

WILTON SIMPSON
President of the Senate



CHRIS SPROWLS
Speaker of the House



Joint Legislative Auditing Committee

Senator Dennis Baxley, Chair
Representative Ardian Zika, Vice Chair

Meeting Packet
Thursday, February 4, 2021
2:00 p.m. to 4:00 p.m.
412 Knott Building

The Florida Legislature
COMMITTEE MEETING AGENDA
JOINT LEGISLATIVE AUDITING COMMITTEE

Senator Dennis Baxley, Chair
Representative Ardian Zika, Vice Chair

MEETING DATE: Thursday, February 4, 2021

TIME: 2:00 p.m. to 4:00 p.m.

PLACE: Room 412, Knott Building

MEMBERS:

Senator Jim Boyd

Senator Jennifer Bradley

Senator Janet Cruz

Senator Victor M. Torres, Jr.

Representative Yvonne Hayes Hinson

Representative Andrew Learned

Representative Jenna Persons-Mulicka

Representative Keith L. Truenow

Representative Kaylee Tuck

-
1. Presentation of the Auditor General's Summary of Significant Findings and Financial Trends Identified in Local Government Audit Reports for the 2018-2019 Fiscal Year
 2. The Committee is expected to consider taking action against local governmental entities that have failed to file an annual financial report and/or annual financial audit report (if required) in accordance with ss. 218.32(1) and 218.39, F.S.
 3. The Committee is expected to consider taking action against local governmental entities that have failed to provide the Auditor General with significant items missing from audit reports submitted in accordance with s. 218.39, F.S.
 4. The Committee is expected to consider taking action against local governmental entities that have met a condition of a financial emergency and have failed to respond to the Governor's Office, pursuant to s. 218.503(3), F.S.
 5. The Committee is expected to consider taking action against educational and local governmental entities that have failed to take full corrective action in response to repeat audit findings, pursuant to ss. 11.45(7)(j) and 218.39(8), F.S.
 6. Consideration of the Department of the Lottery's audit for the 2020-21 fiscal year
 7. Overview of the audits of Lobbying Firm Quarterly Compensation Reports performed in 2020

**1 Auditor General Report
on Significant Findings &
Financial Trends**

FINDINGS AND TRENDS IDENTIFIED IN LOCAL GOVERNMENTAL ENTITY 2018-19 FISCAL YEAR AUDIT REPORTS REPORT No. 2021-101

LEGISLATIVE AUDITING COMMITTEE
FEBRUARY 4, 2021



BACKGROUND

- ❖ State law provides that local governmental entity financial audit reports be filed with the Auditor General within 45 days after delivery of the audit report to the governing body of the audited entity, but not later than 9 months after the end of the audited entity's fiscal year.
- ❖ The Auditor General is required to review the local governmental entity audit reports filed.

BACKGROUND

- ❖ State law requires the Auditor General to annually compile a summary of significant findings and financial trends identified in the audit reports reviewed and other financial information such as the local governmental entity annual financial report.

LOCAL GOVERNMENTAL ENTITY 2018-19 FISCAL YEAR FINANCIAL AUDIT REPORTS

We reviewed a total of 1,407 local governmental entity financial audit reports (for the 2018-19 fiscal year) as of July 31, 2020. The audit reports included 1,709 entities:

- 364 county agencies.
- 348 municipalities.
- 997 special districts.

These audits were performed by independent certified public accountants and the reports were filed with us.

LOCAL GOVERNMENTAL ENTITY 2018-19 FISCAL YEAR FINANCIAL AUDIT REPORTS

Our completeness reviews of the 1,407 local governmental entity audit reports identified noncompliance with certain requirements primarily related to:

- Financial statement note disclosures.
- Independent auditor's reports.

LOCAL GOVERNMENTAL ENTITY 2018-19 FISCAL YEAR FINANCIAL AUDIT REPORTS

We notify the Legislative Auditing Committee when our audit report reviews identify:

- An entity has met one or more of the conditions in State law relating to financial emergency.
- An entity failed to take full corrective action in response to a recommendation that was included in the 2 preceding audit reports.

LOCAL GOVERNMENTAL ENTITY 2018-19 FISCAL YEAR FINANCIAL AUDIT REPORTS

Our comprehensive reviews of 60 selected local governmental entity audit reports disclosed noncompliance with:

- Generally Accepted Accounting Principles.
- Generally Accepted Government Auditing Standards.
- Rules of the Auditor General.
- Federal Uniform Guidance requirements.
- Florida Single Audit Act requirements.

SIGNIFICANT FINDINGS AND FINANCIAL TRENDS REPORT NO. 2021-101

Report No. 2021-101
January 2021

STATE OF FLORIDA AUDITOR GENERAL

SUMMARY OF SIGNIFICANT FINDINGS AND FINANCIAL TRENDS IDENTIFIED IN LOCAL GOVERNMENT AUDIT REPORTS FOR THE 2018-19 FISCAL YEAR

Pursuant to Section 11.45(7)(f), Florida Statutes



Sherrill F. Norman, CPA
Auditor General

SIGNIFICANT FINDINGS

The audit reports for 38 (2 percent) of the entities contained one or more modified opinions, which is comparable to the percent of entity audit reports reviewed for the previous fiscal year with modified opinions.

SIGNIFICANT FINDINGS

Modified Opinions

- Qualified opinions, whereby the auditor states that, except for the effects of the matters to which the qualification relates, the financial statements are fairly presented.
- Adverse opinions, whereby the auditor states that the financial statements are not fairly presented.
- Disclaimers of opinion, whereby the auditor does not express an opinion.

SIGNIFICANT FINDINGS

- The audit reports for 386 entities contained 784 findings, 20 percent fewer than the 985 findings included in the prior fiscal year audit reports reviewed.
- The 784 findings included 283 findings (36 percent) that were repeated from the applicable entities' 2 preceding fiscal year audit reports.

SIGNIFICANT FINDINGS

Of the 784 findings included in the audit reports we reviewed, 310 findings (40 percent) did not include one or more of the elements required by *Government Auditing Standards (GAS)* and the Rules of the Auditor General.

SIGNIFICANT FINDINGS

The audit reports for:

- 126 (7 percent) entities disclosed findings classified as financial statement material weaknesses.
- 112 (7 percent) entities disclosed findings classified as significant deficiencies.
- 45 (3 percent) entities disclosed findings classified as noncompliance required to be reported in accordance with GAS.

Similar results were found in the preceding fiscal year audit reports.

SIGNIFICANT FINDINGS

Classification of Audit Findings

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 financial statements will not be prevented, or detected and corrected, on a timely basis.

SIGNIFICANT FINDINGS

Classification of Audit Findings

A ***significant deficiency*** is a deficiency, or 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.

Auditors must also report **noncompliance** required to be reported by GAS that has a material effect on a financial statement audit.

SIGNIFICANT FINDINGS

Of the 784 findings reported, the respective auditors considered:

- 195 (25 percent) to be material weaknesses in internal control over financial reporting.
- 153 findings (20 percent) to be significant deficiencies.
- 65 (8 percent) to be noncompliance required by GAS to be reported.

SIGNIFICANT FINDINGS

The material weaknesses and significant deficiencies reported primarily related to inadequate:

- Separation of duties.
- General accounting records.
- Financial reporting.

The noncompliance findings mainly addressed budget overexpenditures and noncompliance with bond covenants.

SIGNIFICANT FINDINGS

17 audit reports contained a total of 22 findings citing **Federal awards program** noncompliance, control deficiencies, or both; whereas, for the prior fiscal year, 17 entity audit reports had a total of 30 such findings.

SIGNIFICANT FINDINGS

17 audit reports contained a total of 24 findings citing **State awards program** noncompliance, control deficiencies, or both; whereas, for the prior fiscal year, 22 entity audit reports had a total of 34 such findings.

FINANCIAL TRENDS

For the financial trends section of the report, we compiled and reviewed reported financial data for the:

- 1,407 audit reports filed by July 31, 2020.
- 63 audit reports filed during the period August through October 2020.
- 148 unaudited annual financial reports.

FINANCIAL TRENDS

The audit reports for 2 local governmental entities included a going concern statement by the respective auditors that questioned the ability of the local governmental entity to continue operations on an ongoing basis. One report reviewed for the preceding fiscal year contained this statement.

FINANCIAL TRENDS

The audit reports for 2 municipalities and 35 special districts, or 3 percent, of the 1,470 entities reported that the entity met at least one condition described in State law that could cause the entity to be in a state of financial emergency. This is the fewest number of entities reported as meeting at least one of the conditions in the previous 4 years.

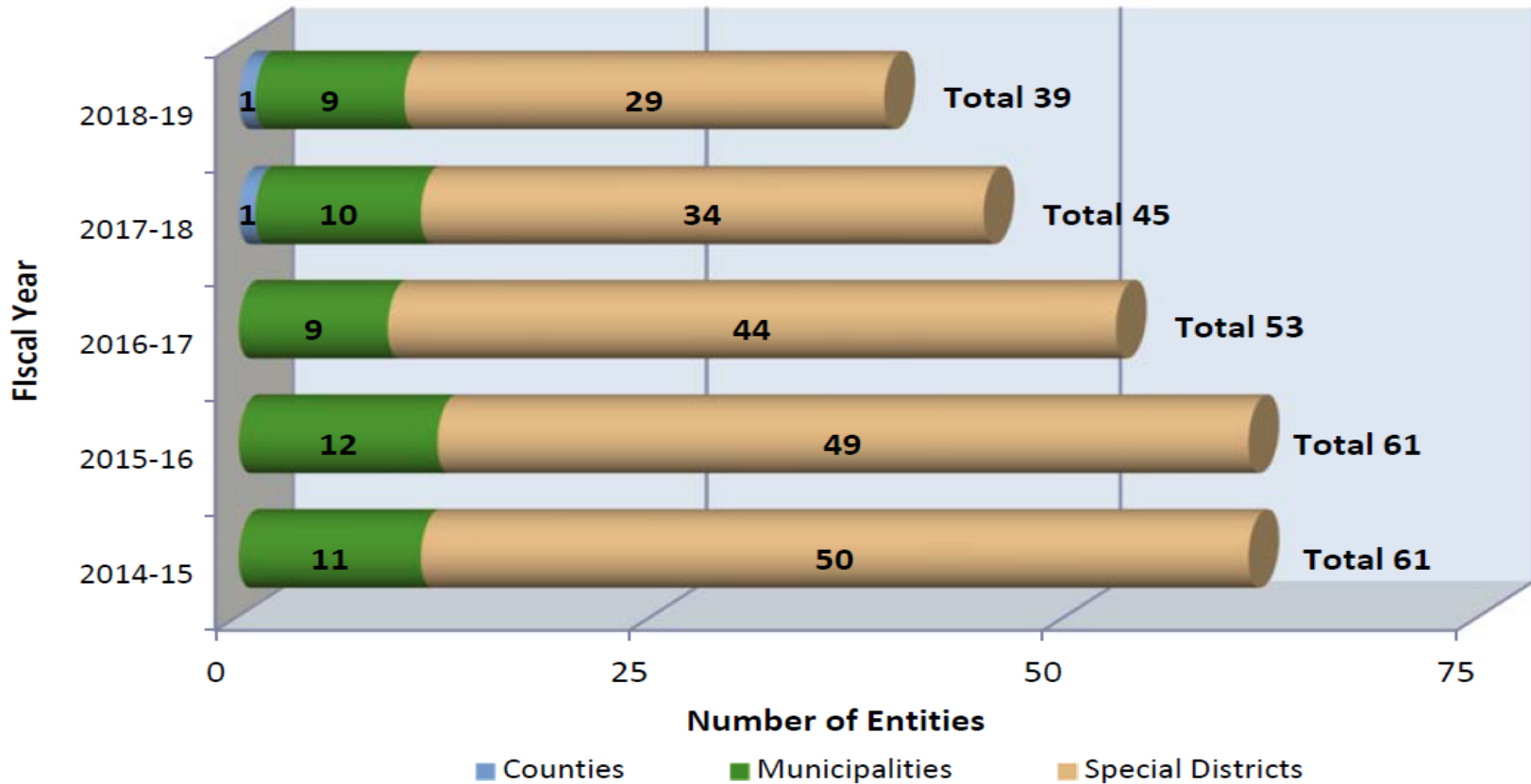
FINANCIAL TRENDS

Certain financial trends for numerous entities were identified that may be indicative of deteriorating financial conditions, including:

- High levels of ad valorem millage rates for lesser-populated counties.
- Insufficient levels of assigned and unassigned fund equity.
- Declining excess revenues over expenditures in governmental funds or decreasing operating incomes (or increasing operating losses) in proprietary funds.
- Low or declining levels of cash and investments, as compared to current liabilities.

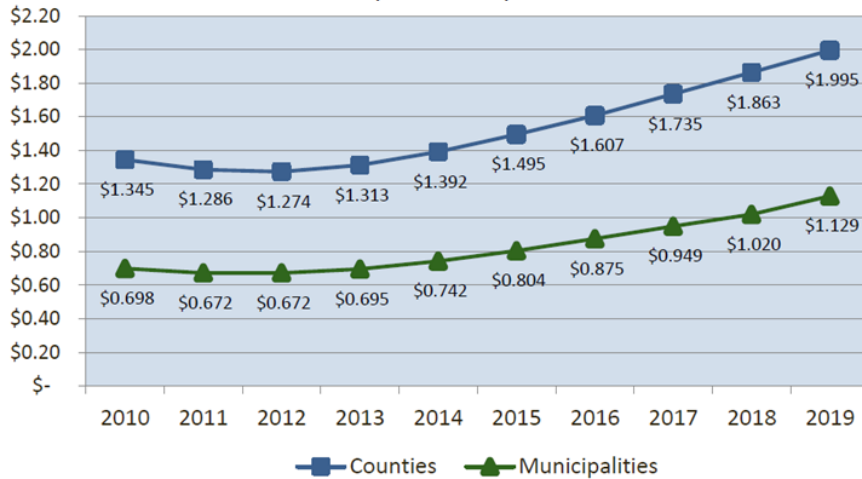
FINANCIAL TRENDS

**Entities Reported as Experiencing Deteriorating Financial Conditions
For the 2014-15 Through 2018-19 Fiscal Years**

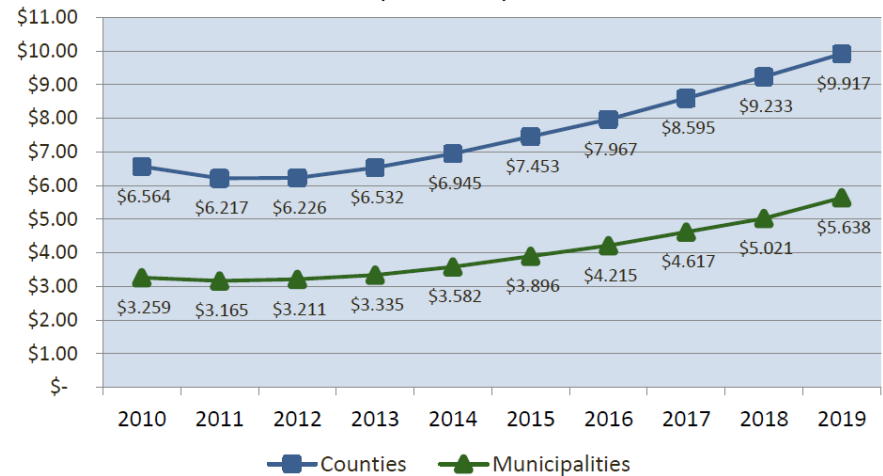


FINANCIAL TRENDS

Taxable Property Values
For the 2010 Through 2019 Calendar Years ^a
(In Trillions)



Taxes Levied
For the 2010 Through 2019 Calendar Years ^a
(In Billions)



Source: Florida Department of Revenue,
Property Valuations and Tax Data

Contact Information



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FLAuditor.gov

**SUMMARY OF
SIGNIFICANT FINDINGS
AND FINANCIAL TRENDS IDENTIFIED IN
LOCAL GOVERNMENT AUDIT REPORTS
FOR THE 2018-19 FISCAL YEAR**

Pursuant to Section 11.45(7)(f), Florida Statutes



Sherrill F. Norman, CPA
Auditor General

The team leader was David T. Ward, CPA, and the review was supervised by Derek H. Noonan, CPA.

Please address inquiries regarding this report to Michael J. Gomez, CPA, Audit Manager, by e-mail at mikegomez@aud.state.fl.us or by telephone at (850) 412-2881.

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State of Florida Auditor General

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SUMMARY OF SIGNIFICANT FINDINGS AND FINANCIAL TRENDS IDENTIFIED IN LOCAL GOVERNMENT AUDIT REPORTS FOR THE 2018-19 FISCAL YEAR

SUMMARY

This report provides a summary of significant findings identified in local governmental entity¹ audit reports filed with us for the 2018-19 fiscal year prepared by independent certified public accountants. This report also summarizes the financial trends we identified in those reports and unaudited annual financial reports filed with and provided to us by the Department of Financial Services (DFS).

Significant Findings

We reviewed the 1,407 local governmental entity 2018-19 fiscal year financial audit reports filed with us for 1,709 entities² (364 county agencies, 348 municipalities, and 997 special districts) as of July 31, 2020, and noted that:

- The audit reports for 38 (2 percent) of the entities contained one or more modified opinions, which is comparable to the percent of entity audit reports reviewed for the 2017-18 fiscal year with modified opinions.
- While the audit reports for 1,323 entities contained no findings, the audit reports for 386 entities contained 784 findings, 20 percent fewer than the 985 findings included in the 2017-18 fiscal year audit reports reviewed.³ The 784 findings included 283 findings (36 percent) similarly reported in the 2017-18 and 2016-17 fiscal year audit reports, compared to 367 findings (37 percent) reported in the 2017-18 audit reports that had been similarly reported in the 2016-17 and 2015-16 fiscal year audit reports. Many of the findings (40 percent) did not include one or more of the elements required by *Government Auditing Standards (GAS)*⁴ and the Rules of the Auditor General.⁵
- The audit reports for 126 (7 percent), 112 (7 percent), and 45 (3 percent) of the entities disclosed findings classified as financial statement material weaknesses, significant deficiencies, and noncompliance required to be reported in accordance with GAS,⁶ respectively. For the 2017-18 fiscal year, the percentages of audit reports reviewed with those type findings were 10, 8, and 4 percent, respectively.
- The respective auditors considered 195 (25 percent) of the 784 findings reported to be material weaknesses in internal control over financial reporting, 153 findings (20 percent) to be significant deficiencies, and 65 (8 percent) to be noncompliance required by GAS to be reported. For the 2017-18 fiscal year, those type findings represented 26 percent, 19 percent, and 9 percent, respectively, of the total findings reported. The material weaknesses and significant deficiencies

¹ The local governmental entities include counties and certain municipalities and special districts.

² The 1,407 audit reports received through July 31, 2020, included 62 county audit reports that each included separate audits of each county agency. We reviewed the findings separately reported for the county agencies in the county audit reports received and, therefore, reviewed audit reports related to a total of 1,709 local governmental entities.

³ For the 2017-18 fiscal year, we reviewed audit reports for 1,705 local governmental entities. A total of 985 findings were reported for 467 of those entities.

⁴ *Government Auditing Standards 2011 Revision*, paragraphs 4.11 through 4.14.

⁵ Chapter 10.550, Rules of the Auditor General.

⁶ GAS require auditors to report noncompliance with provisions of laws, regulations, contracts, or grant agreements that has a material effect on the financial statements and any other instances of noncompliance with provisions of laws or regulations that warrant the attention of those charged with governance.

reported for the 2018-19 and 2017-18 fiscal years primarily related to inadequate separation of duties, general accounting records, and financial reporting. The noncompliance findings mainly addressed budget overexpenditures and noncompliance with bond covenants and established policies and procedures.

- 17 audit reports contained a total of 22 findings citing Federal awards program noncompliance, control deficiencies, or both; whereas, for the 2017-18 fiscal year, 17 entity audit reports had a total of 30 of such findings.
- 17 audit reports contained a total of 24 findings citing State awards program noncompliance, control deficiencies, or both; whereas, for the 2017-18 fiscal year, 22 entity audit reports had a total of 34 of such findings.

Financial Trends

We reviewed 1,470 audit reports for the 2018-19 fiscal year, including the 1,407 local governmental entity 2018-19 fiscal year audit reports filed with us through July 31, 2020, and audit reports we received from 63 other local governmental entities during the period August through October 2020. We also reviewed 148 selected local governmental entity unaudited annual financial reports filed with the DFS and provided to us.

Our reviews of the 1,470 audit reports included a determination of whether the financial statement auditor reported that the entity met one or more of the conditions described in State law⁷ that could cause the entity to be in a state of financial emergency. We also compiled and reviewed reported financial data, for example, fund equity, cash, and investment balances, as applicable, for the 1,407 audit reports filed with us through July 31, 2020, and the 148 annual financial reports. Our reviews disclosed that:

- The audit reports for 2 local governmental entities included a going concern statement by the respective auditors that questioned the ability of the local governmental entity to continue operations on an ongoing basis. One report reviewed for the 2017-18 fiscal year contained this statement.
- The audit reports for 37 (2 municipalities and 35 special districts), or 3 percent, of the 1,470 entities reported that the entity met at least one condition described in State law that could cause the entity to be in a state of financial emergency. When compared to our review results for the previous 4 fiscal years, this is the fewest number of entities reported as meeting at least one of the conditions.
- The audit reports for 39 (1 county, 9 municipalities, and 29 special districts), or 3 percent, of the 1,470 entities reported that the entity was experiencing deteriorating financial conditions. The number of reported entities experiencing deteriorating financial conditions decreased from 61 entities during the 2014-15 fiscal year to 39 entities during the 2018-19 fiscal year.
- Taxable property values and taxes levied in the 2019 calendar year were more than the values and levies in each of the 4 previous calendar years. County and municipality taxable property values increased by \$650 billion (48 percent) and \$431 billion (62 percent), respectively, over the 9-year period 2010 through 2019. Taxes levied also increased by \$3.4 billion (51 percent) for counties and by \$2.4 billion (73 percent) for municipalities for the same period.
- Certain financial trends for numerous entities were identified that may be indicative of deteriorating financial conditions, including high levels of ad valorem millage rates for lesser-populated counties, insufficient levels of assigned and unassigned fund equity, declining

⁷ Section 218.503(1), Florida Statutes.

excess revenues over expenditures in governmental funds or decreasing operating incomes (or increasing operating losses) in proprietary funds, and low or declining levels of cash and investments, as compared to current liabilities.

BACKGROUND

One of the local government financial reporting system goals set forth in State law⁸ is the timely, accurate, uniform, and cost-effective accumulation of financial and other information that can be used by the Legislature and other appropriate officials to improve the financial condition of local governments. State law⁹ requires local governmental entity financial audits be performed by independent certified public accountants (CPAs). The independent auditors are to notify local governmental entities of:¹⁰

- Deteriorating financial conditions that may cause a condition described in State law¹¹ to occur if actions are not taken to address such conditions.
- A fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements for which sufficient resources of the local governmental entity, as reported on the fund financial statements, are not available to cover the deficit. Rules of the Auditor General¹² require the independent auditor to assess the local governmental entity's financial condition and include management letter recommendations addressing any deteriorating financial conditions disclosed by the audit.

The local governmental entity's independent auditor is also required by Rules of the Auditor General¹³ to apply appropriate procedures and state in the management letter whether or not the local governmental entity met one or more of the conditions specified in State law. When one or more of the conditions has occurred or will occur if action is not taken to assist the entity, a local governmental entity is to notify the Governor and the Legislative Auditing Committee.¹⁴

State law¹⁵ requires us to review, in consultation with the Florida Board of Accountancy, all local governmental entity audit reports filed with us. Pursuant to State law,¹⁶ if an entity is reported as meeting one or more of the specified conditions, we are required to notify the Governor and the Legislative Auditing Committee. The Governor is responsible for determining whether the local governmental entity needs State assistance to resolve the condition(s) and, if so, the entity is considered to be in a state of financial emergency.

We are also required to notify the Legislative Auditing Committee of local governmental entity audit reports that indicate the local government failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.¹⁷ In addition, we are to

⁸ Section 11.45(2)(g), Florida Statutes.

⁹ Section 218.39(1), Florida Statutes.

¹⁰ Section 218.39(5), Florida Statutes.

¹¹ Section 218.503(1), Florida Statutes.

¹² Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General.

¹³ Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General.

¹⁴ Section 218.503(2), Florida Statutes.

¹⁵ Section 11.45(7)(b), Florida Statutes.

¹⁶ Section 11.45(7)(e), Florida Statutes.

¹⁷ Section 218.39(8), Florida Statutes.

annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee a summary of significant findings and financial trends identified in local governmental entity audit reports and other financial information, such as information contained in the annual financial reports for entities not required to obtain an audit.¹⁸

SIGNIFICANT FINDINGS

Modified Audit Opinions

Audit findings of the greatest significance include those that report noncompliance and control deficiencies that have a material impact on the fair presentation of the financial statements and may result in a modification of the independent auditor's opinion on the financial statements. Modified opinions include:

- Qualified opinions, whereby the auditor states that, except for the effects of the matters to which the qualification relates, the financial statements are fairly presented.
- Adverse opinions, whereby the auditor states that the financial statements are not fairly presented.
- Disclaimers of opinion, whereby the auditor does not express an opinion.

We reviewed 2018-19 fiscal year audit reports for 1,709 local governmental entities¹⁹ (364 county agencies, 348 municipalities, and 997 special districts) and noted that the audit reports for 38 (2 percent) of the entities contained one or more modified opinions. The reported information included:

- Qualified opinions for 31 entities (3 counties, 13 municipalities, and 15 special districts).
- Adverse opinions for 18 special districts, including 11 with qualified opinions.

Thirty-five (92 percent) of the 38 local governmental entities with modified opinions also had one or more modified opinions for the 2017-18 fiscal year.

Table 1 lists the 31 entities whose 2018-19 fiscal year audit reports included qualified opinions. The respective CPAs issued qualified opinions because the entities, for example, failed to implement certain Governmental Accounting Standards Board (GASB) statements,²⁰ had inadequate records for capital assets, lacked supporting documentation for expenditures, or excluded component units from the financial statements. The percentage of 2018-19 fiscal year audit reports reviewed with qualified opinions (2 percent) is the same percentage of 2017-18 fiscal year audit reports reviewed with qualified opinions.

¹⁸ Section 11.45(7)(f), Florida Statutes.

¹⁹ The 1,407 audit reports received through July 31, 2020, included 62 county audit reports that each included separate audits of each county agency. We reviewed the findings separately reported for each of the county agencies in the county audit reports received and, therefore, reviewed audit reports related to a total of 1,709 local governmental entities.

²⁰ GASB Statement No. 67, *Financial Reporting for Pension Plans*; 68, *Accounting and Financial Reporting for Pensions*; and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Table 1
Entities with Qualified Audit Report Opinions
For the 2018-19 Fiscal Year

County	
1	Baker County Board of County Commissioners ^a
2	Liberty County Supervisor of Elections ^a
3	Washington County Board of County Commissioners ^a
Municipality	
1	Astatula, Town of ^a
2	Carrabelle, City of ^a
3	Chattahoochee, City of ^a
4	Chiefland, City of ^a
5	Cross City, Town of ^a
6	Fruitland Park, City of
7	Greenville, Town of ^a
8	High Springs, City of ^a
9	Inglis, Town of ^a
10	Lake Helen, City of ^a
11	Malabar, Town of ^a
12	Monticello, City of ^a
13	Yankeetown, Town of ^a
Special District	
1	Arborwood Community Development District ^{a b c}
2	Avalon Beach/Mulat Fire Protection District
3	Big Bend Water Authority ^a
4	Buckeye Park Community Development District ^{a b c}
5	Gramercy Farms Community Development District ^{a b c}
6	Meadow Pointe IV Community Development District ^{a b c}
7	Montecito Community Development District ^{a b c}
8	Naturewalk Community Development District ^{a b c}
9	New Port – Tampa Bay Community Development District ^b
10	New River Public Library Cooperative ^a
11	Portofino Isles Community Development District ^{a b c}
12	Riverwood Estates Community Development District ^{a b c}
13	St. Augustine Port, Waterway and Beach District ^a
14	Westside Community Development District ^{a b c}
15	Zephyr Ridge Community Development District ^{b c}
<u>31</u> Total Number of Audit Reports with Qualified Opinions	

^a Entity is 1 of 27 entities that also had a qualified audit report opinion for the 2017-18 fiscal year.

^b Entity is 1 of 11 special districts that also had an adverse audit report opinion for the 2018-19 fiscal year.

^c Entity is 1 of 10 special districts that also had an adverse audit report opinion for the 2017-18 fiscal year.

Source: Auditor General analysis of local governmental entity audit reports.

Table 2 lists the 18 local governmental entities whose 2018-19 fiscal year audit reports included adverse opinions. The adverse opinions were primarily because the special districts excluded component units from their financial statements. The percentage of 2018-19 fiscal year audit reports reviewed with

adverse opinions (1 percent) is the same percentage of 2017-18 fiscal year audit reports reviewed with adverse opinions.

Table 2
Entities with Adverse Audit Report Opinions
For the 2018-19 Fiscal Year
Special District

1	Arborwood Community Development District ^{a b}
2	Buckeye Park Community Development District ^{a b}
3	Chapel Creek Community Development District ^a
4	Gramercy Farms Community Development District ^{a b}
5	Magnolia Creek Community Development District ^a
6	Meadow Pointe IV Community Development District ^{a b}
7	Montecito Community Development District ^{a b}
8	Naturewalk Community Development District ^{a b}
9	New Port - Tampa Bay Community Development District ^b
10	Palm River Community Development District ^a
11	Portofino Isles Community Development District ^{a b}
12	River Glen Community Development District ^a
13	Riverwood Estates Community Development District ^{a b}
14	Treeline Preserve Community Development District ^a
15	Waterford Estates Community Development District ^a
16	Westridge Community Development District ^a
17	Westside Community Development District ^{a b}
18	Zephyr Ridge Community Development District ^{a b}

18 Total Number of Audit Reports with Adverse Opinions

^a Entity is 1 of 17 entities that also had an adverse audit report opinion for the 2017-18 fiscal year.

^b Entity is 1 of 11 entities that also had a qualified audit report opinion for the 2018-19 fiscal year.

Source: Auditor General analysis of local governmental entity audit reports.

Classification of Audit Findings

Auditing standards require auditors to report material weaknesses in internal control and significant control deficiencies that are disclosed during the course of a financial statement audit. 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 financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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. Auditors must also report noncompliance required to be reported by *Government Auditing Standards (GAS)* that has a material effect on a financial statement audit. The classification of an audit finding is dependent upon its

potential impact on the specific entity under audit. Therefore, the classification of an audit finding could vary from entity to entity.

For the 2018-19 fiscal year, the financial audit reports we reviewed for the 1,709 local governmental entities²¹ included 1,323 entity reports that contained no findings, while the reports for the remaining 386 local governments (23 percent) included a total of 784 findings addressing deficiencies in internal control; instances of noncompliance with applicable laws, rules, or regulations; and other findings. In contrast, 27 percent of the audit reports we reviewed for the 2017-18 fiscal year²² included audit findings.

