent) of 20 district school board audit reports.
- Contrary to Section C50.145b., Codification of Governmental Accounting and Financial Reporting Standards (as of June 30, 2011), 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 17 (40 percent) of the 43 applicable charter school audit reports and for 1 (5 percent) out of 19 applicable district school board audit reports. Contrary to Section P20.117b.3., Codification of Governmental Accounting and Financial Reporting Standards (as of June 30, 2011), the notes to the financial statements for defined benefit cost-sharing plans did not disclose the required contributions in dollars, and the percentage of that amount contributed for the current and each of the two preceding years, for 8 (62 percent) of 13 applicable charter school audit reports.
- Contrary to Section .310(b)(3), OMB Circular A-133, the Schedule of Expenditures of Federal Awards did not include total amounts expended for each Federal program for which multiple awards with the same Catalog of Federal Domestic Assistance number were reported for 7 (78 percent) of the 9 applicable charter school audit reports and for 9 (75 percent) of the 12 applicable district school board audit reports.

A summary of the deficiencies noted in our comprehensive reviews by type of entity is included in Exhibit E (because of the limited number of items applicable to each type entity, we did not attempt to present comparative prior year information).

Recommendation: Charter schools and district school boards should ensure that the financial statement note disclosures (including pension plan disclosures) and required supplementary information 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 445 charter schools and 20 district school boards prepared by independent CPAs and submitted to us by May 30, 2012, for the 2010-11 fiscal year.

Our review of audit reports was conducted in accordance with applicable GAGAS. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

Our desk review (i.e., a review that does not include an examination of the CPA's working papers) was necessarily limited to the contents of the audit reports submitted to us and did not extend to a determination of whether the auditors followed all generally accepted government auditing standards in the actual conduct of the audits. Because our review was limited to the contents of the audit reports provided to us, the review cannot be used as the basis for determining the extent of the entity's compliance with applicable laws, rules, regulations, charters, contractual requirements, or bond covenants. Likewise, our desk review would not disclose whether the auditor reported all instances of noncompliance or reportable internal control deficiencies noted during the audit, or whether certain required financial disclosures were completely omitted from the audit report.

Due to the volume of reports included in this review, evaluation criteria from our rules and report review guidelines (as discussed in the Background section) were established in the following checklists: basic completeness review, detailed comprehensive review (other than pension disclosures), pension disclosure review, other postemployment benefit review, and Federal compliance review. We applied the basic completeness review checklist to the audit reports for 445 charter schools and to the 20 district school board audit reports. We applied the detailed comprehensive review checklist (other than pension disclosures) to the 20 district school board audit reports and a sample of 50 charter school audit reports. We applied the pension disclosure review to a sample of 30 charter school audit reports and the 20 district school board audit reports. We applied the other postemployment benefit disclosure, and Federal compliance review checklists, as applicable, to all applicable charter school audit reports and the 20 district school board audit reports.

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 2010-11 fiscal year.



David W. Martin, CPA
Auditor General

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EXHIBIT A
CHARTER SCHOOLS REQUIRED TO SUBMIT AN AUDIT REPORT, BUT DID NOT FOR THE 2010-11 FISCAL YEAR
AS OF JULY 6, 2012

CHARTER SCHOOLS	DISTRICT
Bellalago Charter Academy	Osceola
CARE Charter School of Excellence (1)	Jefferson
Charter School Institute Training	Broward
DaVinci Charter High School (1)	Orange
Florida Atlantic University/St. Lucie County School District - Palm Pointe Research School	St. Lucie
Imani Elementary Charter (1)	Orange
Summit Charter School (1)	Orange

Note (1): Closed during or subsequent to the 2010-11 fiscal year.

EXHIBIT B
DISTRICT SCHOOL BOARDS AND CHARTER SCHOOLS SUBMITTING AUDIT REPORT AFTER 45-DAY DEADLINE FOR THE 2010-11 FISCAL YEAR

DISTRICT SCHOOL BOARDS	Days Late
Brevard County District School Board	36
Volusia County District School Board	4

CHARTER SCHOOLS	DISTRICT	Days Late
Ben Gamla Charter School (Miami Beach)	Miami-Dade	5
Bridgepoint Academy Charter School	Miami-Dade	6
Coral Reef Montessori Academy Charter School	Miami-Dade	17
Doral Academy Charter Middle School	Miami-Dade	5
Doral Academy High School	Miami-Dade	5
Doral Performing Arts and Entertainment Academy	Miami-Dade	5
Excelsior Academy Charter High School	Miami-Dade	18
Excelsior Language Academy of Hialeah	Miami-Dade	18
Integrated Science and Asian Culture Academy	Miami-Dade	5
International Studies Charter High School	Miami-Dade	5
International Studies Charter Middle School	Miami-Dade	5
Mater Academy	Miami-Dade	5
Mater Academy Charter High School	Miami-Dade	5
Mater Academy Charter Middle School	Miami-Dade	5
Mater Academy East Charter High School	Miami-Dade	5
Mater Academy East Charter Middle School	Miami-Dade	5
Mater Academy East Charter School	Miami-Dade	5
Mater Academy Gardens	Miami-Dade	5
Mater Academy Gardens Middle School	Miami-Dade	5
Mater Academy High School of International Studies	Miami-Dade	5
Mater Academy Lakes High School	Miami-Dade	5
Mater Academy Lakes Middle School	Miami-Dade	5
Mater Academy (Miami Beach)	Miami-Dade	5
Mater Academy Middle School of International Studies	Miami-Dade	5
Mater Academy of International Studies	Miami-Dade	5
Mater Performing Arts & Entertainment Academy	Miami-Dade	5
Miami Children's Museum Charter School	Miami-Dade	5
Montessori Elementary Charter School	Monroe	22
Odyssey Charter School	Brevard	5
Pinecrest Academy Charter Middle School	Miami-Dade	5
Pinecrest Academy (North Campus)	Miami-Dade	5
Pinecrest Academy (South Campus)	Miami-Dade	5
Pinecrest Preparatory Academy	Miami-Dade	5
Pinecrest Preparatory Academy High School	Miami-Dade	5
River Cities Community Charter School	Miami-Dade	7

EXHIBIT B (CONTINUED)
DISTRICT SCHOOL BOARDS AND CHARTER SCHOOLS
SUBMITTING AUDIT REPORT
AFTER 45-DAY DEADLINE

CHARTER SCHOOLS (Continued)	DISTRICT	Days Late
Riviera Beach Maritime Academy	Palm Beach	4
Somerset Academy	Miami-Dade	5
Somerset Academy at Silver Palms	Miami-Dade	5
Somerset Academy Charter Elementary School South Homestead	Miami-Dade	5
Somerset Academy Charter High School	Miami-Dade	5
Somerset Academy Charter Middle School	Miami-Dade	5
Somerset Academy Charter Middle School South Homestead	Miami-Dade	5
Somerset Academy Elementary School (South Miami Campus)	Miami-Dade	5
Somerset Academy Grace (Coral Gables)	Miami-Dade	5
Somerset Academy High School (South Campus)	Miami-Dade	5
Somerset Academy Middle School at Country Palms	Miami-Dade	5
Somerset Academy Middle School (South Miami Campus)	Miami-Dade	5
Somerset Arts Academy (1)	Miami-Dade	5
The Doral Academy	Miami-Dade	5
Theodore R. and Thelma A. Gibson Charter School	Miami-Dade	5
Tiger Academy	Duval	65
Toussaint L'Ouverture High School for Arts and Social Justice	Palm Beach	78
Wayman Academy of the Arts	Duval	58

Note: (1) Formerly reported as Somerset City Arts Conservatory.

EXHIBIT C
DISTRICT SCHOOL BOARDS AND CHARTER SCHOOLS
SUBMITTING AUDIT REPORT
AFTER MARCH 31, 2012, DEADLINE
FOR THE 2010-11 FISCAL YEAR

DISTRICT SCHOOL BOARDS	Date Received
Alachua County District School Board	04/10/12
Charlotte County District School Board	04/11/12
Okaloosa County District School Board	04/06/12
Palm Beach County District School Board	04/18/12

CHARTER SCHOOLS	DISTRICT	Date Received
A.T. Jones Math Science and Technology Academy	Hillsborough	05/16/12
Academy of Environmental Science	Citrus	04/12/12
Achievement Academy	Polk	05/15/12
Central Florida Speech and Hearing Center, Inc.'s A.C.E. Charter School	Polk	04/23/12
Edison State College Collegiate High School – Charlotte Campus	Charlotte	04/10/12
Innovations Middle Charter School	Orange	04/12/12
Joseph Littles Nguzo Saba Charter School	Palm Beach	05/01/12
Micanopy Middle School	Alachua	04/12/12
Oakland Avenue Charter School	Orange	06/29/12
Palm Bay Community Charter School – Patriot Campus	Brevard	04/24/12
Palm Bay Municipal Charter High School	Brevard	04/24/12
Pinellas Preparatory Academy	Pinellas	04/26/12
The Chiles Academy	Volusia	04/09/12