Financial Statement Material Weaknesses and Noncompliance Required to be Reported by GAS

One or more findings were considered by the respective auditors to be financial statement material weaknesses in 126 (7 percent) of the 2018-19 fiscal year local governmental audit reports we reviewed, which is 3 percent less than the number of audit reports reviewed that reported material weaknesses for the 2017-18 fiscal year.²³ In total, the 2018-19 fiscal year audit reports we reviewed included 195 findings (53 findings for 39 county agencies, 85 findings for 49 municipalities, and 57 findings for 38 special districts) considered by the respective auditors to be material weaknesses in internal control over financial reporting. This represents 25 percent of the total findings in the reports reviewed, a 1 percent decrease from the percentage of reports with material weakness findings in reports reviewed for the 2017-18 fiscal year. The financial statement material weaknesses reported for the 2018-19 and 2017-18 fiscal years primarily related to inadequate separation of duties, general accounting records, and financial reporting.

Additionally, the 2018-19 fiscal year audit reports for 45 local governmental entities included a total of 65 findings (7 findings for 6 county agencies, 21 findings for 13 municipalities, and 37 findings for 26 special districts), or 8 percent of the total findings, considered by the respective auditors to be noncompliance findings required to be reported by GAS, including 5 noncompliance findings reported in separate reports and also classified as material weaknesses. In contrast, for the 2017-18 fiscal year, 68 local governmental entities had a total of 93 noncompliance findings required to be reported by GAS, including 3 noncompliance findings reported in separate reports and also classified as material weaknesses. The noncompliance findings for the 2018-19 and 2017-18 fiscal years mainly addressed budget overexpenditures and noncompliance with bond covenants.

Further, the 65 findings considered by the respective auditors to be noncompliance findings included 3 noncompliance findings reported in one report and also classified as significant deficiencies. These noncompliance findings addressed budget overexpenditures and noncompliance with bond covenants. In contrast, for the 2017-18 fiscal year, 7 of the 93 noncompliance findings were also classified as significant deficiencies.

²¹ The 1,407 audit reports received through July 31, 2020, included 62 county audit reports that each included separate audits of each county agency. We reviewed the findings separately reported for the county agencies in the county audit reports received and, therefore, reviewed audit reports related to a total of 1,709 local governmental entities.

²² For the 2017-18 fiscal year, we reviewed audit reports for 1,705 local governmental entities. A total of 985 findings were reported for 467 of those entities.

²³ For the 2017-18 fiscal year, 166 (10 percent) of the 1,705 audit reports we reviewed reported material weaknesses.

Financial Statement Significant Deficiencies

One or more findings were considered by the respective auditors to be financial statement significant deficiencies in 112 (7 percent) of the 2018-19 fiscal year local governmental entity audit reports we reviewed, a 1 percent decrease from the percentage of reports reviewed that reported significant deficiencies for the 2017-18 fiscal year. Also, the 2018-19 fiscal year audit reports included a total of 153 findings (20 percent) considered by the respective auditors to be financial statement significant deficiencies, which is the same percentage of findings reported as significant deficiencies for the 2017-18 fiscal year. The financial statement significant deficiencies reviewed for the 2018-19 and 2017-18 fiscal years primarily related to inadequate separation of duties, general accounting records, and financial reporting.

Audit Findings by Category

We reviewed 2018-19 fiscal year audit reports for 1,709 local governmental entities, which is comparable to 1,705 entities for which we reviewed 2017-18 fiscal year audit reports; notwithstanding, the number of findings decreased by 20 percent (from 985 findings for the 2017-18 fiscal year to 784 findings for the 2018-19 fiscal year). The change in the number and percentage of findings is further discussed under the subheading **Repeated Findings from Previous Fiscal Years**.

As part of our review, we identified categories of findings and grouped, by those categories, the audit findings included for county agencies (364), municipalities (348), and special districts (997) in the 2018-19 fiscal year audit reports. A summary of the number of findings, by finding category and by type of local governmental entity, along with comparative prior fiscal year information, is included as **EXHIBIT A** to this report.

Separation of Duties. In audit reports for 13 county agencies (4 percent), 29 municipalities (8 percent), and 22 special districts (2 percent), the respective auditors noted findings regarding an inadequate separation of duties or responsibilities. These 64 entities represent 4 percent of the entities included in the reports reviewed, a 1 percent decrease from the percentage of entities with similar findings the prior fiscal year. Inadequate separation of duties or responsibilities increases the possibility that errors or fraud may occur without timely detection and diminishes the local governmental entity's ability to properly safeguard assets. For many instances, local governmental entity personnel contended that, due to the small number of staff, it was not economically feasible to further separate duties or responsibilities. However, the auditors frequently recommended that the entity reassign duties and responsibilities or establish compensating controls.

Budget Administration. In audit reports for 7 county agencies (2 percent), 20 municipalities (6 percent), and 38 special districts (4 percent), the respective auditors noted findings regarding inadequate budgetary controls and noncompliance with legal requirements for adopting and amending the budget. These 65 entities represent 4 percent of the entities included in the reports we reviewed, which is the same percentage of entities with similar findings the prior fiscal year. The findings addressed problems relating to the entity's failure to properly adopt a budget, inadequate budgetary policies, failure to budget for all funds or projects, and overexpended budgets. Budget administration problems may affect an

entity's ability to demonstrate to the citizenry the proper use of public resources and could result in inefficient or inappropriate use of resources, resulting in deteriorating financial conditions.

General Accounting Records. In audit reports for 24 county agencies (7 percent), 46 municipalities (13 percent), and 25 special districts (3 percent), the respective auditors noted findings regarding inadequate accounting or other records, lack of subsidiary records or failure to timely reconcile subsidiary records to general ledger control accounts, and improper recording of accounting transactions. These 95 entities represent 6 percent of the entities included in the reports reviewed, a 1 percent decrease from the percentage of entities with similar findings the prior fiscal year. Recordkeeping deficiencies may reduce an entity's ability to effectively monitor use of public resources and increase the risk of inappropriate or inefficient use of resources. Improperly recorded transactions also could affect the reliability of the entity's reporting of financial position and results of operations.

Financial Reporting. In audit reports for 17 of the county agencies (5 percent), 42 municipalities (12 percent), and 35 special districts (4 percent), the respective auditors noted findings relating to deficiencies in reporting financial data either externally or within the local governmental entity. These 94 entities represent 6 percent of the entities included in the reports reviewed, a 1 percent decrease from the percentage of entities with similar findings the prior fiscal year. Financial reporting problems may affect an entity's ability to demonstrate compliance with legal, contractual, and financial reporting requirements and to provide assurance to interested parties (including its governing body) that the entity has a sound financial condition and is using public resources in an efficient and appropriate manner.

Cash. In audit reports for 10 county agencies (3 percent), 22 municipalities (6 percent), and 11 special districts (1 percent), the respective auditors noted findings regarding inadequate controls or noncompliance with legal requirements pertaining to cash on hand or held by banks. These 43 entities represent 3 percent of the entities included in the reports reviewed, which is the same percentage of entities with similar findings the prior fiscal year. The findings addressed inadequate or untimely bank reconciliations, inaccurate recording of cash transactions, and other cash accountability issues, including noncompliance with applicable legal requirements. Noncompliance with legal requirements for cash and cash accountability deficiencies increase the risk of unauthorized disbursements and cash losses and thwart the prompt detection of such disbursements and losses.

Capital Assets. In the audit reports for 5 county agencies (1 percent), 23 municipalities (7 percent), and 8 special districts (1 percent), the respective auditors noted findings regarding noncompliance with legal requirements for acquiring or disposing capital assets or the improper use of, and lack of accountability for, capital assets. These 36 entities represent 2 percent of the entities included in the reports reviewed, a 1 percent decrease from the percentage of entities with similar findings the prior fiscal year. The findings addressed inadequate or lack of capital asset records, failure to timely reconcile subsidiary capital asset records to general ledger control accounts, failure to perform an annual inventory and compare the inventory to capital asset records, improper capital asset acquisitions, and unauthorized capital asset disposals. Noncompliance with legal requirements for capital assets and capital asset accountability deficiencies may affect an entity's ability to demonstrate that it has efficiently and appropriately acquired, disposed of, and safeguarded capital assets and increase the risk that such assets could be misappropriated without prompt detection and resolution.

Debt Administration. In the audit reports for 7 municipalities (2 percent) and 35 special districts (4 percent), the respective auditors noted findings that cited the entities' failure to make debt principal and interest payments when due, noncompliance with debt reserve requirements, or other noncompliance with bond covenants or other debt agreements. These 42 entities represent 3 percent of the entities included in the reports reviewed, which is the same percentage of entities with similar findings the prior fiscal year. Debt administration deficiencies may affect an entity's ability to obtain and repay debt and could contribute to deteriorating financial conditions.

Revenues and Collections. In the audit reports for 8 county agencies (2 percent), 29 municipalities (8 percent), and 4 special districts (less than 1 percent), the respective auditors noted findings that disclosed inadequate controls or noncompliance with legal requirements pertaining to revenues and accounts receivable. These 41 entities represent 2 percent of the entities included in the reports reviewed, a 1 percent decrease from the percentage of entities with similar findings the prior fiscal year. The findings addressed improper recording of revenue or accounts receivable transactions, improper documentation supporting receipts, lack of an adequate fee structure, untimely deposits, and deposits not made intact. Revenue and accounts receivable deficiencies may affect an entity's ability to ensure that cash collections are safeguarded against loss from unauthorized use or disposition. Failure to assess and collect all revenues to which the entity is entitled could contribute to deteriorating financial conditions.

Payroll and Personnel Administration. In the audit reports for 7 county agencies (2 percent), 16 municipalities (5 percent), and 10 special districts (1 percent), the respective auditors noted findings that identified inadequate controls or noncompliance with legal requirements pertaining to payroll and personnel administration. These 33 entities represent 2 percent of the entities included in the reports reviewed, a 1 percent decrease from the percentage of entities with similar findings the prior fiscal year. The findings addressed improper authorization and payment of salaries and benefits to employees, improper recording of payroll or personnel transactions, failure to properly and timely remit payroll taxes withheld, or other payroll or personnel matters. Deficiencies in payroll and personnel administration increase the risk that employees may be incorrectly compensated and employee leave balances may not be accurate.

Expenditures and Expenses. In the audit reports for 8 county agencies (2 percent), 5 municipalities (1 percent), and 8 special districts (1 percent), the respective auditors noted findings regarding deficiencies in expending public funds. These 21 entities represent 1 percent of the entities included in the reports reviewed, a 1 percent decrease from the percentage of entities with similar findings the prior fiscal year. The findings addressed expenditures or expenses that were not properly documented, approved, or recorded; not executed efficiently; or not made in accordance with laws, rules, ordinances, or other guidelines. Expenditure and expense deficiencies increase the risk of improper payments and the inappropriate or inefficient use of public resources.

Other Findings. Auditors also noted a total of 185 other findings in audit reports for 164 local governmental entities (39 county agencies and 90 municipalities). These 164 entities represent 10 percent of the entities included in the reports reviewed, which is the same percentage of entities with similar other findings reported for the prior fiscal year. These other findings included, for example,

findings regarding deteriorating financial condition, failure to follow established policies and procedures, and use of sales surtax proceeds for unallowed purposes.

Federal Awards Program and State Awards Program Findings

Federal Uniform Guidance²⁴ establishes uniform Federal awards program audit requirements and State law²⁵ establishes State awards program audit requirements. In any fiscal year a local governmental entity expends award amounts that meet the audit threshold requirements, the entity must have the applicable Federal or State single audit. In the audit reports, auditors are required to opine on major Federal and major State program compliance requirements, as applicable, and the auditors can classify audit findings as material weaknesses, significant deficiencies, or noncompliance that has a direct and material effect on major program compliance.

A material weakness in internal control over compliance is a deficiency, or a 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 or State 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 or State 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.

The audit reports for 17 local governmental entities included a total of 22 findings addressing Federal awards program noncompliance, control deficiencies, or both. The findings cited noncompliance with the Federal awards program²⁶ compliance requirements of Allowable Costs and Cost Principles; Cash Management; Eligibility; Matching, Level of Effort, Earmarking; Procurement and Suspension and Debarment; Reporting; and Subrecipient Monitoring. For example:

- 3 local governmental entities were cited for a total of 4 findings addressing major Federal awards program control deficiencies considered by the respective auditors to be material weaknesses in internal controls over major Federal program compliance. In contrast, for the 2017-18 fiscal year, 4 entities were cited with a total of 5 findings considered to be material weaknesses in internal controls over major Federal program compliance.
- 12 local governmental entities were cited a total of 14 findings considered by the respective auditors to be significant deficiencies, and none of those findings were considered to be Federal awards program noncompliance required to be reported. Comparably, for the 2017-18 fiscal year, the respective auditors for 11 entities considered a total of 20 findings addressing Federal awards programs to be significant deficiencies and, for 7 of those entities, 13 of the findings were considered to be Federal awards program noncompliance required to be reported.

²⁴ Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

²⁵ Section 215.97, Florida Statutes.

²⁶ The Federal awards programs included the Airport Improvement, State Domestic Preparedness Equipment Support Program, Capitalization Grant for Drinking Water State Revolving Funds, Community Development Block Grants, Disaster Grants - Public Assistance, Emergency Watershed Protection Program, Health Center Program Cluster, Highway Planning and Construction, Public Safety Partnership and Community Policing Grants, and Temporary Assistance for Needy Families.

- 4 local governmental entities audit reports had a total of 4 findings that identified Federal awards program questioned costs totaling \$345,437 (\$235,683 for submitting an invoice twice for reimbursement, \$83,811 for not tracking time worked on grant projects, \$25,803 for not obtaining certified payrolls, and \$14,701 for lack of supporting documentation). In contrast, for the 2017-18 fiscal year, 4 audit reports had a total of 5 findings that identified Federal awards program questioned costs totaling \$156,469.
- No local governmental entities were cited for major Federal awards program noncompliance that resulted in a qualified opinion for the Federal awards program. For the 2017-18 fiscal year, an entity was cited for major Federal awards program noncompliance, which resulted in a major Federal awards program with a qualified opinion.

In addition, the audit reports for 17 local governmental entities included a total of 24 findings citing State awards program noncompliance, control deficiencies, or both. These findings addressed noncompliance with the State awards program²⁷ compliance requirements of Allowable Costs and Cost Principles, Eligibility, Reporting, and Special Tests and Provisions. Specifically:

- A total of 6 findings for 3 local governmental entities addressed noncompliance resulting in a qualified opinion for 2 major State awards programs. For the 2017-18 fiscal year, a total of 3 findings for 2 entities addressed noncompliance resulting in a qualified opinion for each of the 2 entities for the same major State awards program.
- A total of 9 findings addressing State awards program control deficiencies considered by the respective auditors to be material weaknesses were cited for 3 of the entities that received a qualified opinion on State awards program compliance and 2 other local governmental entities. Whereas, for the 2017-18 fiscal year, a total of 6 findings for 3 entities addressing State awards program control deficiencies were considered to be material weaknesses.
- A total of 12 findings addressing State awards control deficiencies at 11 local governmental entities were considered by the respective auditors to be significant deficiencies. Comparatively, for the 2017-18 fiscal year, a total of 22 findings addressing State awards control deficiencies at 17 local governmental entities were considered by the respective auditors to be significant deficiencies.
- 8 local governmental entities audit reports had a total of 11 findings that identified State awards program questioned costs totaling \$1,375,421 (\$627,253 for loans to recipients that did not comply with eligibility requirements, \$505,577 for incorrect mileage amounts and ineligible riders, \$165,761 for submitting an invoice twice for reimbursement, \$48,352 for not meeting eligibility requirements, and \$28,478 for inadequate recordkeeping). For the 2017-18 fiscal year, 6 local governmental entities audit reports had a total of 9 findings that identified State awards program questioned costs totaling \$393,141.

Detail of Audit Findings

GAS²⁸ and Rules of the Auditor General²⁹ prescribe the required elements of audit report findings. Of the 784 findings included in the audit reports we reviewed, 310 findings (40 percent) did not include one

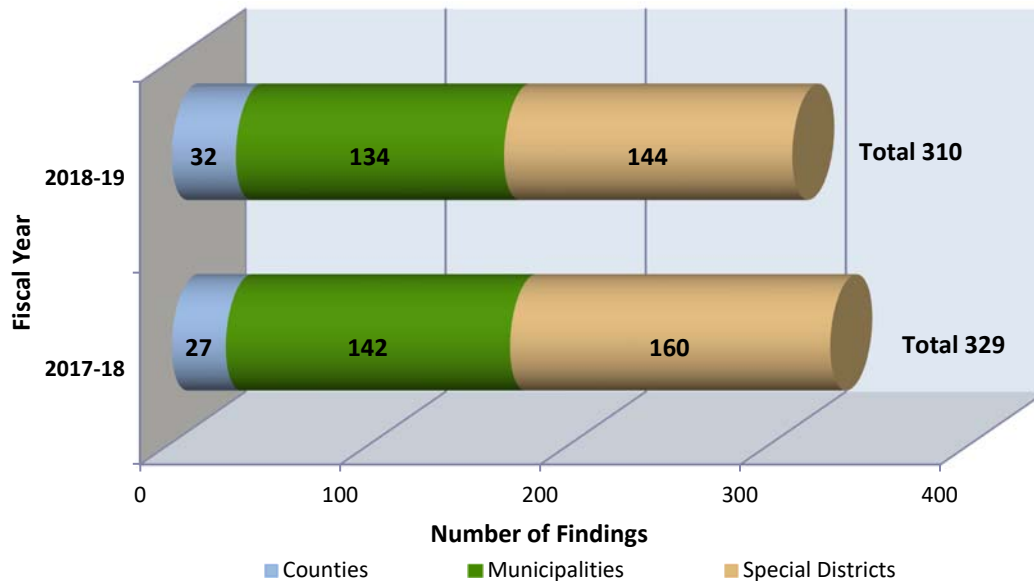
²⁷ The State awards programs included Acquisitions, Restoration of Historic Properties, Aviation Grant Program, Children and Families in Need of Services, Florida Commission for the Transportation Disadvantaged Trip and Equipment Grant, Florida Springs Grant Program, Hurricane Michael State Recovery Grant, Prepaid Next Generation 911 (NG911) State Grant Program, Wastewater Treatment Facility Construction, State Housing Initiatives Partnership Program, Statewide Surface Water Restoration and Wastewater Projects.

²⁸ *Government Auditing Standards 2011 Revision*, paragraphs 4.11 through 4.14.

²⁹ Section 10.557(4)(b), Rules of the Auditor General.

or more of the required elements, which is an increase in the percentage of findings cited in the prior fiscal year (33 percent) that lacked one or more of the required elements. Chart 2 illustrates, by entity type, the total number of insufficiently detailed audit findings reported for the 2017-18 and 2018-19 fiscal years.

Chart 2
Insufficiently Detailed Audit Findings
By Entity Type



Source: Auditor General analysis of local governmental entity audit reports.

Most of the insufficiently detailed audit findings excluded one or more of the following required elements:

- A description of the criteria or specific requirement upon which the audit finding was based (e.g., statutory, regulatory, or other citation).
- A description of the condition found, including facts that support the deficiency identified in the finding.
- A proper perspective (e.g., the number of records examined and the quantity or dollar value of deficiencies noted) to assist audit report users in judging the prevalence and consequences of the finding, such as whether the finding represents an infrequent occurrence or a systemic problem.

Insufficiently detailed audit findings affect the ability of audit report users to understand the exact nature of the problem addressed in the finding and the necessary corrective action and may have contributed to the relatively high percentage of repeated audit findings.

Repeated Findings from Previous Fiscal Years

Of the 784 findings included in 2018-19 fiscal year audit reports we reviewed, 283 findings (36 percent) for 183 local governmental entities (34 county agencies, 71 municipalities, and 78 special districts) were also included in the entities' 2017-18 and 2016-17 fiscal year audit reports. This is comparable to the

37 percent of findings reported in the 2017-18 audit reports as also included in the audit reports for the previous 2 fiscal years (2016-17 and 2015-16).

FINANCIAL TRENDS

Going Concern

The 2018-19 fiscal year audit reports for the Palm River Community Development District and the Leon County Educational Facilities Authority included statements by the respective auditors questioning the ability of the entities to continue operations on an ongoing basis (i.e., going concern). In comparison, for the 2017-18 fiscal year, the Palm River Community Development District audit report was the only report that contained a going concern statement.

Potential Financial Emergencies

State law³⁰ requires local governmental entities to be subject to review and oversight by the Governor if, due to lack of funds, one or more of the following conditions occur:

- Failure within the same fiscal year in which due to pay short-term loans or failure to make bond debt service or other long-term debt payments when due.
- Failure to pay uncontested claims from creditors within 90 days after the claim is presented.
- Failure to transfer at the appropriate time, taxes withheld on the income of employees or employer and employee contributions for Federal social security or any pension, retirement, or benefit plan of an employee.
- Failure for one pay period to pay wages and salaries owed to employees or retirement benefits owed to former employees.

Our review of the 1,470 local governmental entity 2018-19 fiscal year audit reports filed with us through October 2020 disclosed that a total of 37 (3 percent) of the entities (2 municipalities and 35 special districts) were reported as meeting one or more of these conditions. As shown in Table 3, when compared to our review results for the previous 4 fiscal years, this is the fewest number of entities reported as meeting at least one of the conditions.

³⁰ Section 218.503(1), Florida Statutes.

Table 3
Local Governments Meeting Specified Conditions
For the 2014-15 Through 2018-19 Fiscal Years

Number of Local Governmental Entities:	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
Meeting one or more of the financial emergency conditions.	58	55	45	38	37
Cited for failure:					
Within the same fiscal year in which due, to pay short-term loans or failure to make bond debt service or other long-term debt payments when due, as a result of a lack of funds.	56	54	42	37	35
To pay uncontested claims from creditors within 90 days after the claim is presented, due to lack of funds.	2	3	5	3	4
To transfer at the appropriate time, due to lack of funds, taxes withheld on the income of employees or employer and employee contributions for Federal social security or any pension, retirement, or benefit plan of an employee.	2	1	2	1	1
For one pay period to pay, due to lack of funds, wages and salaries owed to employees or retirement benefits owed to former employees.	-	-	-	1	1

Source: Auditor General analysis of local governmental entity audit reports.

If a local governmental entity is reported as meeting one or more of the specified conditions, Rules of the Auditor General³¹ require the independent auditor to specify whether the condition was a result of deteriorating financial conditions. For 28 of the 37 entities reported as meeting one or more of the specified conditions at the 2018-19 fiscal year end, the auditor indicated that the condition resulted from deteriorating financial conditions.

Deteriorating Financial Conditions

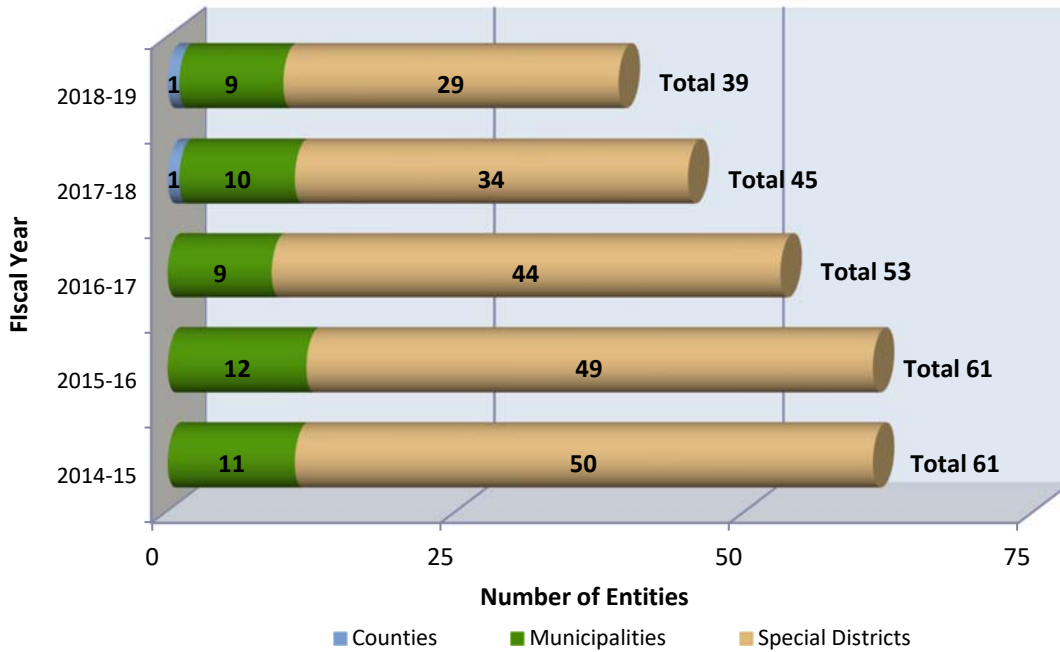
As discussed in the **BACKGROUND** section of this report, Rules of the Auditor General³² require the independent auditor to assess the local governmental entity's financial condition and include management letter recommendations addressing any deteriorating financial conditions disclosed by the audit. For example, a municipality's failure to implement cost reductions or revenue enhancements to replenish fund equities and cash reserves may result in a future financial emergency condition.

The respective auditors reported a total of 39 (3 percent) of the entities (1 county, 9 municipalities and 29 special districts) as experiencing deteriorating financial conditions at the 2018-19 fiscal year end. As illustrated by Chart 3, the total number of local governmental entities reported as experiencing deteriorating financial conditions has steadily decreased from the 2014-15 through the 2018-19 fiscal years.

³¹ Section 10.554(1)(i)5.b.2., Rules of the Auditor General.

³² Sections 10.554(1)(i)5.b.2. and 10.556(8), Rules of the Auditor General.

Chart 3
Entities Reported as Experiencing Deteriorating Financial Conditions
For the 2014-15 Through 2018-19 Fiscal Years



Source: Auditor General analysis of local governmental entity audit reports.

Millage Rates, Taxable Property Values, and Taxes Levied

As similarly noted for previous calendar years, we prepared a summary in Table 4 that shows, on average, less-populated counties had 2019 calendar year millage rates that were higher than those of more-populated counties and more-populated municipalities had higher 2019 calendar year millage rates than less-populated municipalities. Table 4 shows, for various population ranges, the average 2019 calendar year millage rates for counties and municipalities.

Table 4
Populations and Average Tax Rates
2019 Calendar Year

Counties		Municipalities	
Population Range	Average 2019 Millage Rate	Population Range	Average 2019 Millage Rate
< 25,000	8.8567	< 1,000	4.0673
25,000 – 74,999	8.1031	1,000 – 2,999	4.8412
75,000 – 224,999	6.0897	3,000 – 9,999	4.8811
225,000 – 674,999	5.8744	10,000 – 24,999	4.7965
675,000 +	5.1981	25,000 – 99,999	5.2071
		100,000 +	6.4987

Source: Bureau of Economic and Business Research, University of Florida; and Florida Department of Revenue, Property Valuations and Tax Rate.

State law³³ limits the ad valorem tax against real property and tangible personal property to 10 mills, except for voted levies. As such, entities with millage rates at or near the statutory maximum may be unable to raise additional funds when needed. For the 2019 calendar year, the average ad valorem millage rate was 6.8681 for counties and 4.8753 for municipalities. Six counties and seven municipalities established millage rates of 9.5 mills or greater for the 2019 calendar year, which is a decrease from the seven counties with millage rates 9.5 mills or greater for the 2018 calendar year and the same as the seven municipalities with millage rates of 9.5 mills or greater for the 2018 calendar year. Since the 2010 calendar year, the average millage rate has increased 5 percent for counties and 11 percent for municipalities. A summary of average millage rates, the total taxable property values, and the total taxes levied by counties and municipalities for the 2010 through 2019 calendar years are shown in Table 5.

Table 5
Average Millage Rates, Taxable Property Values, and Taxes Levied
For the 2010 Through 2019 Calendar Years

Counties				Municipalities			
Year	Average Millage Rate	Taxable Property Values ^a	Taxes Levied ^a	Year	Average Millage Rate	Taxable Property Values ^a	Taxes Levied ^a
2019	6.8681	\$1,995,477,685,572	\$9,917,389,803	2019	4.8753	\$1,129,393,866,217	\$5,638,247,030
2018	6.9030	\$1,862,983,263,912	\$9,233,456,980	2018	4.8008	\$1,020,379,094,863	\$5,021,148,012
2017	6.8307	\$1,735,396,221,790	\$8,595,251,079	2017	4.8309	\$948,589,859,725	\$4,616,851,516
2016	6.8891	\$1,607,219,081,691	\$7,966,906,576	2016	4.7507	\$874,867,723,292	\$4,214,939,284
2015	6.8486	\$1,495,400,306,053	\$7,453,181,645	2015	4.6916	\$803,897,891,677	\$3,896,411,050
2014	6.9770	\$1,391,611,734,036	\$6,945,148,414	2014	4.6902	\$742,348,462,462	\$3,581,671,973
2013	6.8729	\$1,313,088,962,720	\$6,531,531,203	2013	4.6539	\$695,368,291,486	\$3,334,857,594
2012	6.7232	\$1,274,129,214,427	\$6,226,308,983	2012	4.5917	\$672,164,583,098	\$3,210,789,207
2011	6.5857	\$1,286,288,672,092	\$6,217,195,940	2011	4.4754	\$672,020,162,040	\$3,165,072,038
2010	6.5173	\$1,345,093,391,219	\$6,563,758,622	2010	4.4030	\$698,393,011,166	\$3,259,169,821

^a Amounts reported may not agree to our prior reports due to information updates in the Property Valuations and Tax Data by the Florida Department of Revenue.

Source: Florida Department of Revenue, Property Valuations and Tax Data.

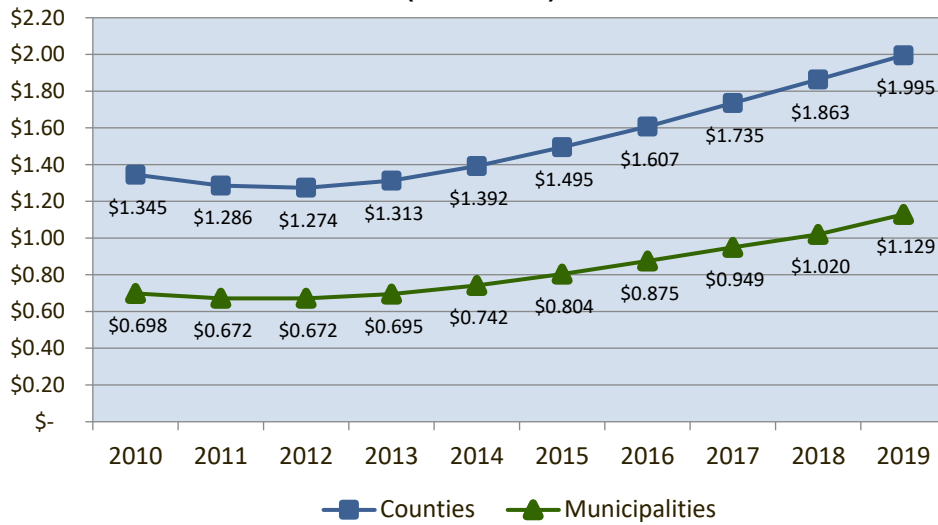
Table 5 also shows that the counties' average millage rates slightly decreased for the 2019 calendar year. After steady annual increases from the 2010 through 2014 calendar years, average county millage rates have stabilized within a narrow range for the 2015 through 2019 calendar years. In contrast, the municipalities' average millage rates have increased each year from the 2010 through 2017 calendar years with a slight decrease from the 2018 calendar year before again increasing in the 2019 calendar year.

As depicted in Charts 4 and 5, there was an overall increase in the taxable property values and taxes levied over the 9-year period 2010 through 2019. Over that period, taxable property values for counties and municipalities increased by \$650 billion (48 percent) and \$431 billion (62 percent), respectively. Taxes levied also increased by \$3.4 billion (51 percent) for counties and \$2.4 billion (73 percent) for municipalities for the same period. Additionally, a comparison of 2010 and 2013 calendar year data for

³³ Sections 200.071 and 200.081, Florida Statutes.

counties shows notable variances, including a decrease from taxable property values and taxes levied. During the same period, taxable property values and taxes levied generally decreased for municipalities.

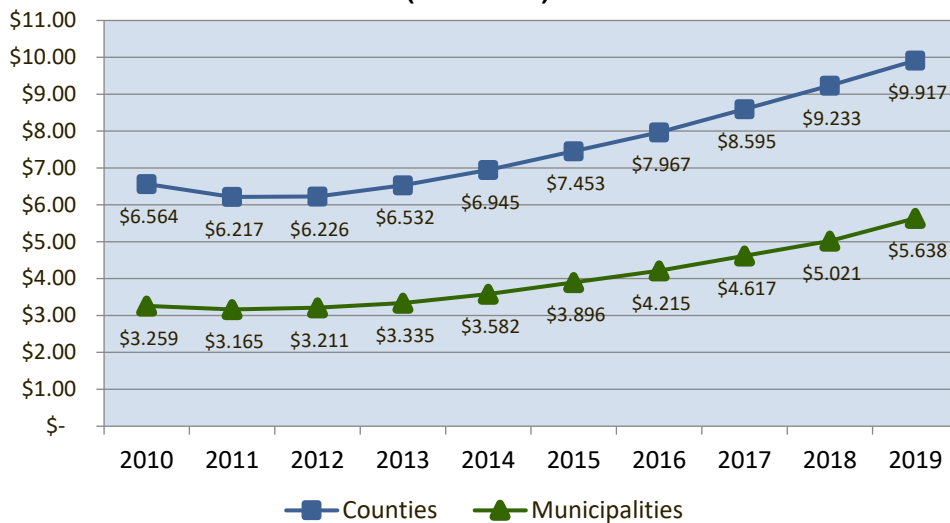
Chart 4
Taxable Property Values
For the 2010 Through 2019 Calendar Years ^a
(In Trillions)



^a Amounts depicted may not agree to those in our prior reports due to information updates in the Property Valuations and Tax Data by the Florida Department of Revenue.

Source: Florida Department of Revenue, Property Valuations and Tax Data.

Chart 5
Taxes Levied
For the 2010 Through 2019 Calendar Years ^a
(In Billions)



^a Amounts depicted may not agree to those in our prior reports due to information updates in the Property Valuations and Tax Data by the Florida Department of Revenue.

Source: Florida Department of Revenue, Property Valuations and Tax Data.

Pension Plans

We noted that 507 of the 1,407 local governmental entity 2018-19 fiscal year audit reports filed with us as of July 31, 2020, reported the existence of one or more employee defined benefit pension plans. These 507 audit reports related to 62 counties, 269 municipalities, and 176 special districts. The reported employee defined benefit pension plans include plans for general employees, firefighters, police officers, or some combination thereof (mixed).

Of the 507 local governmental entities reporting employee defined benefit pension plans, 356 local governmental entities (62 counties, 145 municipalities, and 149 special districts) participated in the Florida Retirement System (FRS). In addition, 212 of the 507 local governmental entities reported a total of 391 local pension plans (i.e., plans not part of the FRS), including 353 municipal plans (103 for general employees, 96 for firefighters, 115 for police officers, and 39 mixed pension plans), 35 special district plans (18 for general employees and 17 for firefighters), and 3 county plans for firefighters.

Historically, defined benefit pension plans that provide specified pension benefits to retirees have been prevalent in the public sector. The Government Finance Officers Association (GFOA),³⁴ in its best practice publication, *Sustainable Funding Practices of Defined Benefit Pension Plans*, indicates that a fundamental financial objective of a public employee defined benefit pension plan is to fund the long-term cost of benefits promised to plan participants. It is widely acknowledged that the appropriate way to attain reasonable assurance regarding the sustainability of pension benefits is for a government to accumulate resources for future benefit payments in a systematic and disciplined manner during the active service life of the benefiting employees (i.e., long-term funding). Long-term funding is accomplished by employer and employee contributions and investment earnings.

The GFOA recommends that governments adopt funding policies that target a funded ratio³⁵ of 100 percent or more. Additionally, the *Federal Pension Protection Act of 2006* provides that large private sector pension plans will be considered at risk of defaulting on their liabilities if they have funded ratios less than 80 percent under standard actuarial assumptions and less than 70 percent under certain “worst-case” actuarial assumptions. The implementation of Governmental Accounting Standards Board (GASB) Statement Nos. 67, *Financial Reporting for Pension Plans*, and 68, *Accounting and Financial Reporting for Pensions*, replaced the funded ratio measurement with the calculation of Plan Fiduciary Net Position as a Percentage of Total Pension Liability³⁶ and these two measures are not comparable. Currently, there is no GFOA guidance regarding what percentages of Plan Fiduciary Net Position as a Percentage of Total Pension Liability may be considered as indicators of potential default.

Chart 6 illustrates, for the local pension plans that reported Plan Fiduciary Net Position as a Percentage of Total Pension Liability for the 2018-19 fiscal year as required by GASB Statement Nos. 67 and 68, ranges of reported percentages by local pension plan type (i.e., general employees, firefighters, police

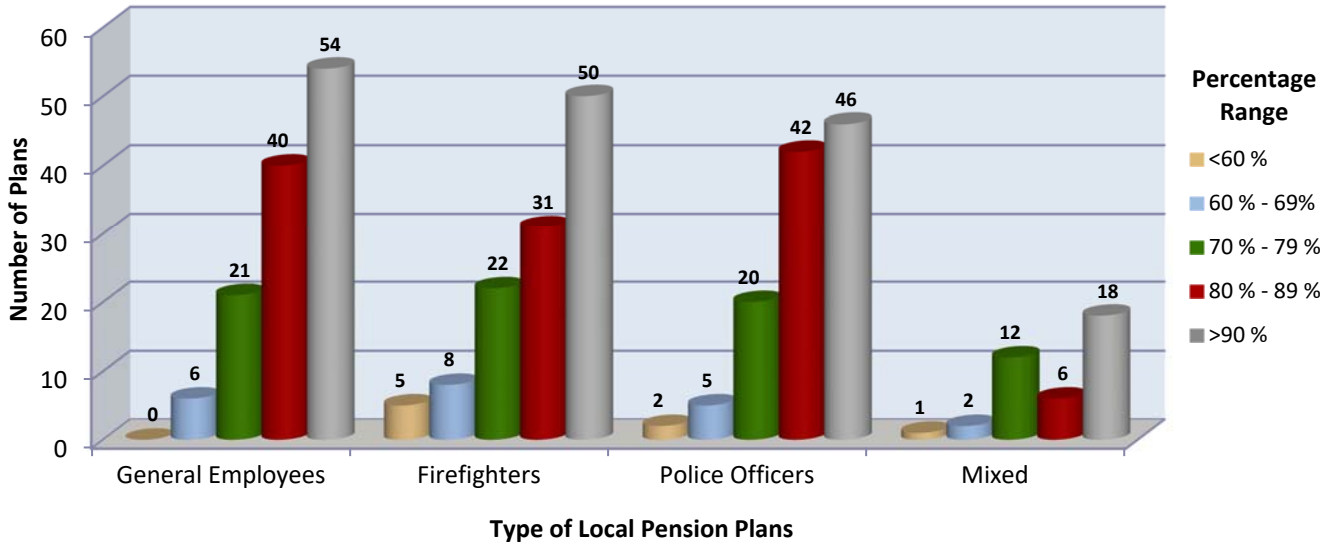
³⁴ The GFOA issues best practices to communicate enhanced techniques and provide information about effective strategies regarding public finance for state and local governments.

³⁵ A pension plan's funded ratio is the percentage of the plan's liabilities covered by its assets.

³⁶ Fiduciary net position is the residual amount on the pension plan's statement of fiduciary net position after subtracting liabilities and deferred inflows of resources from assets and deferred outflows of resources. The total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.

officers, and mixed). For comparative purposes, as of June 30, 2019, the FRS reported 82.61 percent as the Plan Fiduciary Net Position as a Percentage of Total Pension Liability.

Chart 6
Local Pension Plans Reported Plan Fiduciary Net Position
As a Percentage of Total Pension Liability
For the 2018-19 Fiscal Year



Source: Auditor General analysis of local governmental entity audit reports.

Other Financial Trends

Our examination of trends using financial and other information obtained for the counties, municipalities, and special districts evaluated for the 2008-09 through 2018-19 fiscal years disclosed certain significant financial trends relating to financial equity, results of operations, and other trends. These financial trends are compiled based on our review of audit reports and annual financial reports and do not represent individual financial condition assessments of particular entities. Such assessments are the responsibility of local governmental entities and their independent auditors and require information that can only be obtained through examination of entity records and inquiry of entity management.

Fund Equity and Results of Operations

Effective for the 2010-11 fiscal year, local governments were required to implement the requirements of GASB Statement No. 54, which established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Table 6 shows that 126 entities reported net deficit total assigned and unassigned³⁷ or unrestricted fund equities at the 2018-19 fiscal year end, which represents a 2 percent increase in the number of entities that reported deficits at the 2013-14 fiscal year end, and a 48 percent increase over the number of entities

³⁷ For comparison purposes, the assigned and unassigned fund balance classifications pursuant to GASB Statement No. 54 are similar to unreserved fund balance used in reports prior to the 2010-11 fiscal year.

that reported deficits at the 2008-09 fiscal year end. Although local governments are not statutorily required to maintain a specified level of assigned and unassigned or unrestricted fund equity, the ability of these entities to maintain adequate service levels and fund capital acquisitions may be diminished if sufficient fund equity is not maintained.

Table 6
Summary of Analysis of Fund Equities and Results of Operations
For the 2008-09,^a 2013-14, and 2018-19 Fiscal Years

	Counties			Municipalities			Special Districts			Totals		
	Fiscal Year			Fiscal Year			Fiscal Year			Fiscal Year		
	2008-09	2013-14	2018-19	2008-09	2013-14	2018-19	2008-09	2013-14	2018-19	2008-09	2013-14	2018-19
Total Number of Reports Reviewed^b	<u>66</u>	<u>65</u>	<u>62</u>	<u>396</u>	<u>380</u>	<u>356</u>	<u>1,005</u>	<u>1,001</u>	<u>1,137</u>	<u>1,467</u>	<u>1,446</u>	<u>1,555</u>
Number of reports that:												
Reported net deficit total assigned and unassigned or unrestricted fund equity.	1	1	1	11	6	8 ^c	73	116	117 ^c	85	123	126
Reported no assigned and unassigned or unrestricted fund equity.	-	-	-	2	1	1 ^d	152	92	92 ^d	154	93	93
Experienced either excess expenditures over revenues in governmental operations or operating losses in proprietary operations.	56	57	37	296	265	208 ^e	516	529	543 ^e	868	851	788
Experienced net losses when both governmental and proprietary funds were taken into account.	48	44	20	213	169	109 ^f	503	524	524 ^f	764	737	653
Experienced net losses and reported net deficit assigned and unassigned or unrestricted fund equity.	1	1	-	7	3	6 ^g	62	96	98 ^g	70	100	104

^a For the 2008-09 fiscal year, pre-GASB Statement No. 54 terminology (i.e., unreserved or unrestricted fund equity) was used for the fund equity amounts.

^b Totals include both audit reports and annual financial reports reviewed. For the 2018-19 fiscal year, the total number of reports reviewed includes the 1,407 audit reports received through July 31, 2020, and 148 annual financial reports (8 municipality reports and 140 special district reports).

^c Totals include annual financial reports reviewed for 8 municipality and 16 special districts that reported net deficit total assigned and unassigned or unrestricted fund equity.

^d Totals include annual financial reports reviewed for 1 municipality and 47 special districts that reported no assigned and unassigned or unrestricted fund equity.

^e Totals include annual financial reports reviewed for 3 municipalities and 60 special districts that reported losses in either governmental or proprietary funds.

^f Totals include annual financial reports reviewed for 2 municipalities and 55 special districts that indicated the entities experienced net losses when both governmental and proprietary funds were considered.

^g Totals include annual financial reports reviewed for 1 municipality and 8 special districts that indicated the entities experienced net losses and reported net deficit assigned and unassigned or unrestricted fund equity.

Source: Auditor General analysis of local governmental entity audit reports and annual financial reports.

Many entities transfer governmental fund resources to support proprietary fund operations. However, for the 2008-09, 2013-14, and 2018-19 fiscal years, the percentage of all entities reviewed with net losses

(combining both governmental and proprietary funds) were 52 percent (764 of 1,467 reports), 51 percent (737 of 1,446 reports), and 42 percent (653 of 1,555 reports), respectively. From the 2013-14 fiscal year to the 2018-19 fiscal year, the percentage of counties that experienced net losses decreased from 68 to 32 percent; the percentage of municipalities that experienced net losses decreased from 44 to 31 percent; and the percentage of special districts that experienced net losses decreased from 52 to 46 percent. Additionally, of the 653 entities that experienced net losses for 2018-19 fiscal year operations, 104 entities (7 percent of the 1,555 reports reviewed) also reported net deficit total assigned and unassigned or unrestricted fund equities at the 2018-19 fiscal year end.

Continued net losses and net deficit total assigned and unassigned or unrestricted fund equities may leave entities with insufficient funds to sustain current levels of services without borrowing funds from external sources. Additionally, those entities have less resources available for emergencies and unforeseen situations.

Other Trends

A total of 101 audited entities (4 municipalities and 97 special districts) reported cash and investments in amounts that were not sufficient to cover current liabilities at the 2018-19 fiscal year end, as compared to 108 entities at the 2013-14 and 2008-09 fiscal year ends that similarly reported insufficient amounts of cash and investments. In addition, our examination of annual financial reports disclosed that 46 special districts reported cash and investments in amounts not sufficient to cover current liabilities at the 2018-19 fiscal year end. Declining levels of cash and investments when compared to current liabilities may indicate that the local governmental entity has overextended itself or may be having difficulty raising the cash necessary to meet current needs.

Long-term debt reported for governmental activities totaled \$28 billion at the 2018-19 fiscal year end, an increase of \$879 million, compared to \$27.2 billion at the 2013-14 fiscal year end for the reports we reviewed for those fiscal years. While local governments are statutorily authorized to enter into long-term debt arrangements, for example, to fund construction projects or repay or refinance older debt that has not been paid off, it is important to consider current revenue streams and other available resources to ensure debt service requirements are met and to reduce debt as appropriate.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this project for the audit reports filed with us from local governmental entities and the annual financial reports provided to us from the Department of Financial Services (DFS) were to:

- Identify significant findings based on our review of the audit reports.
- Identify financial trends using information from the audit reports and annual financial reports.

Although all local governmental entities are required to file annual financial reports with the DFS,³⁸ all references to annual financial reports in this report pertain to those for entities without audited financial statements. As a result, the financial trends based on annual financial reports included in this report are based on unverified amounts.

The scope of this project included a review of the independent auditor-prepared 2018-19 fiscal year audit reports filed with us by July 31, 2020, for 62 counties (which included 364 individual county agency reports), 348 municipalities, and 997 special districts. The scope also included 8 municipality and 140 special district annual financial reports (filed with the DFS and provided to us) of entities that were not required to provide for an audit. In addition, the scope included a review of audit reports received for 1,470 entities (64 counties, 378 municipalities, and 1,028 special districts) through October 31, 2020, to identify entities that were reported as having met a condition specified in State law,³⁹ or having deteriorating financial conditions.

Our methodology included a review of applicable audit reports and annual financial reports and a compilation of significant findings and financial trends. We included 1,709 entities (364 county agencies, 348 municipalities, and 997 special districts) in our analysis of significant findings. We included 1,407 entities (62 counties, 348 municipalities, and 997 special districts) in our analysis of significant financial trends (except for the analysis of fund equities and results of operations the results, as depicted in Table 6, where we also included annual financial reports for 8 municipalities and 140 special districts).

We planned and performed this review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for the summaries of significant findings and financial trends included in this report.

³⁸ Section 218.32(1)(e), Florida Statutes.

³⁹ Section 218.503(1), Florida Statutes.

AUTHORITY

Pursuant to Section 11.45(7)(f), Florida Statutes, I have directed that this report be prepared to present the summary of significant findings and financial trends identified in local governmental entity audit reports prepared by independent certified public accountants or, for entities not required to provide for an audit, financial trend information obtained from local governmental entity annual financial reports, for the 2018-19 fiscal year.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

EXHIBIT A

SUMMARY OF AUDIT FINDINGS BY FINDING CATEGORY AND LOCAL GOVERNMENTAL ENTITY TYPE FOR THE 2017-18 AND 2018-19 FISCAL YEARS

Finding Category	Number of	County Agencies		Municipalities		Special Districts		Totals	
		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year	
		2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
Separation of Duties – Inadequate separation of duties.	Findings	23	13	42	29	25	22	90	64
	Entities	23	13	42	29	25	22	90	64
Budget Administration – Inadequate budgetary controls or noncompliance with legal requirements relating to budgets.	Findings	7	7	24	22	42	40	73	69
	Entities	7	7	23	20	41	38	71	65
General Accounting Records – Inadequate accounting or other records, lack of subsidiary records or failure to timely reconcile subsidiary records to general ledger control accounts, or improper recording of transactions (excludes capital assets).	Findings	32	26	61	56	36	26	129	108
	Entities	29	24	52	46	34	25	115	95
Financial Reporting – Reporting of financial data externally or within the local governmental entity.	Findings	23	19	48	42	48	36	119	97
	Entities	23	17	48	42	46	35	117	94
Cash – Inadequate controls or noncompliance with legal requirements pertaining to cash on hand or held by banks.	Findings	11	10	26	25	16	13	53	48
	Entities	10	10	24	22	15	11	49	43
Capital Assets – Noncompliance with legal requirements pertaining to acquisitions or disposals of capital assets or the improper use of, and lack of accountability for, capital assets.	Findings	10	5	39	24	17	9	66	38
	Entities	8	5	37	23	14	8	59	36
Debt Administration – Noncompliance with bond covenants or loan agreements and failure to make debt service payments.	Findings	-	-	17	9	55	51	72	60
	Entities	-	-	13	7	38	35	51	42
Revenues and Collections – Inadequate controls or noncompliance with legal requirements pertaining to revenues and accounts receivable.	Findings	15	9	44	37	6	5	65	51
	Entities	14	8	35	29	5	4	54	41
Payroll and Personnel Administration – Inadequate controls or noncompliance with legal requirements pertaining to payroll and personnel administration.	Findings	12	9	33	19	20	12	65	40
	Entities	11	7	26	16	16	10	53	33
Expenditures and Expenses – Expenditure of public funds.	Findings	10	10	14	6	19	8	43	24
	Entities	8	8	13	5	19	8	40	21
Other Findings	Findings	47	49	108	101	55	35	210	185
	Entities	38	39	86	90	49	35	173	164
Total Number of Findings		190	157	456	370	339	257	985	784

Note: Some entities had more than one finding in each category. In total, findings were included in audit reports for 78 county agencies, 155 municipalities, and 153 special districts.

Source: Auditor General analysis of local governmental entity audit reports.

**2 Local Governmental
Entities
(Failed to File AFR and/or
Audit Report)**

Local Government Financial Reporting – Materials Provided

1. **Overview:** Local Government Financial Reporting Requirements; Summary of Requirements and Enforcement Authority Related to the Joint Legislative Auditing Committee and Action Taken.
2. **Lists of Non-Filers:** Local Governments Not in Compliance with Financial Reporting Requirements and Staff Recommendations

List	Staff Recommendation
1. Municipalities	Take Action
2. Special Districts (Independent)	Take Action
3. Special Districts (Dependent)	Take Action (some against the municipality that created the special district)
4. Special Districts	Take No Action

4. **Notifications:** From the Auditor General and the Department of Financial Services
5. **Statutes:** Relating to Local Government Financial Reporting

Local Government Financial Reporting
Summary of Requirements and Enforcement Authority
Related to the Joint Legislative Auditing Committee and Action Taken

The Joint Legislative Auditing Committee (Committee) has the authority to enforce penalties against local governmental entities that fail to file certain reports, including an annual financial report and an annual financial audit report.

Annual Financial Report (AFR)

- All counties, municipalities, and independent special districts¹ were required to file an AFR with the Department of Financial Services (DFS) for FY 2018-19 no later than 9 months after the end of the fiscal year (June 30, 2020, for most entities)² [s. 218.32(1), F.S.]
- Dependent special districts are also required to file an AFR, but they may be required to file the report with their county or municipality rather than with DFS [s. 218.32(1)(a) & (b), F.S.]
- Either staff of the entity or a certified public accountant may complete the AFR; specified staff of the entity are required to complete the certification page
- DFS notifies the Committee of the entities that have failed to file the AFR [s. 218.32(1)(f), F.S.]
- Committee staff monitor the submission of late-filed AFRs and contact all entities that continue to be non-compliant³
- DFS will assist entity staff in completion of the electronic AFR once the entity has the information needed
- The Committee may schedule a hearing to determine if action should be taken [s. 11.40(2), F.S.]

Annual Financial Audit⁴ (audit)

- The following table shows the audit requirements for counties, municipalities, and special districts [s. 218.39(1), F.S.]:

Type of Entity	Audit Requirement
Counties	Annual audit required
Municipalities – Revenues or expenditures over \$250,000	Annual audit required
Municipalities – Revenues or expenditures between \$100,000 and \$250,000	Audit required if an audit has not been performed for the previous two fiscal years
Municipalities – Revenues or expenditures below \$100,000	No audit required
Special Districts – Revenue or expenditures over \$100,000	Annual audit required
Special Districts – Revenue or expenditure between \$50,000 and \$100,000	Audit required if an audit has not been performed for the previous two fiscal years
Special Districts – Revenue or expenditures below \$50,000	No audit required

- Audit reports for FY 2018-19 were required to be filed with the Auditor General no later than 9 months after the end of the fiscal year (June 30, 2020, for most entities) [s. 218.39(1), F.S.]

¹ As of November 20, 2020, the Department of Economic Opportunity’s website lists 1,784 active special districts; 1,152 are independent and 632 are dependent. A dependent special district has at least one of several characteristics including: the governing board is the same as the one for a single county or single municipality or its governing board members are appointed by the governing board of a single county or single municipality. An independent special district has no dependent characteristics.

² All counties, municipalities, and most special districts follow a fiscal year of October 1st to September 30th.

³ Committee staff notify each entity that has failed to file an AFR. Correspondence is usually sent by certified mail, return receipt requested, informing the mayor, board chair, or registered agent, as appropriate, of the AFR requirement and possible penalty.

⁴ The primary focus of a financial audit is to examine the financial statements in order to provide reasonable assurance about whether they are fairly presented in all material respects.

- Audits must be conducted by an independent certified public accountant (CPA) retained by the entity and paid from its public funds [s. 218.39(1), F.S.]⁵
- If an entity has not filed an AFR, the Auditor General may not have sufficient information to determine if an audit was required
- After June 30th, the Auditor General sends a letter to all entities that either *were* or *may have been* required to provide for an audit and file the audit report with the Auditor General but have failed to do so
- The Auditor General notifies the Committee of the entities that have failed to file an audit report [s. 11.45(7)(a), F.S.]
- Committee staff monitor the submission of late-filed audit reports and contact entities that continue to be non-compliant⁶
- The Committee may schedule a hearing to determine if action should be taken [s. 11.40(2), F.S.]

Committee Hearings: Authority and Action Taken

- The Committee is authorized to take action, as follows, against entities that fail to file an AFR or an audit report [s. 11.40(2), F.S.]:

Type of Entity	Penalty
Counties and Municipalities	Direct the Department of Revenue (DOR) and the DFS to withhold any funds not pledged for bond debt service satisfaction which are payable to the entity until the entity complies with the law. ⁷ Withholding begins 30 days after the agencies have received notification.
Special Districts	Notify the Department of Economic Opportunity (DEO) to proceed pursuant to provisions of ss. 189.062 or 189.067, F.S. If no registered agent information is available, the department may declare the special district to be inactive after public notice is provided in a local newspaper. For special districts created by Special Act of the Legislature, the Committee may convene a public hearing at the direction of the President and the Speaker. For special districts created by local ordinance, the chair or equivalent of the local general-purpose government may convene a public hearing within three months after receipt of notice of noncompliance from the Committee. For all special districts, once certain criteria is met, within 60 days of notification, or within 60 days after any extension the DEO has provided as authorized in law, the DEO files a petition for enforcement in Leon County circuit court to compel compliance. Note: The law was revised to authorize public hearings in 2014.

- During the years 2009 through November 2019, the Committee directed action against a total of 3 counties, 61 municipalities, and 185 special districts (multiple times for some of these entities). Most of these entities filed the required reports either by the date Committee staff was directed to notify DFS, DOR, or the Department of Community Affairs (DCA)/DEO, as applicable, or within the timeframe the state agencies had to commence with action once notified by the Committee.⁸ When the required reports are filed prior to the effective date of the action, revenue is not withheld (counties, municipalities) and legal action does not occur (special districts).
- As a result of the Committee's action since 2009, revenue has been withheld from 24 municipalities (multiple times for a few of them), 2 special districts were dissolved directly by their respective local governing authority (LGA), 15 special districts were declared inactive by DCA/DEO (with most subsequently dissolved by their respective LGA), and a petition was filed in court against 28 special districts (multiple times for a few of them).

⁵ The Auditor General may conduct a financial audit of a local governmental entity, either under his own authority or at the direction of the Committee. If this occurs and the entity is timely notified, the entity is not required to engage a private CPA to conduct an audit. The Auditor General conducts very few audits of local governmental entities. Generally, if an audit is conducted it is an operational audit, not a financial audit.

⁶ Committee staff notify each entity that has failed to file an audit report. Correspondence is sent by certified mail, return receipt requested, informing the mayor, board chair, or registered agent, as appropriate, of the audit requirement and possible penalty.

⁷ The Committee has directed DOR and DFS to withhold revenue from a number of municipalities. DOR withholds Municipal Revenue Sharing and Half-Cent Sales Tax funds from municipalities that would otherwise receive these funds. Municipal Revenue Sharing funds are restored to the municipality if the municipality files the required report(s) prior to the end of the state's fiscal year. Half-Cent Sales Tax funds are redistributed and are not available to be restored to the municipality once a distribution is made. DFS has withheld grant funds from some municipalities. These funds are released to the municipality once the required report(s) are filed. The only county that the Committee has taken action against filed the required reports by the effective date of the Committee's action.

⁸DCA no longer exists; this function is now handled by DEO. DFS and DOR are provided 30 days and DEO is provided 60 days to commence with action once they receive the notification from the Committee.