EXHIBIT D
COMPLETENESS REVIEWS
SUMMARY OF DEFICIENCIES
FOR THE 2010-11 FISCAL YEAR

Description of Deficiencies - Reports Reviewed for Total of 465 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 introductory paragraph of the report did not identify one or more of the individual opinion units.	420	26	6	13	(3)	(3)	(3)	(3)
The auditor's report did not disclose that the charter school is a component unit of the sponsoring school district or identify the charter school as a part of another governmental entity.	414	26	6	7	(3)	(3)	(3)	(3)
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.	445	110	25	21	(3)	(3)	(3)	(3)
The report did not address the auditor's responsibility for supplementary information presented.	93	17	18	26	(3)	(3)	(3)	(3)
Auditor's Report on Internal Control Over Financial Reporting and Compliance								
The report did not accurately define a deficiency in internal control, significant deficiency (if applicable), and material weakness.	445	42	9	(4)	(3)	(3)	(3)	(3)
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.	94	38	40	32	13	2	15	9
The findings in the report were not separately identified by reference numbers.	98	5	5	(4)	(3)	(3)	(3)	(3)
Auditor's Management Letter								
The management letter did not include, if applicable, a statement as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial report.	154	9	6	(4)	(3)	(3)	(3)	(3)
The management letter did not include the name or official title of the charter school.	445	38	9	13	(3)	(3)	(3)	(3)
The management letter did not include a statement as to whether or not the school district (not applicable to charter schools) complied with the transparency requirements (i.e., had a link on its Web site to the Transparency Florida Web site).	(3)	(3)	(3)	(3)	20	3	15	(4)
The findings in the management letter were not separately identified by reference numbers.	96	9	9	(4)	13	3	23	(4)
The management letter did not identify those uncorrected findings in the preceding financial audit report that were also included in the second preceding fiscal year financial audit report.	24	15	63	(4)	6	2	33	(4)

EXHIBIT D (CONTINUED)
COMPLETENESS REVIEWS
SUMMARY OF DEFICIENCIES
FOR THE 2010-11 FISCAL YEAR

Description of Deficiencies - Reports Reviewed for Total of 465 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								
The financial data included in the management discussion and analysis did not agree with the same data in the financial statements or the notes to the financial statements.	419	35	8	(4)	(3)	(3)	(3)	(3)
Financial Statements								
The balance sheet did not present fund balances in the appropriate classifications (nonspendable, restricted, committed, assigned, and unassigned).	412	39	9	(4)	(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 length of time used to define "available" for the purposes of revenue recognition for governmental funds).	412	31	8(5)	9(6)	(3)	(3)	(3)	(3)
The notes did not disclose the types of investments authorized by legal or contractual provisions.	34	9	26	63	(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.	14	3	21	(4)	(3)	(3)	(3)	(3)
The notes did not disclose a description of the risks of loss to which the entity is exposed and the ways in which those risks of loss are handled (e.g. purchase of commercial insurance, participation in a public entity risk pool, and risk retention).	420	22	5	(4)	(3)	(3)	(3)	(3)
Some totals on supporting schedules or other information in the notes did not agree with the corresponding account totals on the financial statements.	444	24	5	(4)	20	3	15	(4)

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 2010-11 fiscal year.
(4) Percentage not reported in prior year.
(5) Change in our review methodology for the 2010-11 fiscal year.
(6) Percentage restated using 2010-11 fiscal year methodology.