List 1:

MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Town of Altha (Calhoun)	3	7	FY 2018-19 AFR and Audit Report	<p>The Town submitted the AFR and audit report for FY 2017-18 (due by law no later than 6/30/2020) on 1/6/2021 due to delays related to prior year issues and COVID-19. Correspondence with the Town Clerk and the Town's audit firm in late January 2021 indicates that: (1) the Town has contracted with a third-party CPA to get the FY 2018-19 financial statements reconciled and ready for audit; (2) an engagement letter for the FY 2018-19 audit has been signed; however, the audit fieldwork date cannot be set yet as the Town is still working to get the financial records updated; and (3) once the Town is ready for the audit, the audit firm will work with the Town to schedule the audit as quickly as possible into its already busy audit schedule, but depending on the time frame, it may take several months before the audit fieldwork could begin and be completed.</p> <p>History:</p> <p>-In February 2019, the Committee approved to delay action relating to the FY 2016-17 financial reports until 8/31/2019 based on correspondence from the Town Attorney, which included detailed information about issues that had impacted the completion of the FY 2016-17 audit, including: (1) the devastating impact of Hurricane Michael on the Town; (2) the Town Clerk being relieved of her job by the Town Council in late December 2018 due to her "...role, or lack of role, in preparing for the audit" and other unnamed irregularities that were brought to light during the Town Council's review into the reasons for the lack of financial information to begin the audit; (3) resignation of the Mayor shortly thereafter; and (4) Town's search for a new Town Clerk. Based on additional information and a request from the Town for additional time to complete the audit and submit the delinquent reports, the Committee Chairs approved a delay of action for the FY 2016-17 reports until 10/31/2019. The Town submitted the AFR and audit report for FY 2016-17 on 11/4/2019, and 10/31/2019, respectively.</p> <p>-In November 2019, the Committee approved to delay action relating to the FY 2017-18 financial reports until 6/30/2020 based on correspondence with the Town Attorney. In April 2020, the Committee Chairs approved a pause in state action relating to delinquent FY 2017-18 financial reports in light of the Governor's "Safer at Home" order relating to COVID-19, originally issued on 4/1/2020. The delinquent local governmental entities were allowed 90 days after the Governor's order was lifted to submit the delinquent financial report(s) before state action would begin. Because the Governor's order was still in effect at 6/30/2020 (the Town's deadline to submit the delinquent financial reports), the pause in state action applied to it. Correspondence was sent to the Town regarding such. The Governor's "Safer at Home" order ended on September 6, 2020; therefore, the Town had until 12/6/2020, to submit the delinquent financial reports. An email regarding this information was also sent to the Town.</p> <p>- The City failed to submit the reports by the 12/6/2020 deadline, so state action began on 12/8/2020. The City came into compliance prior to having any funds withheld.</p>	Take action if delinquent reports not received by 6/30/2021

List 1:

MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
2	Village of El Portal (Miami-Dade)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2018-19 AFR and Audit Report	No response was received to the Committee's 10/23/2020 letter.	Take action if delinquent reports not received by 2/12/2021
3	Town of Esto (Holmes)	2	5	FY 2018-19 AFR FY 2017-18 AFR and Audit Report	<p>The Town has not yet submitted its FY 2017-18 AFR and audit report (due by law no later than 6/30/2019) or its FY 2018-19 AFR and audit report, if required (due by law no later than 6/30/2020). See the History section below for specifics relating to the FY 2017-18 delinquent financial reports.</p> <p>Several times throughout January 2021, Committee staff received correspondence from the Town Clerk and spoke with both the Town Clerk and the Town's auditor regarding the status of the FY 2017-18 delinquent financial reports. Information provided included the following: (1) the data entry required in the Town's accounting system in order for the FY 2017-18 audit to proceed was completed in early January; (2) the financial information has been forwarded to the Town's auditors and the FY 2017-18 audit has been started; (3) the Town Clerk is working to get the FY 2018-19 data entry completed so everything will be ready for the FY 2018-19 audit to begin as soon as possible after the completion of the FY 2017-18 audit; (4) the Town's auditor is hopeful that audit testing for both the FY 2017-18 and FY 2018-19 audits can be performed concurrently, at least in part, to move the audit process for both audits along more quickly; and (5) the Town is working diligently to get back in compliance and appreciates the Committee's understanding in this matter.</p> <p>History: - In October 2019, Committee staff received correspondence from the Town, and spoke with Town staff, regarding the status of the FY 2017-18 audit. Information provided included: (1) the Town had been going thru some internal structural changes for the last few years and the current Town Clerk did not realize that the required audit was due for FY 2017-18; (2) Town staff was under the impression that it was required for FY 2018-19, which would be due 6/30/2020; (3) the Town was impacted by Hurricane Michael and the Town's</p>	<p>Continue action on FY 2017-18 delinquent reports</p> <p>Take action on FY 2018-19 delinquent report if not received by 6/30/2021</p>

List 1:

MUNICIPALITIES

Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
Town of Esto (Holmes) (continued)				<p>computer system was corrupt and all of the accounting information was lost; (4) the Town had since implemented a new accounting system, a new computer system with offsite backup to help avoid these issues going forward; (5) the Town was diligently inputting the data to recreate the lost data, but unfortunately it was not progressing in a timely manner; and (6) the Town did not currently have an audit firm working with the Town, but was seeking bids from local firms to assist with the required audit - one it could afford and that understood municipal accounting. Town staff asked about the possibility of having a FY 2018-19 audit in lieu of the FY 2017-18 audit because the Town was currently working to close out three grants (road project, water/sewer project, and one other one) with expenditures totaling almost \$1 million. Committee staff told her that similar requests had been considered by the Committee in previous years and we would need correspondence from the Town requesting such. She stated that she would discuss it with the Mayor and Town Council and get back in touch if that's what they decided to request. No further communication was received from the Town.</p> <p>- In November 2019, the Committee approved to take action against the Town if the FY 2017-18 AFR and audit report were not submitted by 1/20/2020. The Town failed to submit the reports by that deadline, so State action began.</p> <p>-In April 2020, the Committee Chairs approved a pause in state action relating to delinquent FY 2017-18 financial reports in light of the Governor's "Safer at Home" order relating to COVID-19, originally issued on 4/1/2020. The delinquent local governmental entities were allowed 90 days after the Governor's order was lifted to submit the delinquent financial report(s) before state action would begin. Correspondence was sent to the Town regarding such. The Governor's "Safer at Home" order ended on September 6, 2020; therefore, the Town had until 12/6/2020, to submit the delinquent financial reports. An email regarding this information was sent to the Town, and a response from the Town Clerk was received in mid-October, which stated that the Town was working towards getting the audit done and hoped to have it completed by November 2020.</p> <p>-On 12/3/2020, Committee staff sent an email to the Town requesting a status update on the FY 2017-18 financial reports. The Town failed to submit the reports by the 12/6/2020 deadline, so State action began on 12/8/2020. As a result of the Committee's action and the Town's continued failure to submit the FY 2017-18 reports, the Town has lost State funds that it would ordinarily have received. These reports continue to be outstanding.</p> <p>- On 12/9/2020, Committee staff received an email from the Town Clerk regarding the status of the FY 2017-18 audit, which stated: (1) due to unforeseen circumstances, the data required to perform the audit has not been completed; (2) the previous Town Clerk was using an older accounting system that was not compatible with the Town's new accounting system, which created additional data entries that Town staff did not foresee; (3) the Town also lost two employees in 2020, which required current employees to take on additional duties; (4) prior to her employment as the new Town Clerk, there were gaps in the record keeping and accounting procedures, and Town staff have been working diligently to correct the errors; (5) the Town's contracted accountant has educated Town staff on proper procedures, accounting techniques, and internal controls, and</p>	

List 1:

MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Town of Esto (Holmes) (continued)				with his guidance the Town has implemented policies, procedures, and better record keeping to ensure a delay of this magnitude is avoided in the future.	
4	City of Gretna (Gadsden)	3	8	FY 2018-19 AFR and Audit Report	On January 11, 2021, Committee staff received correspondence from the City Manager regarding the status of the City's delinquent FY 2018-19 financial reports. He stated that: (1) the City has nearly completed its internal work to facilitate the audit; (2) the City was delayed starting the audit due to the date and time of the completion of the City's FY 2017-18 audit [which was submitted on 6/25/2020]; (3) during the last six months, City staff have become infected with the COVID-19 virus; (4) in September 2020, the City's financial software provider was the victim of a ransomware attack, and, while the City's data was not compromised, the attack crippled the City's server to the degree that the City had to replace it and wait until late November 2020 before the City's data was fully restored; and (4) the City missed its scheduled audit dates with its audit firm and is currently working with the audit firm to complete both the FY 2018-19 and FY 2019-20 audits during March 2021. The City requests that the Committee take no action prior to March 31, 2021, in order to give the City adequate time to complete the FY 2018-19 audit and submit the audit report.	Take action if delinquent reports not received by 3/31/2021

List 1:

MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
5	City of Hampton (Bradford)	5	19	FY 2018-19 AFR and Audit Report	<p>In early September 2020 the City submitted the FY 2016-17 AFR and audit report, and in late November 2020 the City submitted the FY 2017-18 AFR and audit report.</p> <p>In mid-January 2021, Committee staff spoke with and received a follow-up email from the City Clerk regarding the status of the FY 2018-19 audit. She stated that: (1) in mid-November 2020 the City had to contract with a different accountant to review the FY 2018-19 fiscal records and prepare the schedules and other information needed by the City's auditors for the audit; (2) the outsourced accountant started his review in December and recently advised that he is approximately 75% complete with his financial review of the FY 2018-19 financial records; and (3) the auditors have stated they can schedule the City's FY 2018-19 audit for early April and be able to issue the financial audit report in May and the City will then submit it and the AFR to the State.</p> <p>History:</p> <ul style="list-style-type: none"> -The Committee had delayed action against the City since February 2015 relating to the FY 2012-13 AFR and Audit Report because all of the City records that cover FY 2012-13 were seized by the Bradford County Sheriff's Office and FDLE as part of a criminal investigation involving the former City Clerk. The City had been allowed some access to records that were held by the Sheriff's Office, but it had no access to the records held by FDLE. The FY 2012-13 audit needed to be completed and the audit report issued prior to the start of the next fiscal year's audit. During the fourth quarter of 2017, FDLE released the financial documentation back to the City. The City submitted the FY 2012-13 AFR and audit report in April 2018. - In May 2019, the City submitted the AFRs and audit reports for FYs 2013-14, 2014-15, and 2015-16. - In November 2019, Committee staff was copied on an email from the City's auditors to the City Clerk, stating that: (1) they were waiting on the City's outsourced accountant to complete the audit preparation procedures before scheduling the FY 2016-17 audit; (2) the plan was to first complete the FY 2016-17 audit and then start the FY 2017-18 audit; and (3) if the outsourced accountant was able to complete his procedures by January, they would probably need to schedule to complete the FY 2016-17 audit in April-May 2020 and then move to the FY 2017-18 audit in the summer. -The City has provided the periodic status updates requested by the Committee. 	Take action if delinquent reports not received by 6/30/2021
6	Town of Havana (Gadsden)	3	8	FY 2018-19 AFR and Audit Report	No response was received to the Committee's 10/23/2020 letter.	Take action if delinquent reports not received by 2/12/2021

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MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
7	Village of Lazy Lake (Broward)	29, 32, 33, 34, 35	92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105	FY 2018-19 AFR FY 2017-18 AFR and Audit Report* (*=if audit threshold met)	<p>The Village has not yet submitted its FY 2017-18 AFR and audit report (due by law no later than 6/30/2019) or its FY 2018-19 AFR and audit report, if required (due by law no later than 6/30/2020). See the History section below for specifics relating to the FY 2017-18 delinquent financial reports.</p> <p>A certified letter was sent to the Village on 10/23/2020 regarding the delinquent FY 2018-19 financial reports. In mid-January 2021, the U.S. Postal Service returned the Committee’s letter, with a sticker stating “Unclaimed” and “Unable to Forward.” Committee staff have attempted to contact the Village, but no response has been received to date.</p> <p>History:</p> <ul style="list-style-type: none"> - On 11/12/2019, the U.S. Postal Service returned the Committee’s certified letter to the Village, dated 10/1/2019, with a sticker stating “Unclaimed” and “Unable to Forward.” On the same day, Committee staff called the Village and left a detailed voicemail message for the Mayor regarding the delinquent AFR and audit, if audit threshold was met, requesting that he return the call. No response was received prior to the November 2019 Committee meeting. - In November 2019, the Committee approved to take action against the Village if the FY 2017-18 AFR and audit report were not submitted by 1/20/2020. The Village failed to submit the reports by that deadline, so State action began. -In February 2020, Committee staff received a telephone call from the Village’s attorney and discussed the delinquent financial reports and the Committee action taken in November. The attorney stated, in part, that: (1) he came on board in November 2019; (2) the Village is very small (approximately 23 electors), struggling, and cannot afford the cost of government; (3) there has been turnover in elected officials; (4) the Village missed an election and was being operated by volunteers because they thought they could appoint people when others resigned; and (5) based on the budget amounts, it does not meet the audit threshold for FY 2018-19, but is not sure about FY 2017-18. A copy of the Committee’s letter dated 10/1/2019, which included the contact information for DFS, was emailed to him at his request. -In April 2020, the Committee Chairs approved a pause in state action relating to delinquent FY 2017-18 financial reports in light of the Governor’s “Safer at Home” order relating to COVID-19, originally issued on 4/1/2020. The delinquent local governmental entities were allowed 90 days after the Governor’s order was lifted to submit the delinquent financial report(s) before state action would begin. Correspondence was sent to the Village regarding such. The Governor’s "Safer at Home" order ended on September 6, 2020; therefore, the Village had until 12/6/2020, to submit the delinquent financial reports. An email regarding this information was sent to the Village and a Read receipt was received; however, no additional correspondence was received. -The Village failed to submit the reports by the 12/6/2020 deadline, so State action began on 12/8/2020. As a result of the Committee’s action and the Village’s continued failure to submit the FY 2017-18 reports, the 	<p>Continue action on FY 2017-18 delinquent report(s)</p> <p>Take action on FY 2018-19 delinquent report if not received by 2/12/2021</p>

List 1:

MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Village of Lazy Lake (Broward) (continued)				Village has lost State funds that it would ordinarily have received. No additional correspondence has been received from the Village regarding the status of the delinquent financial reports.	
8	Town of Loxahatchee Groves (Palm Beach)	25, 29, 30, 31	81, 82, 85, 86, 87, 88, 89, 90, 91	FY 2018-19 AFR	<p>The Town submitted the FY 2018-19 audit report on 2/2/2021.</p> <p>In October and November 2020, Committee staff received correspondence from Town staff regarding the Town's delinquent FY 2018-19 financial reports, which stated that: (1) the Town is in the process of a joint audit of both FY 2018-19 and FY 2019-20 and anticipates completion of both prior to the next meeting of the Committee; (2) based on communication from the Town's auditors, the FY 2018-19 and FY 2019-20 draft audit reports are expected to be issued sometime in December 2020; (3) the Town had anticipated an agenda item on the Town Council's 12/1/2020 meeting; however, it appears that it will more likely be on a January 2021 meeting agenda; and (4) upon review and approval, the audit reports and the AFRs will be completed as required..</p> <p>In mid-January 2021, Committee staff received correspondence from Town staff with a status update on the Town's FY 2018-19 audit, which stated that: (1) the Town received the first draft of the audit report on 1/11/2021 which had a clean opinion; (2) as the draft report was delayed, Town staff had to change the presentations to the Audit Committee to 1/25/2021 and to the Town Council to 2/2/2021; and (3) barring any issue, the State will receive the FY 2018-19 financial reports immediately following those meetings.</p>	Take action if delinquent report not received by 3/1/2021
9	Town of Mangonia Park (Palm Beach)	25, 29, 30, 31	81, 82, 85, 86, 87, 88, 89, 90, 91	FY 2018-19 AFR and Audit Report	In December 2020 and January 2021, Committee staff received correspondence from the Town Manager stating: (1) the Town has had a change in its bookkeeper position and has just recently hired a replacement for this position; (2) the Town's previous financial assistant left without notice on 10/1/2020; (3) the Town has individuals working remotely who have had some technical glitches and the Town is getting its new bookkeeper familiar with the accounting system; and (4) the FY 2018-19 audit is in progress and the Town feels strongly that the audit report will be presented at the 3/16/2021 Town Council meeting.	Take action if delinquent reports not received by 3/31/2021

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
10	City of Mexico Beach (Bay)	2	5, 6	FY 2018-19 AFR and Audit Report	<p>In late October 2020, Committee staff received correspondence from the City's Mayor regarding the City's delinquent FY 2018-19 financial reports. The Mayor stated that: (1) the City's area of the Panhandle suffered extensive damage from Hurricane Michael in October 2018, and the City was "ground zero" for this Category 5 storm; (2) the City was decimated by Hurricane Michael's direct impact, losing 95 percent of all structures in the City; (3) overcoming this overwhelming obstacle has proven especially difficult due to the City's small size and limited manpower; (4) the City has fought valiantly to rebuild and return some normalcy to the City, but is still having struggles under the weight of the daily tasks; (5) the City's auditors are diligently working to complete the FY 2018-19 audit fieldwork, and once completed will submit the draft audit report to the City Council for review and approval; and (6) the City expects the FY 2018-19 financial reports to be completed and submitted to the State within the next 60-90 days.</p> <p>In late January 2021, Committee staff received correspondence from and spoke with staff of the City's audit firm regarding the status of the City's audit, which indicated that: (1) significant progress has been made on the City's FY 2018-19 audit over the past few months; (2) the audit fieldwork is roughly 85 percent complete; and (3) they are hopeful to issue the final audit report within the upcoming month.</p>	Take action if delinquent reports not received by 3/31/2021
11	City of Opa-Locka (Miami-Dade)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2018-19 AFR and Audit Report	<p>In November 2020, Committee staff received correspondence from the City Manager, which included a financial audit plan and projected timeline for the completion of the FY 2018-19 audit. The correspondence stated, in part, that: (1) the City requests additional time for the City's Finance Department to prepare and reconcile the accounting records for FY 2018-19 prior to the start of audit fieldwork; (2) the City has been making substantial progress over the past months by completing its audits for FY 2015-16 thru FY 2017-1; (3) the Finance Department has been in transition, hiring three new employees to assist with the transition; (4) alongside completing the City's final budget amendment close-out for FY 2019-20, the City is performing year-end close-out of accounting and financial transactions for FY 2019-20; and (5) the additional time is crucial to maintaining good systems, segregation of duties, selection of an external audit firm, and ample time for review and control procedures. The six-month timeline indicated that: (1) audit preparation began in July 2020 and will be finalized and completed by January 2021; (2) selection by the City's Audit Committee of an external audit firm to perform the FY 2018-19 audit began in November 2020 and is to be completed by</p>	Take action if delinquent reports not received by 6/30/2021

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Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
City of Opa-Locka (Miami-Dade) (continued)				<p>December 2020; (3) the FY 2018-19 audit will be performed in January through March 2021, with the final audit report issued by the end of March 2021.</p> <p>On 1/28/2021, Committee staff spoke with and received correspondence from the City's financial consultant and the City Manager. The City is requesting until 5/15/2021 to submit the delinquent FY 2018-19 financial reports. Updated information regarding the status of the FY 2018-19 audit was provided and included the following: (1) the first Audit Committee meeting was held on 12/4/2020, during which an orientation was provided along with legislation surrounding the role and responsibilities of the newly created Audit Committee; (2) the City has engaged an external audit firm to perform the FY 2018-19 audit and is currently working to provide financial and other information requested for the audit planning and fieldwork processes; (3) the City has also engaged a contractor to perform and provide fixed assets inventory tagging and valuation services, along with the creation of policies and procedures guidelines, the completion of which is necessary in order to accurately report the City's fixed assets on its financial statements; and (4) the City is conducting an Audit Workshop next month for the purpose of educating the Commissioners and the community on the last four audits to provide some historical perspective to the public.</p> <p>Specifically regarding the fixed assets issue, the correspondence stated that "It is important to note that one of the conditions to be released from financial oversight that has been communicated to the City is to have clean unmodified opinions [on the financial statements] with no exceptions for 4 years. Although the Five Year Financial Recovery Plan was submitted, the audit report condition also exist[s]. Therefore the City engaged [a contractor] to assist with the Qualified Opinion...as a result of the City's insufficient audit evidence surrounding the physical existence of capital asset balances. The City is hoping to allow the services of [the contractor] to assist with relieving this issue, however, per discussion with [the contractor] and working in this COVID-19 environment, they believe it may take somewhere around 75 days to perform their procedures which does not provide the City with sufficient time to meet the March 15, 2021 projected deadline to complete the audit as originally anticipated for FY2019. As a result, the City is respectfully requesting additional time to incorporate this report as part of the audit evidence to supply to the external audit firm...The City will also need time to gather the findings of [the contractor] to make adjustments in recordkeeping</p>	

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	City of Opa-Locka (Miami-Dade) (continued)				<p>and books and records to provide as part of the support provided to the auditors, wrap up the financial reports, notes, disclosures and other [documentation] as a result of any changes.”</p> <p>History:</p> <ul style="list-style-type: none"> -In March 2016, the FBI raided City Hall in a corruption probe zeroing in on top City officials and administrators. The raid followed a two-year investigation into allegations of kickback schemes involving City officials and administrative staff. (Source: Miami Herald and other local media sources) -On June 1, 2016, Governor Scott issued Executive Order Number 16-135 declaring the City is in a state of financial emergency based upon the conditions reported to the Governor by City officials (s. 218.503(3), F.S.). The Governor, on 6/9/2016, appointed a 9-member financial emergency oversight board to oversee the activities of the City (s. 218.503(3)(g)1., F.S.). -Since mid-2016, one then-City Commissioner, two City administrative staff, and the then-Mayor’s son have plead guilty to federal bribery and extortion conspiracy charges. In addition, in May 2016 one then-City Commissioner was killed in a suspected suicide automobile accident the day before he was expected to surrender to state prosecutors on bribery charges. In mid-2018, a well-known lobbyist with close ties to City officials also plead guilty to federal bribery and extortion conspiracy charges. (Source: Miami Herald and other local media sources). It is currently unknown whether the FBI investigation is still ongoing. - The City failed to timely file the required financial reports for the past five fiscal years. As a result, the Committee has taken action against the City for three of these years’ reports (2014-15, 2015-16, and 2016-17 fiscal years), and the City lost approximately \$1.74 million in State revenues that it would have otherwise been entitled to receive. Because the City pledged the State revenues for bond debt service satisfaction, it did receive approximately \$1.76 million that would have otherwise been withheld. -At the Committee’s direction, the Auditor General performed an operational audit of the City and its Community Redevelopment Agency and issued the audit report in late June 2019, which included 99 findings and recommendations. The Committee held a hearing on this audit report in October 2019. The Auditor General is currently in the planning phase for the 18-month follow-up audit required by law to determine the City’s progress in addressing the audit findings. - In November 2019, the Committee approved to take action against the City if the FY 2017-18 AFR and audit report were not submitted by 2/1/2020. In January and March 2020, the Committee Chairs approved additional time for the City to submit the delinquent financial reports, which was ultimately due by 5/15/2020. The City submitted the AFR and audit report for FY 2017-18 on 5/15/2020, and 5/18/2020, respectively. 	
12	Town of Otter Creek (Levy)	5	22	FY 2018-19 AFR and Audit Report* (*if audit threshold met)	No response was received to the Committee’s 10/23/2020 letter.	Take action if delinquent report(s) not received by 2/12/2021

List 1:

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
13	City of Parker (Bay)	2	5, 6	FY 2018-19 AFR and Audit Report	<p>Committee staff received correspondence from the City Clerk in early November 2020 stating: ((1) the City has had turnover in its bookkeeper position (three within the past year) that resulted in some of the financial records not being maintained timely and then not forwarded to the external auditor timely; (2) transactions associated with Hurricane Michael have also complicated the financial record keeping for the bookkeepers and the third bookkeeper has inherited the task of catching up all backlogged entries; (3) hurricane expenditures have also extended the length of the audit review period in order for the external auditors to ensure expenditures have been properly documented; (4) in addition the COVID-19 pandemic closed City Hall to the public for several months and the external auditors were forced to work from home; (5) the FY 2018-19 audit is in progress and City staff are providing any additional information that the external auditors need; and (3) the City's audit is a top priority of the external auditors and it will be completed as soon as they can do so.</p> <p>Committee staff received additional correspondence from the City Clerk in early December 2020, which stated that the auditors had just told City staff that: (1) the audit would probably not be finished before the holidays and (2) they are working diligently through the additional issues as stated in the City's 11/2/2020 letter to the Committee but it's taking more time than usual.</p> <p>Committee staff spoke with the City Clerk and the City's auditors in late January 2021 regarding the status of FY 2018-19 audit. They stated, in part, that: (1) the Town has requested, but not yet received, certain hurricane-related insurance information from its insurance carrier which is needed to complete the audit procedures; (2) once this information is received and the audit procedures completed, the auditors expect to issue a draft audit report within a week; (3) it will then take about three weeks for the audit firm to complete its required review process; and (4) the auditors hope to issue the final report by 3/1/2021 if the insurance information is received within the next week or so.</p>	Take action if delinquent reports not received by 3/31/2021

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
14	Town of Raiford (Union)	5	19	Complete FY 2018-19 AFR and FY 2018-19 Audit Report* (*if audit threshold met)	<p>The Town submitted an incomplete FY 2018-19 AFR to DFS on 12/4/2020 and has not yet responded to DFS' request to complete the required Data Element Worksheet portion of the AFR.</p> <p>On 1/19/2021, Committee staff called and left a detailed voicemail message at the Town requesting that Town staff complete the missing information in the Town's FY 2018-19 AFR, contact DFS if they have any questions regarding what is required for the AFR, and contact Committee staff if they have any questions regarding our message. No response from the Town has been received by DFS or Committee staff to date.</p> <p>The Auditor General included the Town on Attachment B of the notification to the Committee because there was insufficient documentation available to determine whether the Town met the requirement to have an audit performed for FY 2018-19. The Town's total revenues and total expenditures/expenses were below the audit threshold for the previous five years.</p>	Take action if delinquent report(s) not received by 3/31/2021
15	Town of Reddick (Marion)	5, 8, 12	20, 22, 23, 33	FY 2018-19 Audit Report	<p>Committee staff received correspondence from the Mayor in mid-December 2020 requesting that the Committee allow the Town to perform a FY 2019-20 audit in lieu of a FY 2018-19 audit. The correspondence stated that: (1) the Town is small and its expenditures are usually within the audit threshold that requires an audit once every three years; (2) for years in which an audit is not required, the Town's CPA firm reviews the financial records and prepares a Compilation Report and the Town submits this report to the State; (3) at some point the Town apparently missed its three-year audit by one year and had the CPA review the FY 2018-19 financial records and prepare a Compilation Report [Committee staff note: The Town met the audit threshold for an annual audit because its FY 2018-19 total revenues were in excess of \$250,000 (s. 218.39(1)(b), F.S.)]; (4) 2020 has been most trying and the Town is hopeful that the Committee will consider allowing the Town to have a FY 2019-20 audit performed in lieu of the FY 2018-19 audit; and (5) the FY 2019-20 audit is currently being completed by the Town's CPA firm.</p> <p>History: - On 6/29/2020, the Town submitted its FY 2018-19 Annual Financial Report (AFR) and Compilation Report to the Department of Financial Services and provided a copy of the Compilation Report to the Auditor General. -The Town's most recent audit report, submitted to the Auditor General in June 2018, was for FY 2016-17. -The Town's has submitted its AFR to DFS on a timely basis for the past six years.</p>	Allow the Town to have a FY 2019-20 audit performed in lieu of the FY 2018-19 audit. No state action re: FY 2018-19 audit report

List 1:

MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
16	City of Riviera Beach (Palm Beach)	25, 29, 30, 31	81, 82, 85, 86, 87, 88, 89, 90, 91	FY 2018-19 AFR and Audit Report	Committee staff received a letter from the City Manager, dated November 12, 2020, re: the City's delinquent FY 2018-19 financial reports. He stated that: (1) the City had engaged an audit firm to complete the financial and audit reports on behalf of the City and its special districts (Riviera Beach CRA and City of Riviera Beach Utility Special District); and (2) the City's FY 2018-19 financial reports are expected to be completed on or before February 28, 2021.	Take action if delinquent reports not received by 3/1/2021
17	City of San Antonio (Pasco)	10, 16, 20	36, 37, 38	FY 2018-19 AFR	On January 19, 2021, Committee staff spoke with the City Clerk regarding the delinquent FY 2018-19 AFR. He stated that the AFR info is on his desk and ready for input; however, he has not yet had time to input it. He stated that he will get the AFR submitted before the Committee meeting date.	Take action if delinquent report not received by 2/12/2021
18	City of Starke (Bradford)	5	19	FY 2018-19 AFR	The City submitted the FY 2018-19 audit report on 2/3/2021. Committee staff received correspondence from the City Manager during November and December 2020. The City received the first draft of the City's FY 2018-19 audit report on 12/30/2020; however, the draft still needs certain key items to be completed, including the City's reply to the audit comments. The City Manager stated that the City will continue to provide updates to the Committee as it prepares the final audit report for acceptance by the City's governing body. In late January 2021, Committee staff spoke with the City Manager regarding the status of the FY 2018-19 financial reports. He stated that: (1) the final FY 2018-19 audit report is scheduled to be presented to the City Commission at its 2/2/2021 meeting; (2) the FY 2018-19 AFR and audit report will be submitted immediately thereafter; and (3) the City is actively working to get the FY 2019-20 audit completed as soon as possible.	Take action if delinquent report not received by 3/1/2021
19	Town of White Springs (Hamilton)	3	10	FY 2018-19 AFR and Audit Report	On 1/12/2021, Committee staff spoke with the interim Town Manager, and discussed status of FY 2018-19 audit. She stated, in part, that: (1) the audit is still in progress; (2) the auditors still need certain documentation, but the new Town staff does not have and/or understand what is needed for the completion of the audit procedures; and (3) she will speak with the auditors and either have them call me to discuss the status and estimated completion date, or she will send an email with the updated status. On 2/1/2021, Committee staff spoke with the interim Town Manager, and she is going to contact the auditors and call back with an updated status. No further correspondence has been received from the Town to date.	Take action if delinquent reports not received by 3/31/2021

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Daytona Beach Racing and Recreational Facilities District (Volusia; Special Act)	7, 9, 14	24, 25, 26, 27	FY 2018-19 Audit Report	<p>Although the District submitted the FY 2018-19 Annual Financial Report (AFR) and a copy of the FY 2018-19 audit report to the Department of Financial Services on 11/5/2020, the District has not submitted the FY 2018-19 audit report to the Auditor General as required by Section 218.39, Florida Statutes.</p> <p>In early December 2020, Committee staff sent a courtesy email to the District's registered agent to remind the District that it needed to submit the FY 2018-19 audit report to the Auditor General. No response was received to the either the email or the Committee's 10/28/2020 letter.</p>	Take action if delinquent report not received by 2/12/2021
2	Eastpoint Water and Sewer District (Franklin; Special Act)	3	7	FY 2018-19 AFR and Audit Report	<p>Committee staff received correspondence from the District's registered agent regarding the status of FY 2018-19 audit, which stated that: (1) the District's audit has been delayed primarily as a result of COVID-19 exposures on multiple occasions affecting District employees; (2) the District's office is closed to the public now and employees have now been cleared to return to work; and (3) the District will begin working with the auditors this week and have the FY 2018-19 audit submitted as quickly as possible.</p>	Take action if delinquent reports not received by 3/31/2021

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
3	Green Corridor Property Assessment Clean Energy (PACE) District (Miami-Dade; General Law)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2018-19 AFR and Audit Report	<p>On 10/15/2020, DEO forwarded to Committee staff an email received from the District, which stated that: (1) the size and complex nature of the District and operational complexities due to COVID-19 have caused additional delays in meeting the statutory deadline for the FY 2018-19 financial reports; (2) the District has started the FY 2018-19 and FY 2019-20 audits and is optimistic about completing both audits and being in full compliance by March 31, 2021; and (3) the District is hopeful that the Committee will take this communication into consideration and delay any additional action against the District.</p> <p>On 10/28/2020, Committee staff sent a letter to the District re: its delinquent FY 2018-19 delinquent financial reports and requested a detailed written response by 12/7/2020 if the District could not submit the financial reports by that date. On 12/1/2020, in response to the Committee's letter, Committee staff received an email from the District's management company, which stated that the District is making progress on the FY 2018-19 audit and is expected to have it completed no later than January 31, 2021.</p> <p>On 1/14/2021, Committee staff received an email from the District's management company with an updated status of the District's FY 2018-19 audit, which stated that the District is actively trying to complete the audit by January 31, 2021; however, the District would like to request additional time until February 28, 2021.</p>	Take action if delinquent reports not received by 3/31/2021
4	Hamilton County Soil and Water Conservation District (Hamilton; General Law)	3	10	FY 2018-19 AFR and Audit Report* (*=if audit threshold met)	<p>In late September 2020, DEO forwarded to Committee staff an email from the Executive Director of the Association of Florida Conservation Districts, which stated that she has spoken with District staff, who indicated that he is working on the AFR.</p> <p>No response was received to the Committee's 10/28/2020 letter.</p>	Take action if delinquent report(s) not received by 2/12/2021

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
5	Hillsborough Soil and Water Conservation District (Hillsborough; General Law)	18, 19, 20, 21	57, 58, 59, 60, 61, 62, 63, 64, 70	FY 2018-19 AFR	<p>Although the District submitted the FY 2018-19 audit report to Auditor General on 10/2/2020, the District has not submitted the FY 2018-19 Annual Financial Report (AFR) to the Department of Financial Services (DFS) as required by Section 218.32, Florida Statutes.</p> <p>On 10/18/2020, Committee staff spoke with the District's registered agent regarding the FY 2018-19 AFR and answered her questions regarding the AFR and the difference between it and the District's audit report, which has been received by the Auditor General. At her request, Committee staff sent her an email which described the AFR and provided a link to DFS' website and contact information in case she had specific questions about its submission.</p> <p>In early December 2020, Committee staff sent a courtesy email to the District's registered agent to remind the District that it needed to submit the FY 2018-19 AFR to DFS. No response was received to the either the email or the Committee's 10/28/2020 letter.</p>	Take action if delinquent report not received by 2/12/2021
6	Orange Hill Soil and Water Conservation District (Washington; General Law)	2	5	FY 2018-19 AFR and Audit Report	<p>In January 2021, Committee staff spoke with the District's registered agent regarding the status of the District's FY 2018-19 AFR. He stated that: (1) the District had lost all of its financial records and office furnishings due to flooding of the office building during a hurricane last year; (2) the office building has been gutted and is currently being renovated, but they expect that it will be the fall before the building is available for occupancy; (3) the District cannot complete either the FY 2018-19 or FY 2019-20 AFRs because of the destruction of the financial records; (4) the District's revenues and expenditures are below the audit threshold; and (5) the District's Board just recently met for the first time since the flooding. An email from the District's Vice-Chair was subsequently received by Committee staff which confirmed this information.</p> <p>History: -The District's total revenues and total expenditures have been below the audit threshold for each fiscal year since FY 2010-11. Average total revenues and average total expenditures were approximately \$4,600 and \$5,200, respectively. -The District has generally submitted the required AFR to the DFS on or before the June 30 statutory deadline for each fiscal year since FY 2010-11, with the following exceptions: (1) The AFRs for FY 2016-17 and FY 2010-</p>	No state action regarding FY 2018-19 delinquent reports; however, encourage the District to attempt to reconstruct the financial records for FY 2018-19 and FY 2019-20 and submit the respective AFRs at some future date.

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Orange Hill Soil and Water Conservation District (continued)				11 were submitted in August of 2018 and 2012, respectively, and (2) the AFR for FY 2014-15 was submitted in February 2017, a few weeks after state action had begun.	
7	Santa Fe Soil and Water Conservation District (Columbia; General Law)	5	10	FY 2018-19 AFR and Audit Report* (*=if audit threshold met)	No response was received to the Committee's 10/28/2020 letter.	Take action if delinquent report(s) not received by 2/12/2021
8	South Dade Soil and Water Conservation District (Miami-Dade; General Law)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2018-19 AFR and Audit Report	In late September 2020, DEO forwarded to Committee staff an email from the Executive Director of the Association of Florida Conservation Districts, which included an email from the District regarding the status of the FY 2018-19 delinquent financial reports. District staff stated that the District had lost its two state contracts, was recovering from the disruption in funds, and does not get any government assistance; therefore, the District will conclude its audit as soon as it can. No response was received to the Committee's 10/28/2020 letter.	Take action if delinquent reports not received by 3/1/2021

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
9	Verona Community Development District (Lee; Local Ordinance)	26, 27, 28	76, 77, 78, 79	FY 2018-19 AFR	<p>On 2/3/2021, Committee staff received correspondence from DEO stating that the District's registered agent name and address information has been revised to "Unknown" based on correspondence received from the District's former registered agent.</p> <p>No response was received to the Committee's 10/28/2020 letter.</p>	<p>Due to a lack of a registered agent and office, take action upon the filing of a registered agent or office if filed by 2/3/2022. Otherwise, declare District inactive.</p>

List 3:

SPECIAL DISTRICTS (DEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Ali-Baba Neighborhood Improvement District (Miami-Dade; Local Ordinance)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2018-19 AFR and Audit Report* (*=if audit threshold met)	The District is a component unit of the City of Opa-locka, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2018-19 audit is completed. [See List 1 for the status of the City's audit.]	No action on the special district since the City of Opa-locka is responsible for submitting the District's AFR. [Note: Take action on City of Opa-locka if delinquent report(s) not received by 6/30/2021.]
2	Brandon Groves North Service District (Hillsborough; Local Ordinance)	18, 19, 20, 21	57, 58, 59, 60, 61, 62, 63, 64, 70	FY 2018-19 AFR FY 2017-18 AFR and Audit Report* (*=if audit threshold met)	<p>The District has not yet submitted its FY 2017-18 AFR and audit report, if required (due by law no later than 6/30/2019), or its FY 2018-19 AFR and audit report, if required (due by law no later than 6/30/2020). See the History section below for specifics relating to the FY 2017-18 delinquent financial reports.</p> <p>No response was received to the Committee's 10/28/2020 letter.</p> <p>History: - In November 2019, the Committee approved to take action against the District if the FY 2017-18 AFR and audit report were not submitted by 11/22/2019. -The District failed to submit the reports by the 11/22/2019 deadline, so State action began on 11/26/2019. As a result, DEO filed the petition for enforcement against the District on 1/24/2020 in Leon County Circuit Court. As of February 1, 2021, the court case is still active. Committee staff has requested an update on the court case from the DEO General Counsel's office and is waiting on a response.</p>	<p>Continue action on FY 2017-18 delinquent report(s)</p> <p>Take action on FY 2018-19 delinquent report if not received by 2/12/2021</p>

List 3:

SPECIAL DISTRICTS (DEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
3	City of Riviera Beach Utility Special District (Palm Beach; Local Ordinance)	25, 29, 30, 31	81, 82, 85, 86, 87, 88, 89, 90, 91	FY 2018-19 AFR and Audit Report	The District is a component unit of the City of Riviera Beach and is included in the City's audit. Also, the District's AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2018-19 audit is completed. [See List 1 for the status of the City's audit.]	No action on the special district. The District is a component unit of the City of Riviera Beach and is included in the City's audit. The City is also responsible for submitting the Agency's AFR. [Note: Take action on City of Riviera Beach if delinquent reports not received by 3/1/2021.]

List 3:

SPECIAL DISTRICTS (DEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
4	Community Redevelopment Agency of the City of Parker (Bay; Local Ordinance)	2	5, 6	FY 2018-19 AFR and Audit Report* (*=if audit threshold met)	The Agency is a component unit of the City of Parker, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2018-19 audit is completed. [See List 1 for the status of the City's audit.]	No action on the special district. The Agency is a component unit of the City of Parker and is included in the City's audit. The City is also responsible for submitting the Agency's AFR. [Note: Take action on City of Parker if delinquent report(s) not received by 3/31/2021.]

List 3:

SPECIAL DISTRICTS (DEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
5	Community Redevelopment Agency of the Town of Havana (Gadsden; Local Ordinance)	3	8	FY 2018-19 AFR and Audit Report* (*=if audit threshold met)	The Agency is a component unit of the Town of Havana and is included in the Town's audit. Also, the Agency's AFR is linked to the Town's AFR, which cannot be submitted until the Town's FY 2018-19 audit is completed. [See List 1 for the status of the Town's audit.]	No action on the special district. The Agency is a component unit of the Town of Havana and is included in the City's audit. The City is also responsible for submitting the Agency's AFR. [Note: Take action on Town of Havana if delinquent report(s) not received by 2/12/2021.]
6	East-West Neighborhood Improvement District (Miami-Dade; Local Ordinance)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2018-19 AFR and Audit Report* (*=if audit threshold met)	The District is a component unit of the City of Opa-locka, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2018-19 audit is completed. [See List 1 for the status of the City's audit.]	No action on the special district since the City of Opa-locka is responsible for submitting the District's AFR. [Note: Take action on City of Opa-locka if delinquent report(s) not received by 6/30/2021.]

List 3:

SPECIAL DISTRICTS (DEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
7	Gretna Neighborhood Improvement District (Gadsden; Local Ordinance)	3	8	FY 2018-19 AFR and Audit Report* (*=if audit threshold met)	No response received from the District to the Committee's 10/28/2020 letter. The City of Gretna's local governing authority is the City of Gretna. On 1/11/2021, Committee staff received correspondence from the City of Gretna's City Manager which stated: (1) the City has nearly completed its internal work to facilitate the audit; (2) the City was delayed starting the audit due to the date and time of the completion of the City's FY 2017-18 audit [which was submitted on 6/25/2020]; (3) during the last six months, City staff have become infected with the COVID-19 virus; (4) in September 2020, the City's financial software provider was the victim of a ransomware attack, and, while the City's data was not compromised, the attack crippled the City's server to the degree that the City had to replace it and wait until late November 2020 before the City's data was fully restored; and (4) the City missed its scheduled audit dates with its audit firm and is currently working with the audit firm to complete both the FY 2018-19 and FY 2019-20 audits during March 2021. The City requests that the Committee take no action prior to March 31, 2021, in order to give the City adequate time to complete the FY 2018-19 audit and submit the audit report.	No action on the special district since the City of Gretna is responsible for submitting the District's AFR. [Note: Take action on City of Gretna if delinquent report(s) not received by 3/31/2021.]

List 3:

SPECIAL DISTRICTS (DEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
8	Loxahatchee Groves Water Control District (Palm Beach; Special Act)	25, 29, 30, 31	81, 82, 85, 86, 87, 88, 89, 90, 91	FY 2018-19 AFR	The District is a component unit of the City of Loxahatchee Groves and is included in the City's audit. Also, the District's AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2018-19 audit is completed. [See List 1 for the status of the City's audit.]	No action on the special district. The District is a component unit of the City of Loxahatchee Groves and is included in the City's audit. The City is responsible for submitting the Agency's AFR. [Note: Take action on City of Loxahatchee Groves if delinquent report not received by 3/1/2021.]
9	Niles Garden Neighborhood Improvement District (Miami-Dade; Local Ordinance)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2018-19 AFR and Audit Report* (*=if audit threshold met)	The District is a component unit of the City of Opa-locka, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2018-19 audit is completed. [See List 1 for the status of the City's audit.]	No action on the special district since the City of Opa-locka is responsible for submitting the District's AFR. [Note: Take action on City of Opa-locka if delinquent report(s) not received by 6/30/2021.]

List 3:

SPECIAL DISTRICTS (DEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
10	Opa-Locka Community Redevelopment Agency (Miami-Dade; Local Ordinance)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2018-19 AFR and Audit Report	The Agency is a component unit of the City of Opa-locka, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2018-19 audit is completed. [See List 1 for the status of the City's audit.]	No action on the special district. The Agency is a component unit of the City of Opa-locka and is included in the City's audit. The City is also responsible for submitting the Agency's AFR. [Note: Take action on City of Opa-locka if delinquent reports not received by 6/30/2021.]

List 3:

SPECIAL DISTRICTS (DEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
11	Riviera Beach Community Redevelopment Agency (Palm Beach; Local Ordinance)	25, 29, 30, 31	81, 82, 85, 86, 87, 88, 89, 90, 91	FY 2018-19 AFR and Audit Report	The Agency is a component unit of the City of Riviera Beach, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2018-19 audit is completed. [See List 1 for the status of the City's audit.]	No action on the special district. The Agency is a component unit of the City of Riviera Beach and is included in the City's audit. The City is also responsible for submitting the Agency's AFR. [Note: Take action on City of Riviera Beach if delinquent reports not received by 3/1/2021.]

List 3:

SPECIAL DISTRICTS (DEPENDENT)

(Some special district boundaries are difficult to determine if they do not include an entire county. Therefore, for most Community Development Districts, and if applicable, some additional special districts, all House and Senate districts in the county in which these special districts are located are listed.)

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
12	Starke Community Redevelopment Agency (Bradford; Local Ordinance)	5	19	FY 2018-19 AFR	The Agency is a component unit of the City of Starke, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2018-19 audit is completed. [See List 1 for the status of the City's audit.]	No action on the special district. The Agency is a component unit of the City of Starke and is included in the City's audit. The City is responsible for submitting the Agency's AFR. [Note: Take action on City of Starke if delinquent report not received by 3/1/2021.]

List 4:

TAKE NO ACTION

	Take No Action	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Campbellton-Graceville Hospital District (Jackson; Special Act)	2	5	FY 2018-19 AFR and Audit Report FY 2017-18 AFR and Audit Report FY 2016-17 AFR and Audit Report FY 2015-16 AFR and Audit Report FY 2014-15 AFR and Audit Report FY 2013-14 AFR and Audit Report	<p>Based on Committee staff's search of online records on 2/1/2021, the Campbellton Graceville Hospital Corporation's Chapter 11 Bankruptcy is still active. Committee staff has requested confirmation of such from the DEO General Counsel's office and is waiting on a response.</p> <p>History:</p> <ul style="list-style-type: none"> - Correspondence received in February 2019 from the DEO General Counsel's office regarding the status of action against the District stated: (1) the Campbellton Graceville Hospital Corporation's Chapter 11 Bankruptcy is still pending; and (2) the Jackson County Official Records indicate that the hospital property was sold on 8/1/2018, which appears to further the legislation from last session (HB 1449). - Legislation passed during the 2018 Legislative Session relating to the District (HB 1449, now Chapter 2018-188, Laws of Florida): (1) authorizes the District to complete the sale of the Campbell-Graceville Hospital facility to Northwest Florida Healthcare, Inc.; (2) requires that, upon completion of such sale, the District remain in full operation and possession of all powers to be exercised solely to wind down its affairs; and (3) states that, on the date the District closes on the authorized sale, Sections 4 and 5 of the Districts enacting law (Chapter 69-2290, Laws of Florida) are repealed and the authority of the Board of County Commissioners of Jackson County to impose any ad valorem taxes for maintenance and operations of the District is terminated. -The Committee, at its 11/2/2015 meeting, directed DEO to take action against the District for failure to file the AFR and audit report for the 2013-14 fiscal year. DEO filed a petition for enforcement in the Leon County Circuit Court in February 2016, and the Circuit Judge signed the Order of Final Judgment on 11/6/2016. The District failed to file the delinquent financial reports as ordered, so DEO published a "Proposed Notice of Inactive Status" in the local paper on 11/17/2016. The District objected and filed a "Petition for Formal Administrative Hearing" on 12/6/2016. A formal hearing with the Division of Administrative Hearings was scheduled for 2/24/2017. -On 7/27/2017 Committee staff received an email from DEO stating that Hospital had closed on June 30th, but the clinic remained open. Neither Committee staff nor the Governor's Office were notified by the District of this, which is a condition of financial emergency, as required by Section 218.503(3), F.S. -In August 2017, Committee staff were informed that the Campbellton Graceville Hospital Corporation had filed bankruptcy. The Attorney General's Office has had some involvement regarding the bankruptcy proceedings. 	Continue to delay state action on FY 2016-17 and FY 2017-18 delinquent financial reports and delay state action on FY 2018-19 delinquent financial reports, and have staff monitor District's progress in complying with terms of Chapter 2018-188, Laws of Florida, to "wind down its affairs" now that the Hospital property has been sold.

List 4:

TAKE NO ACTION

	Take No Action	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
2	Santa Rosa Bay Bridge Authority (Santa Rosa; Special Act)	1	2, 3	AFR and Audit Report* for: FY 2018-19 FY 2017-18 FY 2016-17 FY 2015-16 FY 2014-15 FY 2013-14 FY 2012-13 FY 2011-12 FY 2010-11 Audit Report for: FY 2009-10 FY 2008-09 (*-if audit threshold met)	<p>Since 2/12/2015, DEO's records have shown the Authority's registered agent name and address as "Unknown." DEO has determined that the Authority cannot be declared "Inactive" at this time.</p> <p>Neither DEO nor Committee staff have received any communication from the District in several years.</p> <p>History: -Since at least 2009, the Committee has approved to delay action until a later date since the Authority only has restricted funds, which cannot be used to pay for an audit. DOT staffs the day-to-day operations of Authority, and until sometime in 2013 the DOT IG's Office compiled the financial statements and submitted the AFR for the Authority. -On 6/30/2011, the Authority was unable to make its \$5 million bond payment, and the trustee alerted the bondholders to the default. Since the bonds were not backed by the full faith and credit of the State, the State is not liable for the debt. DOT continues to operate and maintain the bridge. -In November 2013, the Authority's registered agent stated that DOT and the bond trustee had agreed to each pay half of cost for an independent reviewer/consultant to help review financial information and get AFRs submitted. -In January 2015, DEO forwarded an email from the Authority's registered agent of record to Committee staff. He stated that he had resigned from the Authority's Board in December 2014, following other members' resignations by about two months. Mellon Bank had sent a directive for the Board to increase the bridge toll from \$3.75 to \$5; if such action had not been taken within 30 days, they were going to circumvent the Board and direct the State to raise the toll. He stated that he resigned because he had long said that he would not serve through another unwarranted toll increase and he meant it. DEO removed him as the registered agent in its records and requested, if he was aware or became aware of anyone else who was handling registered agent responsibilities for the Authority, that he let DEO know or ask the person to contact DEO.</p>	Continue to delay action

Notification from the Auditor General

From: [JACQUELINE BELL](#)
To: [Fischer, Jason](#); [Brandes, Jeff](#)
Cc: [White, Deborah](#); [Dubose, Kathy](#)
Subject: FY 2018-19 Section 11.45(7)(a) FS, Notification
Date: Wednesday, September 16, 2020 9:36:37 AM
Attachments: [2019 Attachments A and B for JLAC.xlsb](#)

Good morning,

Pursuant to Section 11.45(7)(a), Florida Statutes, this e-mail is to notify you of the local governmental entities listed on the attached document that, as of September 15, 2020, were either not in compliance, or may not have been in compliance, with the Section 218.39, Florida Statutes, audit report submission requirement for the 2018-19 fiscal year. A separate notification regarding district school boards, charter schools, and charter technical career centers that failed to provide for an audit for the 2018-19 fiscal year was made to you in our e-mail dated May 18, 2020.

If you have any questions regarding this matter or require additional information, please do not hesitate to contact me.

Jacqueline Bell, CPA

Audit Supervisor
Auditor General's Office
(850) 412-2811
jacquelinebell@aud.state.fl.us

In the event that your response contains information considered sensitive or confidential pursuant to Federal or State law, please do not send that information via e-mail. Please contact me to make alternative arrangements.

**Local Governmental Entities
2018-19 Fiscal Year Audit Reports
Required - Not Received**

Attachment A

COUNTIES		Entity ID	Note
1	Calhoun County	C00700	B
2	Dixie County	C01500	B
3	Jefferson County	C03200	B

MUNICIPALITIES			
1	Alford, Town of	M00200	B
2	Altha, Town of	M00400	B
3	Atlantic Beach, City of	M01100	B
4	Avon Park, City of	M01500	B
5	Caryville, Town of	M05300	B
6	Cottdale, City of	M07400	B
7	Eatonville, Town of	M09600	A
8	El Potal, Village of	M10000	B
9	Fort White, Town of	M11500	A
10	Grand Ridge, Town of	M12600	A
11	Gretna, City of	M13200	A
12	Hampton, City of	M13900	B
13	Havana, Town of	M14100	A
14	Indian Shores, Town of	M16400	B
15	Loxahatchee Groves, Town of	M21550	A
16	Manalapan, Town of	M22300	B
17	Mangonia Park, Town of	M22400	A
18	Mexico Beach, City of	M23600	A
19	Midway, City of	M24200	A
20	Minneola, City of	M24400	B
21	Opa-locka, City of	M27400	A
22	Parker, City of	M29300	A
23	Pembroke Park, Town of	M29600	B
24	Reddick, Town of	M31800	A
25	Riviera Beach, City of	M32100	B
26	Sneads, Town of	M33600	B
27	Starke, City of	M35200	B
28	Sweetwater, City of	M35600	B
29	Vernon, City of	M37000	B
30	West Park, City of	M38250	A
31	Westville, Town of	M38400	A
32	White Springs, Town of	M38600	B

INDEPENDENT SPECIAL DISTRICTS			
1	Argyle Fire District	D02200	A
2	Baker Fire District	D03200	B
3	Belmont Lakes Community Development District	D05060	A
4	Bella Venetia Community Development District	D05064	A
5	Campbellton-Graceville Hospital District	D09400	A
6	Daytona Beach Racing and Recreational Facilities District	D21500	A
7	Doctors Memorial Hospital	D22700	B
8	East Lake Tarpon Special Fire Control District	D24610	B
9	Eastpoint Water and Sewer District	D22500	A
10	Green Corridor Property Assessment Clean Energy District	D31785	B
11	Hillsborough Soil and Water Conservation District	D36400	A
12	Jackson Soil and Water Conservation District	D40400	B

**Local Governmental Entities
2018-19 Fiscal Year Audit Reports
Required - Not Received**

Attachment A

13	Lake Lucie Community Development District	D43600	A
14	Sandy Creek Community Development District	D70550	A
15	South Dade Soil and Water Conservation District	D74000	A
16	St. Lucie County Fire District	D77050	B
17	West Villages Improvement District	D88400	B

DEPENDENT SPECIAL DISTRICTS

1	Avon Park Community Redevelopment Agency	D02900	B
2	City of Minneola Community Redevelopment Agency	D15150	B
3	City of Riviera Beach Utility Special District	D15650	B
4	Industrial Development Authority of Calhoun County	D39700	B
5	Loxahatchee Groves Water Control District	D47700	A
6	Opa-Locka Community Redevelopment Agency	D58570	A
7	Riviera Beach Community Redevelopment Agency	D70100	B
8	Town of Eatonville Redevelopment Agency	D82605	A

60 Total Counties, Municipalities and Special Districts

NOTES

- A Based on previous audit reports or other financial reports filed by the entity, the entity was required to provide for an audit for the 2018-19 fiscal year. Although we mailed a letter to each entity requesting confirmation that an audit was performed or was in progress, these entities did not respond to our letter.

- B As of September 15, 2020, we had not received an audit report for the 2018-19 fiscal year; however, the entity confirmed that an audit was in progress.

**Local Governmental Entities
2018-19 Fiscal Year Audit Reports
May Have Been Required - Not Received**

Attachment B

		Entity ID	Last Fiscal Year Audit Received
<u>MUNICIPALITIES</u>			
1	Lazy Lake, Village of	M20900	A
2	Otter Creek, Town of	M28000	2017-18
3	Raiford, Town of	M31700	2012-13

<u>INDEPENDENT SPECIAL DISTRICTS</u>			
1	Baker Soil and Water Conservation District (Inactive 8/3/2020)	D03300	A
2	Bermont Drainage District	D05100	A
3	Escambia-Pensacola Human Relations Commission (Dissolved 3/12/2019)	D26550	2016-17
4	Hamilton County Soil and Water Conservation District	D32900	A
5	Martin Soil and Water Conservation District (Inactive 3/17/2020)	D50100	A
6	Nature Coast Regional Water Authority	D53620	2017-18
7	Northwest Florida Transportation Corridor Authority (Inactive 8/14/2019)	D56555	2013-14
8	Orange Hill Soil and Water Conservation District	D59400	A
9	Santa Fe Soil and Water Conservation District	D70800	A
10	Santa Rosa Bay Bridge Authority	D70900	A
11	Shores of Santa Rosa Community Development District (Dissolved 12/17/2018)	D73430	A
12	Villages of Avignon Community Development District	D85505	2017-18
13	Yellow River Soil and Water Conservation District	D90100	2016-17

<u>DEPENDENT SPECIAL DISTRICTS</u>			
1	Ali-Baba Neighborhood Improvement District	D00800	B
2	City of Midway Community Redevelopment Agency	D15050	B
3	Community Redevelopment Agency of the City of Parker	D15410	B
4	Community Redevelopment Agency of the Town of Havana	D18353	2017-18
5	East-West Neighborhood Improvement District	D25300	B
6	Eastern Volusia Regional Water Authority	D25350	A
7	Gretna Neighborhood Improvement District	D31900	B
8	Niles Garden Neighborhood Improvement District	D54200	B
9	Starke Community Redevelopment Agency	D78000	2017-18
10	Union Soil and Water Conservation District	D84400	A

26 Total Municipalities and Special Districts

NOTE

- A No reports received for the 2013-14 through 2017-18 fiscal years.
- B The 2016, 2017, and 2018 annual financial reports of the primary government filed with the Department of Financial Services show revenues and expenditures below the

From: Parker, Jim <Jim.Parker@myfloridacfo.com>
Sent: Tuesday, September 15, 2020 2:55 PM
To: JLAC; Dubose, Kathy; White, Deborah; localgov
Subject: Non- Compliant Report - 9.15.20
Attachments: Non Compliant 09-15.xlsx

Good afternoon-

Please find attached the Non-Compliant report as of today, 9.15.20. Please note the 2nd tab as this is the information that JLAC would need to take action upon. They include the entities who have a blank AFR received date, a blank audit received date, or both.

Thank you and let me know if you need any additional information.

Sincerely,

Jim Parker, CPA
Financial Administrator
Department of Financial Services
Bureau of Financial Reporting
Office: 850-413-5565

Committee staff note: DFS provided an updated Non-Compliant Report on 9-25-2020, which included only active local governmental entities that had not provided the FY 2018-19 AFR. The updated report is attached. The original Non-Compliant Report included certain entities that: (1) had submitted the AFR but not the audit report to DFS; (2) were either inactive or dissolved prior to FY 2018-19; or (3) were not local governmental entities as defined in Section 218.31(1), F.S.

Entity ID	Entity Name	FY End	Dissolved or Inactive Date	AFR Received Date	Audit Received Date
100007	Calhoun	09/30			
100015	Dixie	09/30			
100033	Jefferson	09/30			
200002	Alford	09/30			
200004	Altha	09/30			
200011	Atlantic Beach	09/30			
200012	Atlantis	09/30			06/30/2020
200015	Avon Park	09/30			
200044	Brooksville	09/30			08/24/2020
200053	Caryville	09/30			
200064	Clermont	09/30			09/09/2020
200074	Cottondale	09/30			
200096	Eatonville	09/30			
200100	El Portal	09/30			
200101	Esto	09/30			
200126	Grand Ridge	09/30			
200132	Gretna	09/30			
200139	Hampton	09/30			
200141	Havana	09/30			
200147	Highland Beach	09/30			
200164	Indian Shores	09/30			
200168	Islamorada, Village of Islands	09/30			09/11/2020
200180	Kenneth City	09/30			
200200	Lake Worth	09/30			
200208	Lawtey	09/30			06/30/2020
200210	Lazy Lake Village	09/30			
200225	Mangonia Park	09/30			
200237	Melbourne Village	09/30			
200238	Mexico Beach	09/30			
200244	Midway	09/30			
200246	Minneola	09/30			
200276	Opa-locka	09/30			
200282	Otter Creek	09/30			
200295	Parker	09/30			
200298	Pembroke Park	09/30			
200318	Raiford	09/30			
200322	Riviera Beach	09/30			
200334	San Antonio	09/30			08/05/2020
200345	Sneads	09/30			
200352	Springfield	09/30			08/25/2020
200353	Starke	09/30			
200358	Sweetwater	09/30			
200372	Vernon	09/30			
200387	Westville	09/30			
200389	White Springs	09/30			
200413	Loxahatchee Groves	09/30			
300064	Baker Soil and Water Conservation District	09/30	8/3/2020		
300119	Bermont Drainage District	09/30			
300153	Santa Fe Soil and Water Conservation District	09/30			
300157	South Dade Soil and Water Conservation District	09/30			
300176	Eastpoint Water and Sewer District	09/30			
300193	Hamilton County Soil and Water Conservation District	09/30			
300223	Hillsborough Soil and Water Conservation District	09/30			
300237	Doctors Memorial Hospital	09/30			
300249	Campbellton-Graceville Hospital District	09/30			
300250	Jackson Soil and Water Conservation District	09/30			
300272	East Mulloch Drainage District	09/30	10/01/2018		
300343	Baker Fire District	09/30			
300356	Yellow River Soil and Water Conservation District	09/30			
300370	West Orange Healthcare District	09/30			08/06/2020
300461	Santa Rosa Bay Bridge Authority	09/30			
300483	Union Soil and Water Conservation District	09/30			
300484	Daytona Beach Racing and Recreational Facilities District	09/30			
300492	Argyle Fire District	09/30			

Entity ID	Entity Name	FY End	Dissolved or Inactive Date	AFR Received Date	Audit Received Date
300499	Orange Hill Soil and Water Conservation District	06/30			
300531	Industrial Development Authority of Calhoun County	09/30			
300593	Brandon Groves North Service District	09/30			
300671	Orange County Educational Facilities Authority	09/30	5/21/2019		
300761	Starke Community Redevelopment Agency	09/30			
300835	Ali-Baba Neighborhood Improvement District	09/30			
300836	East-West Neighborhood Improvement District	09/30			
300837	Niles Garden Neighborhood Improvement District	09/30			
300843	Jacksonville Public Library	09/30			08/27/2020
300845	Escambia-Pensacola Human Relations Commission	09/30	3/12/2019		
300852	Carrabelle Hospital Tax District	09/30			
300855	Gretna Neighborhood Improvement District	09/30			
300859	Avon Park Community Redevelopment Agency	09/30			07/27/2020
300912	Atlantis Safe Neighborhood Improvement District	09/30			
300921	Lake Worth Beach Community Redevelopment Agency	09/30			
300924	Riviera Beach Community Redevelopment Agency	09/30			
301143	Belmont Lakes Community Development District	09/30			
301150	City of Brooksville Community Redevelopment Agency	09/30			
301202	East Lake Tarpon Special Fire Control District	09/30			
301337	Town of Eatonville Community Redevelopment Agency	09/30			
301359	City of Riviera Beach Utility Special District	09/30			
301435	West Villages Improvement District	09/30			
301537	Downtown Clermont Redevelopment Agency	09/30			09/02/2020
301551	Antigua at St. Augustine Community Development District	09/30	6/20/2019		
301560	Chaparral Community Development District	09/30	2/7/2019		
301616	Villa Vizcaya Community Development District	09/30	1/28/2019		
301617	Villages of Avignon Community Development District	09/30			
301636	Verona Community Development District	09/30			
301650	Bella Venetia Community Development District	09/30			
301674	Eastern Volusia Regional Water Authority	09/30			
301680	Fox Branch Ranch Community Development District	09/30	02/05/2020		
301688	Hawthorne Mill Community Development District	09/30	1/7/2019		
301719	Portofino Cove Community Development District	09/30	12/05/2018		
301734	Springfield Community Redevelopment Agency	09/30			08/31/2020
301802	Community Redevelopment Agency of the Town of Havana	09/30			
301867	Nature Coast Regional Water Authority	09/30			
301870	Community Redevelopment Agency of the City of Parker	09/30			
301961	Northeast Florida Regional Transportation Commission	09/30	11/30/2018		
302031	City of Minneola Community Redevelopment Agency	09/30			
302048	Green Corridor Property Assessment Clean Energy (PACE) District	09/30			
302081	Opa-Locka Community Redevelopment Agency	09/30			
302096	City of Midway Community Redevelopment Agency	09/30			
302141	Loxahatchee Groves Water Control District	09/30			
302227	Niceville Community Redevelopment Agency	09/30			

Committee staff note: The updated Non-Compliant Report was modified to include only columns with data necessary for consideration of Committee action. The complete updated Non-Compliant Report is on file and available at the Committee office.

Florida Statutes (2020) related to Local Government Financial Reporting

11.40 Legislative Auditing Committee.—

(2) Following notification by the Auditor General, the Department of Financial Services, the Division of Bond Finance of the State Board of Administration, the Governor or his or her designee, or the Commissioner of Education or his or her designee of the failure of a local governmental entity, district school board, charter school, or charter technical career center to comply with the applicable provisions within s. 11.45(5)-(7), s. 218.32(1), s. 218.38, or s. 218.503(3), the Legislative Auditing Committee may schedule a hearing to determine if the entity should be subject to further state action. If the committee determines that the entity should be subject to further state action, the committee shall:

(a) In the case of a local governmental entity or district school board, direct the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for bond debt service satisfaction which are payable to such entity until the entity complies with the law. The committee shall specify the date that such action must begin, and the directive must be received by the Department of Revenue and the Department of Financial Services 30 days before the date of the distribution mandated by law. The Department of Revenue and the Department of Financial Services may implement this paragraph.