EXHIBIT E
COMPREHENSIVE REVIEWS
SUMMARY OF DEFICIENCIES
FOR THE 2010-11 FISCAL YEAR

Description of Deficiencies - Reports Reviewed for Sampled 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)
Financial Statements						
The financial statements contained mathematical errors (nonrounding).	50	8	16	20	3	15
Auditor's Report on Internal Control Over Financial Reporting and Compliance						
The report did not include a statement that the auditor's consideration of internal control is not designed to identify all deficiencies, and therefore there can be no assurance that all significant deficiencies and material weakness have been identified.	50	4	8	(3)	(3)	(3)
Required Supplementary Information						
The management discussion and analysis was not limited to the topics listed in paragraph 11 of GASB statement No. 34.	43	5	12	20	1	5
The budgetary comparison schedules for the general fund and each major special revenue fund did not include both the original budget and the final budget.	41	5	12	(3)	(3)	(3)
Information that reconciles the budgetary information to GAAP information was not presented in the notes to required supplementary information.	7	6	86	1	1	100
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.	41	7	17	20	1	5
Notes to Financial Statements - Other Than Pension Plan and Other Postemployment Benefit Disclosures						
Notes to the financial statements did not disclose significant violations of law for material overexpenditures at the legal level of control identified in the budgetary comparison schedules or the actions taken to address these significant violations of law.	19	19	100	(3)	(3)	(3)
The notes did not disclose the policy for eliminating internal activity in the statement of activities.	18	10	56	20	1	5
The notes did not include the policy for calculating depreciation expense, including methods used (e.g. straight line) and estimated useful lives.	48	5	10	(3)	(3)	(3)
The notes did not include a description of the types of transactions included in program revenues.	38	5	13	(3)	(3)	(3)
The notes did not disclose the government's fund balance classification policies and procedures.	41	11	27	(3)	(3)	(3)

EXHIBIT E (CONTINUED)
COMPREHENSIVE REVIEWS
SUMMARY OF DEFICIENCIES
FOR THE 2010-11 FISCAL YEAR

Description of Deficiencies - Reports Reviewed for Sampled 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 and Other Postemployment Benefit Disclosures (Continued)						
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.	41	7	17	(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.	46	4	9	(3)	(3)	(3)
The notes did not disclose which governmental funds typically have been used to liquidate other long-term liabilities.	3	3	100	20	4	20
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.	43	17	40	19	1	5
The notes did not disclose the nature and extent of restricted cash reported on the financial statements.	(3)	(3)	(3)	14	5	36
The notes did not disclose the future minimum rental payments for each of the five subsequent years and in five year increments thereafter, for all noncapitalized (operating lease) leases that have initial or remaining lease terms in excess of one year.	30	7	23	(3)	(3)	(3)
The notes did not disclose the purposes for all interfund balances.	12	8	67	18	1	6
The notes did not disclose the purpose of all interfund transfers.	15	8	53	(3)	(3)	(3)
The notes did not disclose the details of the property tax calendar.	(3)	(3)	(3)	20	4	20
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 and each of the two preceding years.	13	8	62	(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.	16	7	44	(3)	(3)	(3)
For defined contribution plans, the notes did not include information related to actual contributions of plan members or the employer.	16	6	38	(3)	(3)	(3)
Other Postemployment Benefit Plan Financial Statement Note Disclosure						
The notes did not disclose whether the OPEB plan issues a stand-alone financial report, or is included in the report of a PERS or another entity, and if so, how to obtain the report.	(3)	(3)	(3)	20	5	25

EXHIBIT E (CONTINUED)
COMPREHENSIVE REVIEWS
SUMMARY OF DEFICIENCIES
FOR THE 2010-11 FISCAL YEAR

Description of Deficiencies - Reports Reviewed for Sampled 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 Postemployment Benefit Plan Financial Statement Note Disclosure (Continued)						
The authority under which the obligation of plan members, employers, and any other parties to contribute is established and may be amended was not disclosed.	(3)	(3)	(3)	20	5	25
The contribution rate of plan members either as a rate or as a percentage of covered payroll was not disclosed.	(3)	(3)	(3)	20	11	55
The notes did not disclose whether the period for amortizing unfunded actuarial accrued liability is open or closed.	1	1	100	20	2	10
Federal Awards						
The Schedule of Expenditures of Federal Awards (SEFA) did not include total amounts expended for each Federal program for which multiple awards with the same Catalog of Federal Domestic Assistance number were reported.	9	7	78	12	9	75
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 an adequate restricted use statement.	30	14	47	20	3	15
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, if applicable, a statement that the auditee's response to the findings identified in the audit are described in the accompanying schedule of findings and questioned costs, and that the auditor did not audit the auditee's response, and accordingly, expresses no opinion on it.	4	4	100	(3)	(3)	(3)
The schedule of findings and questioned costs did not identify the federal program and specific federal award, including the CFDA title and number, the name of the federal awarding agency, and the name of the applicable pass-through entity.	4	3	75	(3)	(3)	(3)
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.	4	2	50	6	4	67

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 2010-11 fiscal year.