(b) In the case of a special district created by:

1. A special act, notify the President of the Senate, the Speaker of the House of Representatives, the standing committees of the Senate and the House of Representatives charged with special district oversight as determined by the presiding officers of each respective chamber, the legislators who represent a portion of the geographical jurisdiction of the special district, and the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the Department of Economic Opportunity shall proceed pursuant to s. 189.062 or s. 189.067. If the special district remains in noncompliance after the process set forth in s. 189.0651, or if a public hearing is not held, the Legislative Auditing Committee may request the department to proceed pursuant to s. 189.067(3).

2. A local ordinance, notify the chair or equivalent of the local general-purpose government pursuant to s. 189.0652 and the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the department shall proceed pursuant to s. 189.062 or s. 189.067. If the special district remains in noncompliance after the process set forth in s. 189.0652, or if a public hearing is not held, the Legislative Auditing Committee may request the department to proceed pursuant to s. 189.067(3).

3. Any manner other than a special act or local ordinance, notify the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the department shall proceed pursuant to s. 189.062 or s. 189.067(3).

11.45(7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

(a) The Auditor General shall notify the Legislative Auditing Committee of any local governmental entity, district school board, charter school, or charter technical career center that does not comply with the reporting requirements of s. 218.39.

218.32 Annual financial reports; local governmental entities.—

(1)(a) Each local governmental entity that is determined to be a reporting entity, as defined by generally accepted accounting principles, and each independent special district as defined in s. 189.012, shall submit to the department a copy of its annual financial report for the previous fiscal year in a format prescribed by the department. The annual financial report must include a list of each local governmental entity included in the report and each local governmental entity that failed to provide financial information as required by paragraph (b). The chair of the governing body and the chief financial officer of each local governmental entity shall sign the annual financial report

submitted pursuant to this subsection attesting to the accuracy of the information included in the report. The county annual financial report must be a single document that covers each county agency.

(b) Each component unit, as defined by generally accepted accounting principles, of a local governmental entity shall provide the local governmental entity, within a reasonable time period as established by the local governmental entity, with financial information necessary to comply with the reporting requirements contained in this section.

(f) If the department does not receive a completed annual financial report from a local governmental entity within the required period, it shall notify the Legislative Auditing Committee and the Special District Accountability Program of the Department of Economic Opportunity of the entity's failure to comply with the reporting requirements.

218.39 Annual financial audit reports.—

(1) If, by the first day in any fiscal year, a local governmental entity, district school board, charter school, or charter technical career center has not been notified that a financial audit for that fiscal year will be performed by the Auditor General, each of the following entities shall have an annual financial audit of its accounts and records completed within 9 months after the end of its fiscal year by an independent certified public accountant retained by it and paid from its public funds:

(a) Each county.

(b) Any municipality with revenues or the total of expenditures and expenses in excess of \$250,000, as reported on the fund financial statements.

(c) Any special district with revenues or the total of expenditures and expenses in excess of \$100,000, as reported on the fund financial statements.

(d) Each district school board.

(e) Each charter school established under s. 1002.33.

(f) Each charter technical center established under s. 1002.34.

(g) Each municipality with revenues or the total of expenditures and expenses between \$100,000 and \$250,000, as reported on the fund financial statements, which has not been subject to a financial audit pursuant to this subsection for the 2 preceding fiscal years.

(h) Each special district with revenues or the total of expenditures and expenses between \$50,000 and \$100,000, as reported on the fund financial statement, which has not been subject to a financial audit pursuant to this subsection for the 2 preceding fiscal years.

189.062 Special procedures for inactive districts.—

(1) The department shall declare inactive any special district in this state by documenting that:

(a) The special district meets one of the following criteria:

1. The registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government notifies the department in writing that the district has taken no action for 2 or more years;

2. The registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government notifies the department in writing that the district has not had a governing body or a sufficient number of governing body members to constitute a quorum for 2 or more years;

3. The registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government fails to respond to an inquiry by the department within 21 days;

4. The department determines, pursuant to s. 189.067, that the district has failed to file any of the reports listed in s. 189.066;

5. The district has not had a registered office and agent on file with the department for 1 or more years; or

6. The governing body of a special district provides documentation to the department that it has unanimously adopted a resolution declaring the special district inactive. The special district is responsible for payment of any expenses associated with its dissolution.

(b) The department, special district, or local general-purpose government has published a notice of proposed declaration of inactive status in a newspaper of general circulation in the county or municipality in which the territory of the special district is located and has sent a copy of such notice by certified mail to the registered agent or chair of the governing body, if any. Such notice must include the name of the special district, the law under which it was organized and operating, a general description of the territory included in the special district, and a statement that any objections must be filed pursuant to chapter 120 within 21 days after the publication date.

(c) Twenty-one days have elapsed from the publication date of the notice of proposed declaration of inactive status and no administrative appeals were filed.

(2) If any special district is declared inactive pursuant to this section, the property or assets of the special district are subject to legal process for payment of any debts of the district. After the payment of all the debts of said inactive special district, the remainder of its property or assets shall escheat to the county or municipality wherein located. If, however, it shall be necessary, in order to pay any such debt, to levy any tax or taxes on the property in the territory or limits of the inactive special district, the same may be assessed and levied by order of the local general-purpose government wherein the same is situated and shall be assessed by the county property appraiser and collected by the county tax collector.

(3)(a) In the case of a district created by special act of the Legislature, the department shall send a notice of declaration of inactive status to the Speaker of the House of Representatives and the President of the Senate, and the standing committees of the Senate and the House of Representatives charged with special district oversight as determined by the presiding officers of each respective chamber and the Legislative Auditing Committee. The notice of declaration of inactive status shall reference each known special act creating or amending the charter of any special district declared to be inactive under this section. The declaration of inactive status shall be sufficient notice as required by s. 10, Art. III of the State Constitution to authorize the Legislature to repeal any special laws so reported. Each special act creating or amending the charter of a special district declared to be inactive under this section may be repealed by general law.

(b) In the case of a district created by one or more local general-purpose governments, the department shall send a notice of declaration of inactive status to the chair of the governing body of each local general-purpose government that created the district.

(c) In the case of a district created by interlocal agreement, the department shall send a notice of declaration of inactive status to the chair of the governing body of each local general-purpose government which entered into the interlocal agreement.

(4) The entity that created a special district declared inactive under this section must dissolve the special district by repealing its enabling laws or by other means as set forth in s. 189.071 or s. 189.072.

(5) A special district declared inactive under this section may not collect taxes, fees, or assessments unless the declaration is:

(a) Withdrawn or revoked by the department; or

(b) Invalidated in proceedings initiated by the special district within 30 days after the publication date of the newspaper notice required under paragraph (1)(b). The special district governing body may initiate proceedings within the period authorized in this paragraph by:

1. Filing with the department a petition for an administrative hearing pursuant to s. 120.569; or

2. Filing an action for declaratory and injunctive relief under chapter 86 in the circuit court of the judicial circuit in which the majority of the area of the district is located.

(c) If a timely challenge to the declaration is not initiated by the special district governing body, or the department prevails in a proceeding initiated under paragraph (b), the department may enforce the prohibitions in this subsection by filing a petition for enforcement with the circuit court in and for Leon County. The petition may request declaratory, injunctive, or other equitable relief, including the appointment of a receiver, and any forfeiture or other remedy provided by law.

(d) The prevailing party shall be awarded costs of litigation and reasonable attorney fees in any proceeding brought under this subsection.

(6)(a) The department shall immediately remove each special district declared inactive as provided in this section from the official list of special districts maintained as provided in ss. 189.061 and 189.064.

(b) The department shall create a separate list of all special districts declared inactive as provided in this section and shall maintain each such district on the inactive list until the department determines that the district has resumed active status, the district is merged as provided in s. 189.071 or s. 189.074, or the district is dissolved as provided in s. 189.071 or s. 189.072.

189.067 Failure of district to disclose financial reports.—

(1)(a) If notified pursuant to s. 189.066(1), (4), or (5), the department shall attempt to assist a special district in complying with its financial reporting requirements by sending a certified letter to the special district, and, if the special district is dependent, sending a copy of that letter to the chair of the local governing authority. The letter must include a description of the required report, including statutory submission deadlines, a contact telephone number for technical assistance to help the special district comply, a 60-day deadline for filing the required report with the appropriate entity, the address where the report must be filed, and an explanation of the penalties for noncompliance.

(b) A special district that is unable to meet the 60-day reporting deadline must provide written notice to the department before the expiration of the deadline stating the reason the special district is unable to comply with the deadline, the steps the special district is taking to prevent the noncompliance from reoccurring, and the estimated date that the special district will file the report with the appropriate agency. The district's written response does not constitute an extension by the department; however, the department shall forward the written response as follows:

1. If the written response refers to the reports required under s. 218.32 or s. 218.39, to the Legislative Auditing Committee for its consideration in determining whether the special district should be subject to further state action in accordance with s. 11.40(2)(b).

2. If the written response refers to the reports or information requirements listed in s. 189.066(1), to the local general-purpose government or governments for their consideration in determining whether the oversight review process set forth in s. 189.068 should be undertaken.

3. If the written response refers to the reports or information required under s. 112.63, to the Department of Management Services for its consideration in determining whether the special district should be subject to further state action in accordance with s. 112.63(4)(d)2.

(2) Failure of a special district to comply with the actuarial and financial reporting requirements under s. 112.63, s. 218.32, or s. 218.39 after the procedures of subsection (1) are exhausted shall be deemed final action of the special district. The actuarial and financial reporting requirements are declared to be essential requirements of law. Remedies for noncompliance with ss. 218.32 and 218.39 shall be as provided in ss. 189.0651 and 189.0652. Remedy for noncompliance with s. 112.63 shall be as set forth in subsection (4).

(3) Pursuant to s. 11.40(2)(b), the Legislative Auditing Committee may notify the department of those districts that fail to file the required reports. If the procedures described in subsection (1) have not yet been initiated, the department shall initiate such procedures upon receiving the notice from the Legislative Auditing Committee. Otherwise, within 60 days after receiving such notice, or within 60 days after the expiration of the 60-day deadline provided in subsection (1), whichever occurs later, the department, notwithstanding the provisions of chapter 120, shall file a petition for enforcement with the circuit court. The petition may request declaratory, injunctive, any other equitable relief, or any remedy provided by law. Venue for all actions pursuant to this subsection is in Leon County. The court shall award the prevailing party reasonable attorney's fees and costs unless affirmatively waived by all parties.

(4) The department may enforce compliance with s. 112.63 by filing a petition for enforcement with the circuit court in and for Leon County. The petition may request declaratory, injunctive, or other equitable relief, including the appointment of a receiver, and any forfeiture or other remedy provided by law.

**3 Local Governmental
Entities
(Significant Items Missing)**

LOCAL GOVERNMENTS

Significant Items Missing from Audit Report - Not Yet Provided to Auditor General
(required by s. 11.45(7)(b), Florida Statutes)

	Entity Name (<i>County</i>)	Senate District(s)	House District(s)	Item(s) Missing from FY 2018-19 Audit Report	Comments and Staff Recommendation
1	New River Public Library Cooperative (<i>Baker, Bradford, Union</i>)	5	10, 19	<p>A schedule showing the entity’s proportion (percentage) of the collective net pension liability, their proportionate share (amount) of the net pension liability, the entity’s covered payroll, and the plan’s fiduciary net position as a percentage of the total liability was excluded from the audit report’s required supplementary information, although required for entities with defined benefit cost-sharing pension plans by P20.183a. of the <i>Codification of Governmental Accounting and Financial Reporting Standards</i>.</p> <p>A schedule showing the entity’s required employer contribution, the amount actually contributed, the difference between the required and the actual contribution, the entity’s covered payroll, and the contribution recognized by the pension plan in relation to the required amount as a percentage of covered payroll was excluded from the audit report’s required supplementary information, although required for entities with defined benefit cost-sharing pension plans by P20.183b. of the <i>Codification of Governmental Accounting and Financial Reporting Standards</i>.</p> <p>Note: The auditors’ opinion on the financial statements is modified for reasons relating to the above-noted missing items (failure to acquire an actuarial valuation in order to determine its net Other Postemployment Benefits (OPEB) obligation and for failure to record its proportionate share of the net pension obligation of the Florida Retirement System in the government-wide financial statements).</p>	<p>For each of the past five years, the opinion on the special district’s financial statements has been qualified because the special district has not included this required information in its financial statements.</p> <p>Send a letter to the special district encouraging it to acquire an actuarial valuation, at least on a periodic basis, and comply with the specified accounting standards.</p>

Note: All other local governmental entities included on the Auditor General’s notification dated October 7, 2020, have now provided the missing item(s) to the Auditor General’s Office.

From: JACQUELINE BELL <JACQUELINEBELL@AUD.STATE.FL.US>
Sent: Wednesday, October 07, 2020 8:42 AM
To: Fischer, Jason; Brandes, Jeff
Cc: White, Deborah; Dubose, Kathy
Subject: 2018-19 FY Section 11.45(7)(b), FS Notification
Attachments: 2019 Missing Items Notification to JLAC.docx

Good morning,

Pursuant to Section 11.45(7)(b), Florida Statutes, this e-mail is to notify you of the 15 local governmental entities that did not provide us, within 45 days after the date of our request, the significant items omitted from their 2018-19 fiscal year audit reports or from their audit report transmittal correspondence. The entities are listed on the attached and include 1 county, 3 county constitutional officers, 5 municipalities, and 6 special districts and describes the audit report and correspondence items omitted. To date, none of the 15 entities have provided us the requested information.

Please advise if you or your staff have any questions regarding this information.

Thank you,

Jacqueline Bell, CPA
Audit Supervisor
Auditor General's Office
(850) 412-2811
jacquelinebell@aud.state.fl.us

In the event that your response contains information considered sensitive or confidential pursuant to Federal or State law, please do not send that information via e-mail. Please contact me to make alternative arrangements.

LIST OF LOCAL GOVERNMENTAL ENTITIES
 THAT HAVE NOT PROVIDED SIGNIFICANT ITEMS
 OMITTED FROM 2018-19 FISCAL YEAR AUDIT REPORTS OR
 FROM AUDIT REPORT TRANSMITTAL CORRESPONDANCE
 AS OF SEPTEMBER 30, 2020

<u>COUNTY</u>	<u>ITEM(S) OMITTED</u>	<u>DATE ITEM(S) REQUESTED BY AUDITOR GENERAL</u>
Franklin County Supervisor of Elections	A	8/10/20
Liberty County Sheriff	B, C	8/10/20
Liberty County Supervisor of Elections	B, C	8/10/20
Union County	D, E	8/10/20
 <u>MUNICIPALITIES</u>		
Apalachicola, City of	D, E, F, G	8/10/20
Hypoluxo, Town of	H	8/10/20
Monteverde, Town of	H	8/10/20
Paxton, City of	H, I	5/22/20
Wausau, Town of	A	8/10/20
 <u>SPECIAL DISTRICTS</u>		
Big Bend Water Authority	H	8/10/20
City-County Public Works Authority	H	8/10/20
New River Public Library Cooperative ⁽¹⁾	J, K	8/10/20
Polk Soil and Water Conservation District	B	8/10/20
SWI Community Development District	B	8/10/20
St. Johns Improvement District	H	5/22/20

(1) Auditor's opinion on the financial statements is modified for reasons relating to missing items.

LIST OF LOCAL GOVERNMENTAL ENTITIES
THAT HAVE NOT PROVIDED SIGNIFICANT ITEMS
OMITTED FROM 2018-19 FISCAL YEAR AUDIT REPORTS OR
FROM AUDIT REPORT TRANSMITTAL CORRESPONDANCE
AS OF SEPTEMBER 30, 2020

Item(s) Omitted:

- (A) A written statement of explanation or rebuttal concerning the findings in the management letter was excluded from the audit report, although required by Sections 10.557(3)(l) and 10.558(1), Rules of the Auditor General.
- (B) A statement as to whether corrective actions have been taken to address findings and recommendations made in the preceding audit report was excluded from the management letter accompanying the audit report, although required by Section 10.554(1)(i)1., Rules of the Auditor General.
- (C) Uncorrected audit findings that were also included in the second preceding fiscal year audit report were not identified in the audit report, although required by Section 10.554(1)(i)1., Rules of the Auditor General.
- (D) The schedule of required supplementary information showing the entity's proportion (percentage) of the collective net pension liability, their proportionate share (amount) of the net pension liability, the entity's covered payroll, and the plan's fiduciary net position as a percentage of the total liability for their participation in a defined benefit cost-sharing pension plan did not include information for every year available as required by P20.183a of the *Codification of Governmental Accounting and Financial Reporting Standards*.
- (E) The schedule of required supplementary information showing the entity's required employer contribution, the amount actually contributed, the difference between the required and the actual contribution, the entity's covered payroll, and the contribution recognized by the pension plan in relation to the required amount as a percentage of covered payroll for their participation in a defined benefit cost-sharing pension plan did not include information for every year available as required by P20.183b. of the *Codification of Governmental Accounting and Financial Reporting Standards*.
- (F) A written statement of explanation or rebuttal concerning the findings in the auditor's report on compliance and internal control was excluded from the audit report, although required by Sections 10.557(3)(l) and 10.558(1), Rules of the Auditor General.
- (G) A report that includes an auditor's opinion, or disclaimer of opinion, as to whether the Schedule of Receipts and Expenditures of funds related to the Deepwater Horizon oil spill is fairly presented in relation to the financial statements was excluded from the audit report although required by Section 10.557(3)(f), Rules of the Auditor General.

LIST OF LOCAL GOVERNMENTAL ENTITIES
THAT HAVE NOT PROVIDED SIGNIFICANT ITEMS
OMITTED FROM 2018-19 FISCAL YEAR AUDIT REPORTS OR
FROM AUDIT REPORT TRANSMITTAL CORRESPONDANCE
AS OF SEPTEMBER 30, 2020

- (H) The date the audit report was delivered to the local governmental entity was not included in correspondence accompanying the audit report submitted to the Auditor General, although required by Section 10.558(3), Rules of the Auditor General.
- (I) An accountant's examination report with a determination of the entity's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds was excluded from the audit report although required by Sections 10.556(10)(a), and 10.557(3)(c), Rules of the Auditor General.
- (J) A schedule showing the entity's proportion (percentage) of the collective net pension liability, their proportionate share (amount) of the net pension liability, the entity's covered payroll, and the plan's fiduciary net position as a percentage of the total liability was excluded from the audit report's required supplementary information, although required for entities with defined benefit cost-sharing pension plans by P20.183a. of the *Codification of Governmental Accounting and Financial Reporting Standards*.
- (K) A schedule showing the entity's required employer contribution, the amount actually contributed, the difference between the required and the actual contribution, the entity's covered payroll, and the contribution recognized by the pension plan in relation to the required amount as a percentage of covered payroll was excluded from the audit report's required supplementary information, although required for entities with defined benefit cost-sharing pension plans by P20.183b. of the *Codification of Governmental Accounting and Financial Reporting Standards*.

Note: All references to Rules of the Auditor General are to rules in effect for the 2018-19 fiscal year.

Florida Statutes (2020) related to Significant Audit Items Missing

11.45 Definitions; duties; authorities; reports; rules.—

(7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

(b) The Auditor General, in consultation with the Board of Accountancy, shall review all audit reports submitted pursuant to s. 218.39. The Auditor General shall request any significant items that were omitted in violation of a rule adopted by the Auditor General. The items must be provided within 45 days after the date of the request. If the governmental entity does not comply with the Auditor General's request, the Auditor General shall notify the Legislative Auditing Committee.

11.40 Legislative Auditing Committee.—

(2) Following notification by the Auditor General, the Department of Financial Services, the Division of Bond Finance of the State Board of Administration, the Governor or his or her designee, or the Commissioner of Education or his or her designee of the failure of a local governmental entity, district school board, charter school, or charter technical career center to comply with the applicable provisions within s. 11.45(5)-(7), s. 218.32(1), s. 218.38, or s. 218.503(3), the Legislative Auditing Committee may schedule a hearing to determine if the entity should be subject to further state action. If the committee determines that the entity should be subject to further state action, the committee shall:

(a) In the case of a local governmental entity or district school board, direct the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for bond debt service satisfaction which are payable to such entity until the entity complies with the law. The committee shall specify the date that such action must begin, and the directive must be received by the Department of Revenue and the Department of Financial Services 30 days before the date of the distribution mandated by law. The Department of Revenue and the Department of Financial Services may implement this paragraph.

(b) In the case of a special district created by:

1. A special act, notify the President of the Senate, the Speaker of the House of Representatives, the standing committees of the Senate and the House of Representatives charged with special district oversight as determined by the presiding officers of each respective chamber, the legislators who represent a portion of the geographical jurisdiction of the special district, and the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the Department of Economic Opportunity shall proceed pursuant to s. 189.062 or s. 189.067. If the special district remains in noncompliance after the process set forth in s. 189.0651, or if a public hearing is not held, the Legislative Auditing Committee may request the department to proceed pursuant to s. 189.067(3).

2. A local ordinance, notify the chair or equivalent of the local general-purpose government pursuant to s. 189.0652 and the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the department shall proceed pursuant to s. 189.062 or s. 189.067. If the special district remains in noncompliance after the process set forth in s. 189.0652, or if a public hearing is not held, the Legislative Auditing Committee may request the department to proceed pursuant to s. 189.067(3).

3. Any manner other than a special act or local ordinance, notify the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the department shall proceed pursuant to s. 189.062 or s. 189.067(3).

**4 Local Governmental
Entities
(Financial Emergency
Conditions)**

No Committee Action

As of February 2, 2021, the Governor's Office notified the Committee that all outstanding entities that met one or more conditions of a financial emergency had responded to the Governor's Office, as required. Therefore, no action by the Committee is necessary at this time.

Excerpt of Florida Statutes (2020) related to Financial Emergencies

218.503 Determination of financial emergency.—

(1) Local governmental entities, charter schools, charter technical career centers, and district school boards shall be subject to review and oversight by the Governor, the charter school sponsor, the charter technical career center sponsor, or the Commissioner of Education, as appropriate, when any one of the following conditions occurs:

- (a) Failure within the same fiscal year in which due to pay short-term loans or failure to make bond debt service or other long-term debt payments when due, as a result of a lack of funds.
- (b) Failure to pay uncontested claims from creditors within 90 days after the claim is presented, as a result of a lack of funds.
- (c) Failure to transfer at the appropriate time, due to lack of funds:
 1. Taxes withheld on the income of employees; or
 2. Employer and employee contributions for:
 - a. Federal social security; or
 - b. Any pension, retirement, or benefit plan of an employee.
- (d) Failure for one pay period to pay, due to lack of funds:
 1. Wages and salaries owed to employees; or
 2. Retirement benefits owed to former employees.

(2) A local governmental entity shall notify the Governor and the Legislative Auditing Committee; a charter school shall notify the charter school sponsor, the Commissioner of Education, and the Legislative Auditing Committee; a charter technical career center shall notify the charter technical career center sponsor, the Commissioner of Education, and the Legislative Auditing Committee; and a district school board shall notify the Commissioner of Education and the Legislative Auditing Committee, when one or more of the conditions specified in subsection (1) have occurred or will occur if action is not taken to assist the local governmental entity, charter school, charter technical career center, or district school board. In addition, any state agency must, within 30 days after a determination that one or more of the conditions specified in subsection (1) have occurred or will occur if action is not taken to assist the local governmental entity, charter school, charter technical career center, or district school board, notify the Governor, charter school sponsor, charter technical career center sponsor, or the Commissioner of Education, as appropriate, and the Legislative Auditing Committee.

(3) Upon notification that one or more of the conditions in subsection (1) have occurred or will occur if action is not taken to assist the local governmental entity or district school board, the Governor or his or her designee shall contact the local governmental entity or the Commissioner of Education or his or her designee shall contact the district school board, as appropriate, to determine what actions have been taken by the local governmental entity or the district school board to resolve or prevent the condition. The information requested must be provided within 45 days after the date of the request. If the local governmental entity or the district school board does not comply with the request, the Governor or his or her designee or the Commissioner of Education or his or her designee shall notify the Legislative Auditing Committee, which may take action pursuant to s. 11.40(2). The Governor or the Commissioner of Education, as appropriate, shall determine whether the local governmental entity or the district school board needs state assistance to resolve or prevent the condition. If state assistance is needed, the local governmental entity or district school board is considered to be in a state of financial emergency. The Governor or the Commissioner of Education, as appropriate, has the authority to implement measures as set forth in ss. 218.50-218.504 to assist the local governmental entity or district school board in resolving the financial emergency. Such measures may include, but are not limited to:

- (a) Requiring approval of the local governmental entity's budget by the Governor or approval of the district school board's budget by the Commissioner of Education.
- (b) Authorizing a state loan to a local governmental entity and providing for repayment of same.
- (c) Prohibiting a local governmental entity or district school board from issuing bonds, notes, certificates of indebtedness, or any other form of debt until such time as it is no longer subject to this section.

(d) Making such inspections and reviews of records, information, reports, and assets of the local governmental entity or district school board as are needed. The appropriate local officials shall cooperate in such inspections and reviews.

(e) Consulting with officials and auditors of the local governmental entity or the district school board and the appropriate state officials regarding any steps necessary to bring the books of account, accounting systems, financial procedures, and reports into compliance with state requirements.

(f) Providing technical assistance to the local governmental entity or the district school board.

(g)1. Establishing a financial emergency board to oversee the activities of the local governmental entity or the district school board. If a financial emergency board is established for a local governmental entity, the Governor shall appoint board members and select a chair. If a financial emergency board is established for a district school board, the State Board of Education shall appoint board members and select a chair. The financial emergency board shall adopt such rules as are necessary for conducting board business. The board may:

a. Make such reviews of records, reports, and assets of the local governmental entity or the district school board as are needed.

b. Consult with officials and auditors of the local governmental entity or the district school board and the appropriate state officials regarding any steps necessary to bring the books of account, accounting systems, financial procedures, and reports of the local governmental entity or the district school board into compliance with state requirements.

c. Review the operations, management, efficiency, productivity, and financing of functions and operations of the local governmental entity or the district school board.

d. Consult with other governmental entities for the consolidation of all administrative direction and support services, including, but not limited to, services for asset sales, economic and community development, building inspections, parks and recreation, facilities management, engineering and construction, insurance coverage, risk management, planning and zoning, information systems, fleet management, and purchasing.

2. The recommendations and reports made by the financial emergency board must be submitted to the Governor for local governmental entities or to the Commissioner of Education and the State Board of Education for district school boards for appropriate action.

(h) Requiring and approving a plan, to be prepared by officials of the local governmental entity or the district school board in consultation with the appropriate state officials, prescribing actions that will cause the local governmental entity or district school board to no longer be subject to this section. The plan must include, but need not be limited to:

1. Provision for payment in full of obligations outlined in subsection (1), designated as priority items, which are currently due or will come due.

2. Establishment of priority budgeting or zero-based budgeting in order to eliminate items that are not affordable.

3. The prohibition of a level of operations which can be sustained only with nonrecurring revenues.

4. Provisions implementing the consolidation, sourcing, or discontinuance of all administrative direction and support services, including, but not limited to, services for asset sales, economic and community development, building inspections, parks and recreation, facilities management, engineering and construction, insurance coverage, risk management, planning and zoning, information systems, fleet management, and purchasing.

Audit Findings Not Corrected (Three-Peats) – Materials Provided

- 1. Overview:** Failure to Correct Audit Findings – Educational Entities and Local Governments
- 2. Directory of Schedules for Repeat Audit Findings**
- 3. Schedules: Audit Findings Not Corrected and Recommended Action:**
(Detailed analysis regarding audit findings that have been reported to the Committee)

Educational Entities:

- State College and Universities
- District School Boards
- Charter Schools

Local Governmental Entities:

- County Constitutional Officers
- Municipalities
- Special Districts

Note: The green background used for some audit findings indicates that it appears that the entity has addressed the finding to the extent possible using existing resources. The determination is made based on previous correspondence the Committee has received from the entity.

- 4. Notifications** received from the Auditor General

Failure to Correct Audit Findings

Educational and Local Governmental Entities

The Joint Legislative Auditing Committee (Committee) has the authority to take action against educational and local governmental entities that fail to correct audit findings reported in three successive audits.

Statutory Authority

- **Colleges and Universities:** The Auditor General is required to notify the Committee of any financial or operational audit report prepared pursuant to s. 11.45, F.S., (*reports prepared by the Auditor General*) which indicates that a state university or Florida College System institution has failed to take full corrective action in response to a recommendation that was included in the two preceding financial or operational audit reports. Upon notification,

(1) The Committee may direct the governing body of the state university or Florida College System institution to provide a **written statement** to the Committee explaining why full corrective action has not been taken, or, if the governing body intends to take full corrective action, describing the corrective action to be taken and when it will occur.

(2) If the Committee determines that the written statement is not sufficient, the Committee may require the chair of the governing body of the state university or Florida College System institution, or the chair's designee, to **appear before the Committee**.

(3) If the Committee determines that the state university or Florida College System institution has failed to take full corrective action for which there is no justifiable reason or has failed to comply with Committee requests made pursuant to this section, the Committee shall refer the matter to the State Board of Education or the Board of Governors, as appropriate, to proceed in accordance with ss. 1008.32 or 1008.322, F.S., respectively [*s. 11.45(7)(j), F.S.*]

- **Other Educational Entities and Local Governmental Entities:** The Auditor General is required to notify the Committee of any audit report prepared pursuant to s. 218.39, F.S., (*reports prepared by private CPAs for audits of school districts, charter schools / charter technical career centers, counties, municipalities, and special districts*) which indicates that an audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding audit reports. Upon notification,

(1) The Committee may direct the governing body of the audited entity to provide a **written statement** to the Committee explaining why full corrective action has not been taken, or, if the governing body intends to take full corrective action, describing the corrective action to be taken and when it will occur.

(2) If the Committee determines that the written statement is not sufficient, the Committee may require the chair of the governing body of the local governmental entity or the chair's designee, the elected official of each county agency or the elected official's designee, the chair of the district school board or the chair's designee, the chair of the governing board of the charter school / charter technical career center or the chair's designee, as appropriate, to **appear before the Committee**.

(3) If the Committee determines that the audited entity has failed to take full corrective action for which there is no justifiable reason for not taking such action, or has failed to comply with Committee requests made pursuant to this section, the Committee may **proceed in accordance with s. 11.40(2), F.S.** [*s. 218.39(8), F.S.*]

Section 11.40(2), F.S., provides that the Committee may schedule a hearing to determine if the entity should be subject to further state action. If the Committee determines that the entity should be subject to further state action, the Committee shall:

(a) In the case of a local governmental entity or district school board, direct the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for bond debt service satisfaction which are payable to such entity until the entity complies with the law. The Committee shall specify the date that such action must begin, and the directive must be received by the Department of Revenue and the Department of Financial Services 30 days before the date of the distribution mandated by law. The Department of Revenue and the Department of Financial Services may implement this paragraph.

(b) In the case of a special district, notify the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the Department of Economic Opportunity shall proceed pursuant to ss. 189.4044 or 189.421, F.S.

(c) In the case of a charter school or charter technical career center, notify the appropriate sponsoring entity, which may terminate the charter pursuant to ss. 1002.33 and 1002.34, F.S.

Notifications Received from the Auditor General

The Committee has received notifications from the Auditor General regarding this initiative each year since 2012. The Auditor General is required by law to conduct audits of state universities, Florida College System institutions, and district school boards.¹ The Auditor General is required to conduct audits of county offices, municipalities, and special districts if directed by the Committee. Also, the Auditor General routinely reviews financial audits of district school boards, charter schools, and local governmental entities that are performed by private CPAs. Based on the Auditor General's review of all of these audit reports, the following is a breakdown of the entities that have failed to correct repeat audit findings for the 2014-15 fiscal year through the 2018-19 fiscal year, as reported to the Committee by November 24, 2020:

Type of Entity	Number of Entities with Repeat ² Audit Findings During Last Five Fiscal Years (Total Number of Repeat Findings)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Colleges	6 (7)	2 (2)	4 (4)	0 (0)	0 (0)
Universities	2 (3)	1 (2)	2 (2)	4 (4)	2 (2)
District School Boards	31 (67)	24 (46)	17 (23)	15 (22)	11 (15)
Charter Schools	15 (17)	11 (11)	13 (13)	20 (25)	20 (25)
County Offices ³	68 (119)	64 (104)	52 (69)	43 (51)	34 (39)
Municipalities ⁴	117 (228)	110 (237)	107 (220)	109 (219)	71 (118)
Special Districts ⁵	131 (202)	115 (195)	109 (186)	106 (182)	78 (126)
Total	370 (643)	327 (597)	304 (517)	297 (503)	216 (325)

Recent Committee Action

Based on notifications received related to audit reports for the 2017-18 fiscal year, the Committee took action against 194 of the entities noted above during the meeting on December 12, 2019. As a result of the Committee's action, letters were sent to these entities to direct each governing body to provide a written statement regarding a total of 332 audit findings to the Committee to explain the corrective action that has occurred or is planned or to provide the reasons no corrective action is planned.

Action Available for the Committee to Take in During 2021 Committee Meeting

The Committee may take action against the entities that were reported by the Auditor General for failing to correct audit findings that had been reported for at least the third time in the entities' 2018-19 fiscal year audit reports. In addition, the Committee may wish to direct Committee staff to send a letter requesting the status of uncorrected audit findings to all entities on future notification(s) from the Auditor General for late-filed audit reports for the 2018-19 fiscal year, or earlier.

¹All district school boards are required to have an annual financial audit performed. District school boards in counties with a population less than 150,000 are audited annually by the Auditor General; district school boards in larger counties are audited once every three years by the Auditor General and by a private CPA during the other years.

² For the purpose of this document, repeat findings are those which have also been reported in the two prior audits; therefore, the auditor has reported these findings a minimum of three times in successive audits.

³ Separate audits are conducted of most County Constitutional Officers (Board of County Commissioners, Tax Collector, Property Appraiser, Clerk of Circuit Courts, Supervisor of Elections, and Sheriff).

⁴ There are currently 411 municipalities in Florida.

⁵ As of November 20, 2020, there are 1,784 active special districts in Florida.

Directory of Schedules for Repeat Audit Findings

A series of schedules follow that provide information related to entities with audit findings that have been reported in three successive audit reports. The schedules vary type of entity and, in some cases, whether it appears that the entity has taken all steps to correct certain audit findings using existing resources.

To assist you in locating all information related to a specific entity, the tables below list all entities included in the schedules, and indicate the schedule(s) in which their information appears.

Note: The green background used for some audit findings indicates that it appears that the entity has addressed the finding to the extent possible using existing resources.

State Universities and Colleges

<i>State University or College</i>	<i>County</i>	<i>Schedule</i>
University of Florida	Alachua	1
University of South Florida	Hillsborough	1

District School Boards

<i>District School Board</i>	<i>Schedule</i>	<i>District School Board</i>	<i>Schedule</i>
Bay	2	Madison	2
Brevard	2	Miami-Dade	2
Gilchrist	2	Orange	2
Hendry	2	Osceola	2
Jefferson	2	Putnam	2
Lee	2		

Charter Schools

<i>Charter School</i>	<i>County</i>	<i>Schedule(s)</i>
Academy of Environmental Science	Citrus	3, 4
Bay Haven Charter Academy Elementary School	Bay	3
Bay Haven Charter Academy Middle School	Bay	3
Ben Gamla Charter School (formerly known as Ben Gamla Charter School – Hollywood)	Broward	3
Bridgeprep Academy of Hollywood Hills	Broward	3
Byrneville Elementary School	Escambia	3
Coral Reef Montessori Academy Charter School	Miami-Dade	3
Francis Marion Military Academy	Marion	3
Heritage Charter Academy, Inc.	Lee	3
Madison Creative Arts Academy	Madison	3
Manatee School of Arts and Science	Manatee	3
Micanopy Middle School	Alachua	3
North Bay Haven Charter Academy Career Academy	Bay	3
North Bay Haven Charter Academy Elementary School	Bay	3
North Bay Haven Charter Middle School	Bay	3
Reading Edge Academy, Inc.	Volusia	3
Samsula Academy	Volusia	3
School for Accelerated Learning and Technologies	Duval	3
St. Augustine Public Montessori School	St. Johns	3
True North Classical Academy Charter School	Miami-Dade	3

Counties

County	County Office	Schedule(s)
Baker	Board of County Commissioners	5
Broward	Clerk of the Circuit Court	5
	Sheriff	5
DeSoto	Board of County Commissioners	5
Flagler	Board of County Commissioners	5
	Sheriff	5
Gadsden	Board of County Commissioners	5
	Sheriff	5
Glades	Board of County Commissioners	5, 6
	Clerk of the Circuit Court	5
Hardee	Sheriff	5
Holmes	Property Appraiser	6
	Tax Collector	5
	Sheriff	6
Jackson	Sheriff	6
Lafayette	Board of County Commissioners	6
	Clerk of the Circuit Court	6
	Property Appraiser	6
	Sheriff	6
	Supervisor of Elections	6
	Tax Collector	6
Leon	Board of County Commissioners	5
Levy	Board of County Commissioners	5
Liberty	Sheriff	5
Miami-Dade	Board of County Commissioners	5
Putnam	Board of County Commissioners	5
	Clerk of the Circuit Court	5
	Supervisor of Elections	6
Sumter	Sheriff	5, 6
Washington	Board of County Commissioners	5
	Property Appraiser	6
	Sheriff	6
	Supervisor of Elections	6
	Tax Collector	6

Municipalities

<i>Municipality</i>	<i>County</i>	<i>Schedule(s)</i>
Apalachicola, City of	Franklin	7, 8
Apopka, City of	Orange	7
Arcadia, City of	DeSoto	7
Archer, City of	Alachua	8
Bell, Town of	Gilchrist	8
Belle Isle, City of	Orange	8
Bowling Green, City of	Hardee	7
Branford, Town of	Suwannee	8
Bushnell, City of	Sumter	7, 8
Callahan, Town of	Nassau	8
Campbellton, Town of	Jackson	8
Carrabelle, City of	Franklin	7, 8
Cedar Key, City of	Levy	7
Center Hill, City of	Sumter	7
Century, Town of	Escambia	7
Chattahoochee, City of	Gadsden	8
Coleman, City of	Sumter	8
Cross City, Town of	Dixie	8
Dade City, City of	Pasco	7, 8
Deerfield Beach, City of	Broward	7
Destin, City of	Okaloosa	7
Fanning Springs, City of	Gilchrist/Levy	8
Fruitland Park, City of	Lake	7
Glen St. Mary, Town of	Baker	8
Graceville, City of	Jackson	8
Greensboro, Town of	Gadsden	8
Greenville, Town of	Madison	7, 8
Greenwood, Town of	Jackson	8
Hialeah, City of	Miami-Dade	7
High Springs, City of	Alachua	7
Hilliard, Town of	Nassau	8
Horseshoe Beach, Town of	Dixie	8
Interlachen, Town of	Putnam	8
Jasper, City of	Hamilton	7
Jay, Town of	Santa Rosa	7
Jennings, Town of	Hamilton	8
Jupiter Inlet Colony, Town of	Palm Beach	7
LaBelle, City of	Hendry	8
Macclenny, City of	Baker	8
Madison, City of	Madison	8
Malone, Town of	Jackson	8
Mayo, Town of	Lafayette	7, 8
Medley, Town of	Miami-Dade	7, 8
Melbourne Village, Town of	Brevard	7
Montverde, Town of	Lake	7, 8
Moore Haven, City of	Glades	8

<i>Municipality</i>	<i>County</i>	<i>Schedule(s)</i>
Mount Dora, City of	Lake	7
Oak Hill, City of	Volusia	8
Oakland, Town of	Orange	7
Palatka, City of	Putnam	8
Paxton, City of	Walton	8
Penney Farms, Town of	Clay	8
Pierson, Town of	Volusia	8
Pomona Park, Town of	Putnam	8
St. Marks, City of	Wakulla	8
San Antonio, City of	Pasco	7
Satellite Beach, City of	Brevard	7
South Daytona, City of	Volusia	7
South Palm Beach, Town of	Palm Beach	7
St. Augustine, City of	St. Johns	7
Titusville, City of	Brevard	7
Trenton, City of	Gilchrist	8
Wausau, Town of	Washington	7, 8
Webster, City of	Sumter	7, 8
Welaka, Town of	Putnam	7
West Palm Beach, City of	Palm Beach	7
Weston, City of	Broward	7
Wewahitchka, City of	Gulf	8
Windermere, Town of	Orange	8
Winter Haven, City of	Polk	7
Worthington Springs, Town of	Union	7

Special Districts

<i>Special District</i>	<i>County</i>	<i>Schedule(s)</i>
Alligator Point Water Resources District	Franklin	10
Amelia Concourse Community Development District	Nassau	9
Aucilla Area Solid Waste Administration	Dixie, Jefferson, Madison, Taylor	10
Avalon Beach/Mulat Fire Protection District	Santa Rosa	10
Baker County Development Commission	Baker	10
Baker County Hospital District	Baker	10
Buckeye Park Community Development District	Manatee	9
CFM Community Development District	Lee	9
Cedar Key Water and Sewer District	Levy	10
Chapel Creek Community Development District	Pasco	9
City Center Community Development District	Polk	9
City-County Public Works Authority	Glades	9, 10
Concorde Estates Community Development District	Osceola	9
Creekside Community Development District	St. Lucie	9
The Crossings at Fleming Island Community Development District	Clay	9
Fellsmere Water Control District	Indian River	10
Flagler Estates Road and Water Control District	St. Johns	10
Gadsden Soil and Water Conservation District	Gadsden	9
Gilchrist Soil and Water Conservation District	Gilchrist	10
Gramercy Farms Community Development District	Osceola	9
Hamilton County Development Authority	Hamilton	9
Heights Community Development District, The	Hillsborough	9
Hendry-LaBelle Recreation Board	Hendry	10
Heritage Isles Community Development District	Hillsborough	9
Holt Fire District	Okaloosa	10
Homosassa Special Water District	Citrus	9
Indian River Farms Water Control District	Indian River	10
Indian Trail Improvement District	Palm Beach	9
Indigo Community Development District	Volusia	9
Lake Shore Hospital Authority	Columbia	10
Lakeside Plantation Community Development District	Sarasota	9
Leon County Educational Facilities Authority	Leon	9
Levy Soil and Water Conservation District	Levy	10
Longleaf Community Development District	Pasco	9
Madeira Community Development District	St. Johns	9
Madison County Health and Hospital District	Madison	9
Madison County Soil and Water Conservation District	Madison	10
Magnolia Creek Community Development District	Walton	9
Marion County Law Library	Marion	10
Marion Soil and Water Conservation District	Marion	10
Meadow Pointe IV Community Development District	Pasco	9
Midtown Miami Community Development District	Miami-Dade	9
Montecito Community Development District	Brevard	9
Municipal Service District of Ponte Vedra Beach	St. Johns	10

<i>Special District</i>	<i>County</i>	<i>Schedule(s)</i>
Naturewalk Community Development District	Walton	9
New Port – Tampa Bay Community Development District	Hillsborough	9
North Okaloosa County Fire District	Okaloosa	10
North St. Lucie River Water Control District	St. Lucie	10
Palm River Community Development District	Hillsborough	9
Parkway Center Community Development District	Hillsborough	9
Portofino Isles Community Development District	St. Lucie	9
Portofino Vista Community Development District	Osceola	9
Putnam Soil and Water Conservation District	Putnam	10
Reunion East Community Development District	Osceola	9
River Glen Community Development District	Nassau	9
River Place on the St. Lucie Community Development District	St. Lucie	9
Riverwood Estates Community Development District	Pasco	9
Seminole County Port Authority	Seminole	10
Six Mile Creek Community Development District	St. Johns	9
South Seminole and North Orange County Wastewater Transmission Authority	Orange, Seminole	10
Southern Hills Plantation II Community Development District	Hernando	9
St. Augustine Port, Waterway and Beach District	St. Johns	10
St. Johns Improvement District	Indian River	10
Sterling Hill Community Development District	Hernando	9
Stevens Plantation Community Development District	Osceola	9
Suwannee County Conservation District	Suwannee	10
Taylor County Development Authority	Taylor	9
Taylor Coastal Water and Sewer District	Taylor	10
Tolomato Community Development District	Duval, St. Johns	9
Trails Community Development District	Duval	9
Treeline Preserve Community Development District	Lee	9
Tri-County Airport Authority	Holmes, Jackson, Washington	10
Waterford Estates Community Development District	Charlotte	9
Westside Community Development District	Osceola	9
Woodlands Community Development District, The	Sarasota	9
Wyld Palms Community Development District	Citrus	9
Zephyr Ridge Community Development District	Pasco	9

**5A Three Peat:
Educational Entities**

State Universities and Colleges

Failed to Take Full Corrective Action in Response to a Recommendation that was included in the 2018-19 Fiscal Year Audit Report and the Two Preceding Audit Reports

Entity	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
<p>University of Florida</p>	<p><u>AG Report No 2020-135 (Finding #3 - Purchasing Cards)</u>: The University needs to continue its efforts to ensure purchasing cards (P-cards) are timely canceled upon a cardholder's separation from University employment. The auditors compared University P-card records with University employment separation records and found that the University did not cancel the P-cards assigned to 60 employees until 62 to 176 days, or an average of 98 days after cardholders' employment separation dates. University personnel indicated that: (1) department supervisors did not notify the P-card administrator to promptly cancel these 60 cards, and (2) in January 2019, the P-card administrative team implemented an additional step in their monthly review to identify employees who separate from University employment based on HR records and promptly suspend the P-cards of those employees. While the auditors' examination of University records supporting the P-card activity of the 60 former employees after their employment separation dates did not disclose any inappropriate charges, audit procedures cannot substitute for the University's responsibility to implement adequate internal controls over P-cards. The untimely cancellation of P-card privileges increases the risk that such privileges could be misused by former employees or others and may limit the University's ability to satisfactorily resolve disputed charges. The auditors recommend that the University continue efforts to ensure that P-card privileges are promptly canceled upon a cardholder's separation from University employments. (See PDF Page 7)</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>Yes</p>

State Universities and Colleges

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Entity	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
<p>University of South Florida</p>	<p>AG Report No 2020-014 (Finding #2 - Severance Payments): The University made severance payments that exceeded the limits established in State law. The University paid a former coach \$106,303 more than the amount equivalent to 20 weeks of his compensation. In response to audit inquiries, University personnel indicated that the payments were for liquidated damages, rather than severance pay, since the termination of a coach’s employment can reduce that individual’s future coaching prospects and potential earnings. University personnel also indicated that the August 11, 2016, employment agreement was prior to December 1, 2016, the date that the University eliminated liquidated damages provisions in employment contracts that provided for payments in excess of amounts provided by State law. Although the University did not consider these payments as severance pay, the payment amounts represented compensation for employment services not yet rendered and were provided to an employee whose employment had recently been terminated. The auditors recommend that the University ensure that the severance pay provisions in University employment agreements are consistent with State law and that severance payments do not exceed the amounts established in State law. (See PDF Pages 5-6)</p>	<p>N/A</p>	<p>2019 (2016-17)</p>	<p>The practice that gave rise to the finding was the payment of liquidated damages in excess of twenty weeks in USF employment contracts, which were primarily for intercollegiate athletic coaches. As of December 1, 2016, the University ceased entering into contracts with terms that allowed for payment of liquidated damages in excess of twenty weeks and renegotiated contracts containing the former liquated damages term as such contracts expired. However, the University did not void any enforceable and existing contracts on December 1, 2016. As of June 7, 2019, the University is not aware of any current, enforceable USF contract containing the former liquated damages provision.</p>	<p>Yes</p>

LEGEND:

Material Weakness (MW): a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:

- a. a material misstatement of the entity’s financial statements, or
- b. material noncompliance with a type of compliance requirement.

For example, 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 on a timely basis.

The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.

Significant Deficiency (SD): less severe than a material weakness, yet important enough to merit attention by those charged with governance.

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the
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County	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Bay	<p><u>CPA Report 2018-19 (#2019-001 - Financial Reporting)</u>: The District’s financial reporting needs improvement to ensure financial statement account balances and transactions are properly reported. Various adjustments were identified during the audit which were required to properly report activity in accordance with generally accepted accounting principles (GAAP). Significant adjustments were identified relating to the reporting of year-end accrued expenses, property tax revenue allocations, restricted cash, and donated land. The auditors recommend that the District improve internal control procedures to ensure that financial statement account balances and transactions are properly reported and reviewed throughout the year and at year-end. (See PDF Page 107)</p>	MW	N/A	N/A	Yes
Brevard	<p><u>AG Report No. 2020-206 (#3 - Virtual Instruction Options)</u>: During the 2018-19 fiscal year, the District enrolled 157 students in full-time and 5,193 students in part-time virtual instruction programs. However, the District only provided two virtual instruction options for students. In response to audit inquiries, District personnel indicated that the third required virtual instruction option was not offered because the District could not finalize a contract with another school district as part of a reciprocal inter-district agreement. Without providing students in all grade levels with three options for virtual instruction, the District limited student access to virtual instruction and cannot demonstrate compliance with State law. The auditors recommend that the District ensure that students are offered at least three virtual instruction options as required by State law. (See PDF Page 6)</p>	N/A	N/A	N/A	Yes

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<p>Brevard (continued)</p>	<p><u>AG Report No. 2020-206 (#5 - Information Technology Security Controls - User Authentication and Data Loss Prevention)</u>: Audit procedures disclosed that certain District security controls related to user authentication and data loss prevention needed improvement. Specific details of the issues were not disclosed in the audit report to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of the specific issues. Without adequate security controls related to user authentication and data loss prevention, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. The auditors recommend that District management improve security controls related to user authentication and data loss prevention to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Pages 7-8)</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>Yes</p>

District School Boards

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Gilchrist	<p>AG Report No. 2020-166 (#2019-001 - Information Technology - Access Privileges): An inadequate separation of duties continued to exist as the Director of Finance who had primary responsibility for monitoring District financial activities also served as District security administrator and, thereby, had full update capability to computer files. According to District management, the Director of Finance was assigned District security administrator responsibilities due to the size of the District, the need for the security administrator to have a good understanding of various District operations, and staff turnover. Examination of District records and inquiries with District personnel disclosed that the District had certain controls in place, such as documented Superintendent and Board review and approval of monthly expenditures, to reduce the risk of disbursement fraud and errors. While District controls compensated, in part, for the inappropriate separation of financial monitoring and security administrator responsibilities, the existence of unnecessary or inappropriate IT access privileges increases the risk that fraud or errors, such as unauthorized disclosure, modification, or destruction of District data and IT resources, may occur and not be timely detected. The auditors recommend that District management ensure that assigned IT access privileges restrict employees from performing functions incompatible or inconsistent with their assigned job functions and transfer the security administrator responsibilities to an employee who does not have financial or payroll monitoring responsibilities. (See PDF Pages 71-72)</p>	SD	2020 (2017-18)	<p>The District has experienced several key personnel changes in the Finance Department in the past two years. As a result, the security administrator duties have remained a responsibility of the Director of Finance to ensure consistency in this area. Effective March 1, 2020, the security administrator duties are now delegated to the Finance Officer. The District has received the preliminary and tentative findings for the audit of the 2018-19 school year, and this was, again, a finding. Hopefully, the transfer of duties will eliminate the finding from future audit reports.</p>	Yes

District School Boards

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Hendry	<p><u>AG Report No. 2020-030 (#3 - Adult General Education)</u>: Audit tests disclosed that the District over-reported instructional contact hours for adult general education classes to the Florida Department of Education (FDOE). Instructional contact hours were over-reported a net total of 571 hours, including 961 over-reported hours for 15 students and 390 under-reported hours for 11 students. In response to audit inquiry, District personnel indicated that the errors occurred mainly because the employees who recorded class attendance did not understand the FDOE reporting requirements. Since adult general education funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data. The auditors recommend that the District strengthen controls to ensure instructional contact hours for adult general education classes are accurately reported to the FDOE. Such controls should include appropriate FDOE reporting requirement training for employees who record class attendance. The auditors also recommend that the District determine to what extent adult general education hours were misreported for the 2017-18 fiscal year and contact the FDOE for proper resolution. (See PDF Pages 5-6)</p>	N/A	N/A	N/A	Yes

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Jefferson	<p><u>AG Report No. 2020-133 (#AM 2019-001 - Bank Account Reconciliations)</u>: The District maintained three bank accounts during the 2018-19 fiscal year and, at fiscal year-end, the District’s adjusted general ledger and financial statement cash balances each totaled \$1,148,985. During the 2018-19 fiscal year, the District contracted with a CPA to prepare or review bank reconciliations, on a monthly basis, for all 12 months of the 2018-19 fiscal year. As of December 2019, bank account reconciliations for July 2018 through June 2019 had not been completed for one bank account. For that bank account, at June 30, 2019, the bank statement cash balance of \$917,917 exceeded by \$81,224 the general ledger cash balance of \$836,693. Subsequent to audit inquiries, bank reconciliations for that account were completed in January 2020 for all 12 months of the 2018-19 fiscal year. The auditors recommend that the District continue efforts to ensure that reconciliations of bank account balances to the general ledger account balances are timely performed with reconciling items promptly identified, thoroughly investigated, adequately documented, and promptly resolved (See PDF Page 57)</p>	N/A	2020 (2017-18)	<p>This item has been corrected. All bank accounts have been reconciled through January 2020, and the District foresees no further issues in maintaining the reconciliations. Currently, fund accounting is entirely managed through the financial software program, providing an efficient, transparent system designed to ameliorate future financial audits.</p>	<p>No (audit report acknowledges finding corrected subsequent to audit inquiry)</p>

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Lee	<p><u>AG Report No. 2020-201 (#1 - Ad Valorem Taxation)</u>: Section 1001.71, Florida Statutes, allows the District to levy ad valorem taxes for capital outlay purposes within specified millage rates subject to certain precedent conditions, and Section 200.065(10)(a), Florida Statutes, requires the District to advertise, in advance of adoption of a budget authorizing the expenditure of such tax levy proceeds, the purposes for which the Board intends to spend the proceeds of each such tax levy and to specify in the required notice of tax levy the projects to be funded by the assessment of such taxes. Pursuant to Section 1011.71(2), Florida Statutes, allowable uses of ad valorem tax levy proceeds include, among other things, funding new construction and remodeling projects; the maintenance, renovation, and repair of existing schools to correct deficiencies and the purchase, lease-purchase, or lease of school buses. To determine the propriety of District uses of ad valorem tax levy proceeds during the 2018-19 fiscal year, the auditors examined applicable District supporting documentation and found that: (1) The District transferred 2018-19 fiscal year ad valorem tax proceeds totaling \$4.1 million to debt service funds to pay for the lease-purchase of school buses and, contrary to State law, the lease-purchase was not advertised in the District's 2018-19 fiscal year notice; and (2) Expenditures from the 2018-19 fiscal year ad valorem tax levy proceeds totaling \$89,959 for Internet and wide area network services were not specified as allowable tax levy uses in State law. In June 2019, the District restored the transfers totaling \$4.1 million and expenditures totaling \$1.4 million to the 2018-19 fiscal year Capital Projects - Local Capital Improvement Fund (LCI Fund). In report No. 2019-026, the auditors questioned LCI Fund costs for the 2016-17 fiscal year that did not appear to be allowable uses of ad valorem tax proceeds. The District provided documentation to the Department of Education (DOE) regarding the allowability of the questioned costs but, as of April 2020, the DOE had not made a final determination to resolve \$1.2 million of these costs. The auditors recommend that the District continue efforts to ensure and demonstrate that ad valorem tax levy proceeds are used only for authorized purposes. Such efforts should include enhanced controls over the use of these proceeds and compliance with DOE's determination to resolve the remaining questioned costs totaling \$1.2 million. (See PDF Page 4)</p>	N/A	2020 (2017-18)	<p>After the initial audit finding received in audit report 2019-026, the District appealed the findings to the Department of Education (DOE). Of the \$3.9 million of questioned costs, the DOE agreed that \$2.7 million of these costs were appropriate. The District is still in conversation with DOE on \$1 million of additional costs for a final determination. Discussions with DOE on previous related findings also resulted in partial agreement with the appropriateness of expenditures.</p> <p>Based on the finding, the District put into place several safeguards to help ensure the proper expenditures of ad valorem tax levy proceeds. District staff has worked diligently to create and rename special project budgets to correctly categorize expenditures and attach funding sources to those projects in order to more easily and accurately define the proper funding sources to be used based on the type of expenditure. Project names are clearly defined, and each project has been assigned a funding source after discussion with Budget staff and guidance received from the Auditor General to ensure the expenditures are appropriate to be funded by the funding source assigned. In addition, District staff is committed to reviewing every expenditure using ad valorem tax proceeds before the end of the fiscal year to provide an additional level of assurance that expenditures have been appropriately categorized and correctly funded.</p>	Yes

District School Boards

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Madison	<p><u>AG Report No. 2020-060 (#6 - Compensation and Salary Schedules)</u>: The Board had not implemented policies and procedures establishing a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in State law. The auditors examination of the District’s instructional salary schedule disclosed that the District provided for differentiated pay based on additional responsibilities, such as salary supplements for additional activities instructional personnel performed beyond the standard workday, including supplements for athletic coaches and band directors. However, District records did not evidence instructional personnel differentiated pay based on the factors of school demographics, critical shortage areas, or level of job performance difficulties. In response to audit inquiry, District personnel indicated that salary schedule revisions to comply with differentiated pay requirements were delayed for several years due to turnover in key administrative positions, including the Chief Human Capital Officer, Chief Finance Officer, and Superintendent. The auditors recommend that the Board establish a documented process for determining and applying differentiated pay considering the factors prescribed in State law. (See PDF Pages 10-11)</p>	N/A	2018 (2015-16)	<p>The District has worked with NEOLA [an organization that provides policy services to numerous district school boards in Florida and other states] to update policies and procedure to conform with Florida Statutes relating to instructional personnel evaluation and differentiated pay. District policies were adopted and/or updated and approved by the Board to address changes necessary to better conform with Florida law. Since the adoption of the Collective Bargaining Agreement for 2015-18, the District and the Union have executed a Memorandum of Understanding that addresses performance pay related to teachers’ evaluations, including school grades, student achievement scores, and principals’ observations where applicable. The District is continuing to work diligently with the Union to negotiate further agreements and changes to the salary schedules and compensation agreements as to confirm the District adheres to all Florida laws accordingly.</p>	Yes

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Miami-Dade	<p><u>AG Report No. 2020-203 (#2 - Annual Facilities Inspections)</u>: During the 2018-19 fiscal year, the District provided for the required annual inspection of its 403 educational and ancillary plant facility locations. The auditors examined the inspection records for 4 selected school locations and verified that the District performed the required annual inspections for these schools. However, the inspection records for the 4 schools disclosed 694 deficiencies or facility maintenance needs that remained unresolved for two or more years after the date the inspections were performed. The deficiencies included, for example, rooms lacking smoke detectors, rooms without secondary exits or escape windows, loose stair handrails, and a main electrical room missing fire retardants. In response to audit inquiries, District personnel indicated that the District is actively correcting operational or maintenance deficiencies identified in the inspection reports and that major general obligation bond renovation projects are either being planned or currently under construction at these locations. The auditors recommend that the District continue efforts to ensure the timely correction of deficiencies and facilities maintenance needs identified in annual inspection reports. (See PDF Pages 5-6)</p>	N/A	2018 (2015-16)	<p>The District continues correcting deficiencies noted. Operational deficiencies have been corrected and major General Obligation Bond (GOB) renovation projects are under construction at Hialeah and Miami Northwestern senior high schools. An architect and construction manager have been commissioned for the \$4.3 million GOB project at Miami Edison Senior High, and correction of capital deficiencies will be included in the scope of work. Deficiencies at William Turner Technical College are being addressed through a separate project managed by the Maintenance Department. The remaining and maintenance deficiencies have been corrected. None of the pending items pose a hazard to student and staff.</p>	Yes
	<p><u>AG Report No. 2020-203 (#6 - Information Technology - User Controls - User Authentication)</u>: Audit procedures disclosed that certain District security controls related to user authentication need improvement. Specific details of the issues were not disclosed in the audit report to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of the specific issues. Without adequate security controls related to user authentication, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. The auditors recommend that District management improve security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Page 9)</p>	N/A	2018 (2015-16)	<p>The District re-evaluated the recommendation and has initiated a project to mitigate the user authentication-related concerns raised with regards to two of the three confidential findings. The proposed mitigation strategies have been discussed with staff from the Auditor General's office to ensure that the audit recommendations will be satisfied after a full implementation and verification in subsequent audits. The third finding is new, and, as such, the District is in the process of evaluating potential options but currently has no mitigation strategy.</p>	Yes

District School Boards

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Orange	<p><u>AG Report No. 2020-176 (#AM 2019-001 - Financial Reporting)</u>: The District is not in compliance with Florida Department of Education (FDOE) directives for financial reporting of charter schools. Pursuant to guidance from the FDOE, the District was responsible for reporting 37, 36, and 38 charter schools as discretely presented component units (DPCUs) on the District financial statements for the 2016-17, 2017-18, and 2018-19 fiscal years, respectively. However, for the 2016-17 and 2017-18 fiscal years, the District did not report the charter schools as DPCUs on the District annual financial report (AFR) or the Comprehensive Annual Financial Report (CAFR). Although the District did not report the District's 38 charter schools as DPCUs on the 2018-19 fiscal year AFR originally submitted to FDOE, the AFR was later revised and resubmitted to include the charter schools as DPCUs. However, the District did not report the charter schools as DPCUs on the District 2018-19 fiscal year CAFR. Excluding charter schools as DPCUs from school district financial statements may cause financial statement users to misunderstand the District's financial activities in comparison with other school districts, and result in incorrect assessments of the District's financial position. In addition, inconsistent financial reporting of charter schools from year to year does not provide for comparable financial statements. The auditors recommend that the District improve financial reporting procedures to ensure consistent, compliance with FDOE directives for reporting charter schools as DPCUs on the District financial statements. (See PDF Pages 92-93)</p>	N/A	N/A	N/A	Yes

District School Boards

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County	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
<p>Orange (continued)</p>	<p><u>AG Report No. 2020-121 (#6 - Information Technology - Security Controls - Data Loss Prevention)</u>: Certain District security controls related to data loss prevention need improvement. Without adequate security controls related to data loss prevention, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Specific details of the issue was not disclosed in the audit report in order to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of the specific issue. The auditors recommend that District management improve security controls related to data loss prevention to ensure the continued confidentiality, integrity, and availability of District data and IT resources.</p>	<p>N/A</p>	<p>2018 (2015-16)</p>	<p>The District’s current password change interval is 90 days; as recommended, the District will implement a 60-day password interval as of March 2, 2018. Also, the District has implemented a Security Information and Event Manager (SIEM), which is used to monitor events on the network by aggregating server and application logs into a single collection point where the District creates actionable reports and alerts. Actionable items are entered into a ticket system and tracked to ultimate resolution. The application and hardware logs are collected via an agent and sent to the control unit deployed in the District’s data center where they are addressed. The logs are held for a cycle of one year for compliance with the multiple regulations. The SIEM was approved by the Board in April 2017, and the District used a rolling deployment based on the critical nature of the service. The deployment will continue as new services come online or as existing services are modified.</p>	<p>Yes</p>

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Osceola	<p><u>AG Report No. 2020-197 (#4 - Adult General Education Classes)</u>: The auditors examined District records for 1,136 hours reported for 30 students enrolled in 12 adult general education courses and found instructional contact hours were under-reported for a total of 295 hours (ranging from 3 to 39 hours) for 24 students. In response to audit inquiry, District personnel indicated that the errors occurred because District personnel had not been properly trained to interpret the reporting rules and did not always calculate instructional contact hours through the student’s withdrawal date or end-of-class date, whichever was sooner. The auditors recommend that the District strengthen controls to ensure instructional contact hours for adult general education classes are accurately reported to the Florida Department of Education (FDOE). Such controls should include appropriate training for employees who report instructional contact hours. Additionally, the auditors recommend that the District determine to what extent adult general education hours were misreported for the Summer 2018 and Fall 2018 Semesters and contact the FDOE for proper resolution. (See PDF Pages 6-7)</p>	N/A	2018 (2015-16)	<p>This issue has been corrected. The District has hired a new Chief Information Officer, Director of Information Services, and Executive Director for Career and Technical Education who are all dedicated to ensuring data integrity when reporting adult general education hours. The District has addressed the specific issue relative to the “no-shows” for the adult general education classes. The District’s student information system has been updated and no longer reports attendance when the enrollment date and withdrawal date are the same. The District is also developing cyclical data quality review procedures designed to strengthen controls to ensure that instructional hours for Adult General Education programs are accurately reported. To meet this demand, the adult education program is convening a data quality council comprised of both program and information services staff members who will meet biweekly to review and audit data for accuracy before transmission, during reporting windows, and after transmission.</p>	Yes

District School Boards

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Putnam	<p><u>AG Report No. 2020-093 (#5 - Background Screenings)</u>: The District uses a tracking report to identify when District employee background screenings are due; however, District personnel indicated that they did not maintain a comprehensive list of contractor workers to ensure that background screenings are obtained and evaluated at least once every five years and no employee has been assigned responsibility for verifying that all contractor workers have undergone the required background screenings. Evaluation of District records and background screening procedures for 176 District employees and 29 contractor workers disclosed that: (1) for 89 District employees, the required background screenings had not been performed at least once in the past five years, and as of April 2019 the dates of the most recent background screenings for these employees ranged from January 2005 to March 2014 and periods that elapsed since the screenings were due averaged 534 days; and (2) for 11 contractor workers, District records did not evidence the required background screenings had been performed. Subsequent to audit inquiry, the District obtained background screenings for the 87 District employees who remained employed by the District and the 5 contractor workers who remained contracted by the District, and no inappropriate backgrounds were noted. District personnel indicated that background screenings were not timely performed for District employees as a result of oversights and personnel changes. Absent effective controls to ensure that required background screenings are timely performed, there is an increased risk that individuals with unsuitable backgrounds may be allowed access to students. The auditors recommend that the District take action to identify District employees and contractor workers who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make personnel decisions, as necessary, based on evaluations of the screening results. The auditors also recommend that the District develop procedures to appropriately monitor when all background screenings are due and ensure that employees and contractor workers obtain the required background screenings at least once every five years. (See PDF Pages 9-11)</p>	N/A	N/A	N/A	Yes

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Putnam (continued)	<p><u>AG Report No. 2020-093 (#7 - Information Technology Disaster Recovery Plan):</u> The District is the fiscal agent for, and a member of, the North East Florida Educational Consortium (NEFEC) and obtains certain IT services, such as financial, Human Resource (HR), payroll, student records, and other critical applications. NEFEC developed an IT disaster recovery plan specifying the procedures for providing participating member districts continuity, restoration, and recovery of critical data and systems in the event of a disaster that interrupts critical NEFEC IT operations. District records demonstrated that the NEFEC IT disaster recovery plan is tested annually, and the plan was last tested in March 2019. In July 2016, the District created a District disaster recovery plan that addressed the scheduling and maintenance of data backups for network servers containing financial, payroll, and HR documents. The plan addresses the assignment of responsibilities for recovery activities to key employees and backup personnel; priority of critical operations and data; and the specific processes and procedures to be followed when NEFEC is inoperable or other events interrupt District operations to affect the recovery and restoration of financial, payroll, HR, student records, and other critical applications. The plan specifies that it will be tested annually to ensure that it can be implemented in emergency situations. However, District personnel acknowledged that, as of October 2019, the District disaster recovery plan had not been tested. The auditors recommend that the District test the disaster recovery plan annually. (See PDF Pages 12-13)</p>	N/A	N/A	N/A	Yes

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LEGEND:

1. These audits have been conducted either by the Auditor General or by private certified public accountants, as required by Section 218.39(1), Florida Statutes.
2. **Material Weakness (MW)**: a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:
 - a. a material misstatement of the entity's financial statements, or
 - b. material noncompliance with a type of compliance requirement.

For example, 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 on a timely basis.

The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.

3. **Significant Deficiency (SD)**: less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Charter Schools

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2018-19 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Alachua	Micanopy Middle School	<u>2019-001 - Florida Retirement System Contributions (FRS)</u> : Two monthly FRS contributions for individual employees were calculated using incorrect wage amounts because management failed to agree the wages actually paid to employees to the wages used to calculate the contributions due to FRS. In addition, there was one employee holding a temporary position for which contributions were made to FRS that should have been excluded from FRS. The auditors recommend that the School consider what procedures should be performed to ensure that all FRS contributions are computed on the correct wages for each individual employee in the proper month and that contributions are made on qualifying employees only. (See PDF Page 27)	N/A	2020 (2017-18)	For the last three years' audit finding regarding the Florida Retirement System, corrective action was promptly taken. Although under the same heading, each of the mistakes have been different and were corrected before the next audit. For the 2019 audit, retirement was entered for two part-time employees for which it should not have been entered. Closer attention is being paid and an additional person is helping with entering the FRS information each month.	Yes
Bay	Bay Haven Charter Academy Elementary School	<u>2019-003 - Segregation of Duties</u> : The School does not have proper segregation of duties in the area of employees' access within the accounting software due to a limited number staff and the need to cross-train staff in the event of absences. This leads to certain incompatible duties being performed by one person. The School has considered the costs of hiring additional staff to improve segregation of duties and has determined that the costs would outweigh the derived benefits at this time. The auditors recommend that the School continue to evaluate the cost versus the benefit of hiring additional staff to improve segregation of duties. The auditors further recommend that incompatible duties be separated as much as possible and compensating controls be implemented to reduce the risks caused by the lack of segregation of duties. (See PDF Page 52)	SD	N/A	N/A	Yes

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2018-19 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Bay (continued)	Bay Haven Charter Academy Middle School	2019-003 - Segregation of Duties: The School does not have proper segregation of duties in the area of employees' access within the accounting software due to a limited number staff and the need to cross-train staff in the event of absences. This leads to certain incompatible duties being performed by one person. The School has considered the costs of hiring additional staff to improve segregation of duties and has determined that the costs would outweigh the derived benefits at this time. The auditors recommend that the School continue to evaluate the cost versus the benefit of hiring additional staff to improve segregation of duties. The auditors further recommend that incompatible duties be separated as much as possible and compensating controls be implemented to reduce the risks caused by the lack of segregation of duties. (See PDF Page 51)	SD	N/A	N/A	Yes
	North Bay Haven Charter Career Academy	2019-003 - Segregation of Duties: The School does not have proper segregation of duties in the area of employees' access within the accounting software due to a limited number staff and the need to cross-train staff in the event of absences. This leads to certain incompatible duties being performed by one person. The School has considered the costs of hiring additional staff to improve segregation of duties and has determined that the costs would outweigh the derived benefits at this time. The auditors recommend that the School continue to evaluate the cost versus the benefit of hiring additional staff to improve segregation of duties. The auditors further recommend that incompatible duties be separated as much as possible and compensating controls be implemented to reduce the risks caused by the lack of segregation of duties. (See PDF Page 51)	SD	N/A	N/A	Yes

Charter Schools

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County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Bay (continued)	North Bay Haven Charter Academy Elementary School	2019-003 - <u>Segregation of Duties</u> : The School does not have proper segregation of duties in the area of employees' access within the accounting software due to a limited number staff and the need to cross-train staff in the event of absences. This leads to certain incompatible duties being performed by one person. The School has considered the costs of hiring additional staff to improve segregation of duties and has determined that the costs would outweigh the derived benefits at this time. The auditors recommend that the School continue to evaluate the cost versus the benefit of hiring additional staff to improve segregation of duties. The auditors further recommend that incompatible duties be separated as much as possible and compensating controls be implemented to reduce the risks caused by the lack of segregation of duties. (See PDF Page 52)	SD	N/A	N/A	Yes
	North Bay Haven Charter Academy Middle School	2019-003 - <u>Segregation of Duties</u> : The School does not have proper segregation of duties in the area of employees' access within the accounting software due to a limited number staff and the need to cross-train staff in the event of absences. This leads to certain incompatible duties being performed by one person. The School has considered the costs of hiring additional staff to improve segregation of duties and has determined that the costs would outweigh the derived benefits at this time. The auditors recommend that the School continue to evaluate the cost versus the benefit of hiring additional staff to improve segregation of duties. The auditors further recommend that incompatible duties be separated as much as possible and compensating controls be implemented to reduce the risks caused by the lack of segregation of duties. (See PDF Page 51)	SD	N/A	N/A	Yes

Charter Schools

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2018-19 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Broward	Ben Gamla Charter School (formerly known as Ben Gamla Charter School - Hollywood)	<u>ML-18-01 - Internal Account Deposits</u> : The School did not have evidence of providing a written receipt to the student (or parent) when cash collections of \$15 or higher were received and deposit summary reports did not agree to the Recap Collections Form. The auditors recommend that the School adhere to its internal control policies and procedures relating to the internal account so that all deposits and cash receipts are properly counted, reviewed and reconciled to the amount deposited in the bank account. (See PDF Page 39)	N/A	N/A	N/A	Yes
	Bridgeprep Academy of Hollywood Hills	<u>2019-1 - Total fund balance deficit and Deficit in Net Position</u> : The auditors noted that the School had a total fund balance deficit of \$66,185 and a deficit in total net position of \$43,385 at fiscal year-end. The deficits occurred because the School's expenditures exceeded its revenues during the 2018-19 school year due to decreased funding from Title I. The auditors recommend that the School continue to properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position. (See PDF Pages 33-34)	N/A	2020 (2017-18)	The School does not believe that it has a deteriorating financial condition because the School has not experienced any of the financial emergency conditions set forth in law. In addition, the School increased its enrollment from 287 to 307 students, an 8% growth. Also, the School is expecting a surplus for the 2019-20 fiscal year and projecting a positive ending fund balance. [Note: Additional details are included in the School's response letter.]	Yes
Citrus	Academy of Environmental Science	<u>2017-2 – Transparency of Information Required on School's Website</u> : The School's website was not up to date and did not include all required information including the School's current budget and current representative contact information. The auditors recommend that management appoint an individual to gain an understanding of the required filing requirements for a website and maintain the information and continue to keep the information updated timely and completely. (See PDF Page 35)	N/A	N/A	N/A	Yes

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2018-19 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Duval	School For Accelerated Learning and Technologies	2019-001 – Significant Adjustments: At fiscal year-end, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. These adjustments were necessary to correct material misstatements of the financial statements. The auditors recommend that management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles. (See PDF Page 38)	MW	N/A	N/A	No SCHOOL CLOSED ON 2/14/2020
		2019-002 – Deteriorating Financial Condition: At fiscal year-end, the School had a spendable - unassigned fund balance deficit of approximately (\$474,000). Current liabilities exceeded current assets. The School has incurred additional debt in order to fund operating expenses during the period. The auditors recommend that the School monitor its enrollment and budget versus expenditures to ensure spending is within the budget. (See PDF Page 41)	N/A	N/A	N/A	No SCHOOL CLOSED ON 2/14/2020
Escambia	Byrneville Elementary School	2019-001 - Transparency: The School did not include the most recent budget or the most recent annual independent fiscal audit on its website as required by Florida Statutes. (See PDF Page 37)	N/A	N/A	N/A	Yes
Lee	Heritage Charter Academy, Inc.	2019-3 – Supporting Documentation and Accounts: School personnel did not maintain proper supporting documents for certain transactions. Additionally, complete and accurate accounting records were not available or provided, and bank statements were missing. The auditors recommend that the School adhere to its policies and keep record of all supporting documentation for all transactions. The auditors further recommend that the School engage an experienced CPA on accounts knowledgeable to charter schools to assist with recording daily transactions. (See PDF Page 35)	MW	N/A	N/A	Yes
Madison	Madison Creative Arts Academy	2017-06 – Credit Card: The School's credit card was in the name of Madison Academy (the name of the former private school) instead of the School's name. The auditors recommend that management get the credit card switched into the School's name or cancel the credit card and open a new card in the School's name. (See PDF Page 37)	N/A	N/A	N/A	Yes

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the
2018-19 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Manatee	Manatee School of Arts and Sciences	<u>2019-001 - Journal Entries</u> : Misstatements in the School's financial statements for the fiscal year ended June 30, 2019, were detected by the auditors. Four adjustments were required for the fair presentation of the financial statements. One was to correct items purchased that were erroneously recorded as an expense rather than a capital asset, and the others were to adjust net assets, accounts receivables, and accrued liabilities. The auditors noted that during the year management and the Board switched accountants to address the prior year finding for the significant amount of journal entries. The auditors recommend that the School continue this transition and review applicable reporting requirements at year-end to ensure that financial statements are properly adjusted and all information and financial data is being properly reported. (See PDF Page 31; also see Revised Auditor's Report, PDF Page 3)	MW	2020 (2017-18)	The School believes the changes made to its accounting process, along with having this process in place for a full fiscal year, will address this finding and anticipates no finding for the upcoming fiscal year. Steps taken to address this weakness include: (1) The School has a new governing Board with greater oversight of financial activities; (2) Policies were developed and are in place to provide layers of oversight; (3) Financials are reviewed by a minimum of three individuals, including the School's accountant, before being reviewed by the School's Board; and (4) The principal, who was hired in 2019, and the Board are working closely with the accountant and auditors to ensure these findings are resolved in a timely manner.	Yes
Marion	Francis Marion Military Academy	<u>2019-1 - Budgetary Control</u> : The School had overspent the final budget approved by the Board of Directors. In addition, the School did not amend the original budget during the year, at the end of the fiscal year, or within the 60-day period allowed for amendments per Florida Statutes. The auditors recommend that the Board review the budgeted financial statements and compare it to the actual financial statements periodically throughout the year. The auditors also recommend that the School create a process to identify areas over expended and present them to the Board for budget amendments. (See PDF Page 28)	N/A	N/A	N/A	No SCHOOL CLOSED ON 2/19/2019
Miami-Dade	Coral Reef Montessori Academy Charter School	<u>2019-1 - Total Deficit in Fund Balance</u> : The School had a total deficit fund balance of \$57,646 at fiscal year-end. The School did improve its fund balance deficit during the current year by \$218,629. (See PDF Page 46)	N/A	N/A	N/A	Yes

Charter Schools

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County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Miami-Dade (continued)	True North Classical Academy Charter School	<u>2019-1 - Total deficit in net position</u> : The School had a deficit in total net position of \$360,714 at fiscal year-end. Although the School had an increase in net position of \$58,277 for the school year, a significant portion of the deficit resulted from previous years and the School's investment in improving the infrastructure of the School and in hiring of outside consultants and additional teachers. The auditors recommend that the School continue to monitor and properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position. (See PDF Page 34)	N/A	2020 (2017-18)	This school opened in the 2015-16 school year, and significant funds were expended in the first two years of operation to upgrade facilities, order high quality texts, hire top faculty, and operate from the start at an exceptionally high level. These expenditures created the net deficit. A no interest, long-term loan was secured from an educational foundation that enabled the School to fund the deficit. Over the last four years, portions of that loan have been granted as a contribution to the School. Over the last two school years, as student enrollment grew and the School also started receiving capital outlay as a consistently A-rated school, the School is operating at a positive cash flow and the net deficit was reduced. The School expects for the deficit to be reduced in subsequent years, but does not expect to bring the deficit to a positive until two more years. The School's Board and management diligently review all School finances and are confident in the School's financial position.	Yes
St. Johns	St. Augustine Public Montessori School	<u>2019-001 – Controls over Disbursements</u> : During a portion of the year, only one individual approved bills and issued checks. Although financial reports were provided to the Board, there was no timely and detailed review of disbursements by a second individual having direct knowledge of the legitimacy of all disbursements. The auditors recommend that cash disbursement processes and procedures be reviewed with the goal of reducing any risks of theft. Specifically, at least two individuals who have knowledge of legitimate expenditures of the School should review each disbursement made. (See PDF Page 22)	MW	N/A	N/A	Yes

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the
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County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
St. Johns (continued)	St. Augustine Public Montessori School (continued)	<u>2019-002 – Supporting Documentation</u> : The School did not have adequate supporting documentation for more than a minimal number of payments to certain providers of personal services. In addition, the School did not have adequate supporting documentation for more than a minimal number of petty cash disbursements. The auditors recommend that the School have adequate supporting documentation for each disbursement, which should make clear what was purchased, when the goods or services were received by the School, how much was purchased, the unit price of what was purchased, and the total cost. (See PDF Page 22)	MW	N/A	N/A	Yes
Volusia	Reading Edge Academy	<u>2019-1 - Ensure Proper Coding of Activity in the General Ledger Accounts</u> : The auditors again noted a number of errors or inconsistencies in the coding of transactions in the general ledger accounts, which impacts the comparability of accounts from year to year. In addition, the auditors noted some improvement regarding account distribution being documented on each invoice or other supporting documentation, which better enables anyone to ascertain the proper accounts are being coded and to facilitate their traceability. The auditors recommend that greater effort be made to code the activity into the proper general ledger account, as well as providing adequate descriptions of each entry in the general ledger. In addition, the auditors recommend a monthly review of the general ledger activity to determine if the postings were recorded in the proper accounts. (See PDF Page 22)	N/A	2020 (2017-18)	The School is working more closely with its CPA firm to check that bills and receipts are coded properly. These items are now scanned and uploaded for the accountant. The School has improved in this area, and these adjustments have been corrected in the 2020 financial statements.	Yes
		<u>2019-3 - Ensure the Audit Report is Posted to the School's Website</u> : The School is required by Florida Statutes to maintain certain information on its website. While the School was generally in compliance with those requirements, the auditors noted that the prior year audit report was not evident. The auditors recommend that the School post the prior year audit report to its website to be in compliance. (See PDF Page 22)	N/A	2020 (2017-18)	The School has updated the website to include the audit.	Yes

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2018-19 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Volusia (continued)	Samsula Academy	<u>2019-1 - Ensure Proper Coding of Activity in the General Ledger Accounts:</u> The auditors again noted a number of errors or inconsistencies in the coding of transactions in the general ledger accounts, which impact the comparability of accounts from year to year. In addition, the auditors noted some improvement regarding account distribution being documented on each invoice or other supporting documentation, which better enables anyone to ascertain the proper accounts are being coded and to facilitate their traceability. The auditors recommend that greater effort be made to code the activity into the proper general ledger account, as well as providing adequate descriptions of each entry in the general ledger. In addition, the auditors recommend a monthly review of the general ledger activity to determine if the postings were recorded in the proper accounts. (See PDF Page 21)	N/A	2020 (2017-18)	The School is working more closely with its CPA firm to check that bills and receipts are coded properly. These items are now scanned and uploaded for the accountant. The School has improved in this area, and these adjustments have been corrected in the 2020 financial statements.	Yes
		<u>2019-3 - Ensure the Audit Report is Posted to the School's Website:</u> The School is required by Florida Statutes to maintain certain information on its website. While the School was generally in compliance with those requirements, the auditors noted that the prior year audit report was not evident. The auditors recommend that the School post the prior year audit report to its website to be in compliance. (See PDF Page 21)	N/A	2020 (2017-18)	The School has updated the website to include the audit.	Yes

LEGEND:

1. These audits have been conducted by private certified public accountants, as required by Section 218.39(1), Florida Statutes.

2. **Material Weakness (MW):** a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:

- a. a material misstatement of the entity's financial statements, or
- b. material noncompliance with a type of compliance requirement.

For example, 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 on a timely basis.

The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.

3. **Significant Deficiency (SD):** less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the
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County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (re: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Citrus	Academy of Environmental Science	<p>#2013-1 - Lack of Segregation of Incompatible Duties for Financial Transactions: For internal account activity accounted for in the fiduciary fund, the employee who has the sole responsibility to maintain the accounting records also handles cash collections, cosigns checks, and reconciles bank statement balances to the accounting records. While the auditors acknowledges that personnel may not always be available to permit appropriate separation of employee duties and responsibilities, they think it is important that the School is made aware of the condition. The auditors recommend that the School develop mitigating controls to ensure that secondary reviews are performed by someone other than the one individual performing the transactions. (See PDF Page 32)</p>	SD	2017 (2014-15)	The School is aware of the condition and has no viable way to eliminate it, as it would involve hiring additional personnel to assume portions of the employee's work. Some mitigating controls have been implemented to address the condition.	No

LEGEND:

1. These audits have been conducted by private certified public accountants, as required by Section 218.39(1), Florida Statutes.
2. **Material Weakness (MW):** a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:
 - a. a material misstatement of the entity's financial statements, or
 - b. material noncompliance with a type of compliance requirement.

For example, 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 on a timely basis.

The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.
3. **Significant Deficiency (SD):** less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**5B Three Peat: Local
Governmental Entities**

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2018-19 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

County	Constitutional Officer	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Baker County	Board of County Commissioners	<u>2019-002 - Reconciliation of Account Balances</u> : For the fiscal year ending September 30, 2019, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process related to year-end accrual entries. The financial statements would have been materially misstated if these adjustments had not been recorded. The auditors recommend that management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles. (See PDF Page 54)	MW	N/A	N/A	Yes
Broward County	Clerk of the Circuit Court	<u>2017-01 - Policies and Procedures Manual and Reconciliation General Ledger Accounts to Supporting Documents</u> : The auditors noted that significant general ledger accounts were not properly reconciled. The auditors recommend that the Clerk develop a formal policies and procedures manual which includes the reconciliation of general ledger accounts on a monthly basis among other key processes and procedures. (See PDF Page 359)	SD	N/A	N/A	Yes

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
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County	Constitutional Officer	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Broward County (Continued)	Clerk of the Circuit Court (Continued)	<u>2016-01 - Performance Measurement of Collection Rates</u> : The Clerk's performance rates were below the Florida Clerks of Court Operations Corporation (CCOC) standard rates for certain court types. For FY 2015-16, the first year of the finding, the auditors recommended that the Clerk work with the CCOC to review the current established standards and consider revisions of the standard rates based upon performance statewide, or explore changes in the Clerk's operating environment to achieve the established measures and standards. (See PDF Page 360)	N/A	2020 (FY 2017-18)	The Clerk is taking the following concerted corrective actions to resolve this finding: (1) reviewing internal and external processes for effectiveness and efficiency; (2) assigning a Finance staff to work with the four divisions not compliant with the standards; (3) implementing quarterly review of standards; and (4) implementing timely remedial actions. The Clerk will actively participate in the CCOC Performance Improvement and Efficiencies Committee to review and recommend performance measure changes. Additionally, the Clerk will look for best practices from other Clerks to improve collection rates and meet performance measurement standards.	Yes
	Sheriff	<u>IC 2019-001 - Revenue, Unavailable and Unearned Revenue</u> : In accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement 33, "Accounting and Financial Reporting for Nonexchange Transactions," recipients should recognize revenues when all applicable eligibility requirements, including time requirements, are met. The auditors noted that one of the two transactions recorded in unearned revenue selected to testing met the eligibility requirements, which allowed revenue recognition in the current year. The amount should not have been recorded as unearned revenue. The Finance department did not sufficiently review the balance to determine that all items noted as unearned revenue did not meet the criteria for review recognition under GASB 33. The auditors recommend that the Finance department review its current process for review and approval of the recording of nonexchange transactions. (See PDF Page 242)	SD	N/A	N/A	Yes

MW = Material Weakness (see 2. In Legend)
SD = Significant Deficiency (see 3. In Legend)

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DeSoto County	Board of County Commissioners	<u>2019-1 - Information Technology (IT) Controls</u> : The auditors noted opportunities to improve and strengthen the control environment and the quality and integrity of information generated by the IT systems. The auditors recommend that the County review and consider ways to improve its IT environment and determine a plan to implement the recommendation provided in the audit report. See the audit report for details. (See PDF Page 114)	N/A	N/A	N/A	Yes
Flagler County	Board of County Commissioners	<u>2019-002 - State Award Allowable Activities and Cost Requirements - Florida Commission for the Transportation Disadvantaged (CSFA No. 55.001)</u> : The auditors reported questioned costs related to trips provided for transportation disadvantaged individuals. The County was unable to provide documentation in some cases regarding documentation of disadvantaged status. The auditors recommend that the County amend the documentation retention policy to maintain forms indefinitely as long as participants continue to use the County's transportation services, which the County has implemented. The auditors also recommend that the County require new forms to be completed by all participants from time to time to ensure no changes in a participant's situation, which could impact the allowablility of providing transportation. The County is still in the process of obtaining forms from all participants. (See PDF Page 222)	MW	N/A	N/A	Yes

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County	Constitutional Officer	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Flagler County (Continued)	Sheriff	<u>2019-001 - Separation of Duties</u> : Due to the size of the Sheriff's business office and the limited number of available personnel, the handling of incoming checks, preparation of deposit slips, posting of receipts to accounts receivable and the general ledger, and the opening and reconciliation of the monthly bank statements are not adequately segregated. The auditors recommend that the Sheriff's Office consider and evaluate the costs and benefits of improving internal control related to the cash receipts process and that the individual recording transactions does not open the mail, prepare a prelist of the cash received, and prepare the deposit slip. (See PDF Page 273)	MW	N/A	N/A	Yes
Gadsden County	Board of County Commissioners	<u>2019-01 - State Project Reporting - State Housing Initiative Partnership Program (CSFA No. 40.901)</u> : The auditors noted that amounts reported in the annual report did not agree to the County's financial records contained in the accounting system. The auditors recommend that the differences be investigated and resolved, and the annual report be corrected and resubmitted, if necessary. The auditors further recommend that future annual reports submitted to the Florida Housing Finance Corporation (FHFC) be reconciled to the County's financial records prior to submission to the FHFC. (See PDF Page 99)	SD	N/A	N/A	Yes

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County	Constitutional Officer	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Gadsden County (Continued)	Sheriff	<p><u>2017-1 - Confiscated Funds</u>: The auditors noted that the Sheriff's Office inventory listing for cash in evidence (safe maintained in the Finance Director's office) currently contains items up to and over 15 years old. While the Sheriff has made significant progress in identifying and disposing of funds eligible for forfeiture in the current year, the auditors recommend that the Sheriff's Office continue to perform periodic (at least annual) reviews of cash maintained in evidence to determine if any funds are subject to forfeiture, if the related case has been adjudicated, and whether the funds should be released to the appropriate party until all long-outstanding seizure funds have been investigated and disposed of, if applicable. In addition to cash held in the safe as evidence, there are certain confiscated funds that are currently maintained in one of the Sheriff's bank accounts, which have been held for several years. The auditors recommend that a review of the case files related to these funds be performed and a determination made as to whether a court order can be obtained to release the funds to the appropriate party or remit them to the Board of County Commissioner's (Board's) Fine and Forfeiture Fund. Finally, there are towing and impound fee funds that are currently maintained in a bank account. The auditors recommend that a review of the limitations on the allowable spending period for these funds be performed and a determination made of whether any of these funds should be remitted to the Board's Fine and Forfeiture Fund. (See PDF Page 175)</p>	N/A	N/A	N/A	Yes

MW = Material Weakness (see 2. In Legend)
SD = Significant Deficiency (see 3. In Legend)

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Gadsden County (Continued)	Sheriff (Continued)	<u>2016-1 - Financial Statement Close</u> : The Sheriff's office does not have effective procedures in place to close the books and prepare timely bank account reconciliations; therefore, there is an increased risk that errors of fraud will go undetected for long periods of time. The auditors recommend that the Sheriff's office continue to evaluate the need to hire additional accounting staff to assist with the monthly and year-end closing process. The auditors also recommend that a detailed plan be established, including scheduled completion dates for each step required in the closing process and that procedures be implemented to ensure that all bank accounts are reconciled within 20 days of month-end. (See PDF Page 172)	SD	2020 (FY 2017-18)	As recommended by the auditors, monthly bank reconciliations are performed by a hired consultant to comply with segregation of duties. The consultant also assists with the monthly closing process. However, due to unforeseen circumstances with two Finance office employees, a shortage in staffing created a backlog in the workload for FY 2018-19. The Sheriff's Office is currently in the process of hiring an additional accounting personnel to help with the increased workload and to address this audit finding. The Sheriff's Office is continually making efforts to follow its year-end closing process, which is generally completed by October 31st of each year in order to meet the requirement to remit excess fees to the Board of County Commissioners. The financial statement close process is not formally documented. The financial statements and note disclosures are prepared by the external auditing firm. These financial statements are reviewed by the Finance Director and the outside consultant for accuracy and agreement with the internal financial statements. The Sheriff's Finance office has established and will continue to improve upon a financial system that not only has accountability on all levels, but also enables planning for future public safety issues as Gadsden County continues to grow. [Note: Specific details regarding the financial statement close process are included in the response letter.]	Yes

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Glades County	Board of County Commissioners	<u>2019-003 - SHIP (State Housing Initiatives Partnership Program) Reporting (CSFA No. 40.901)</u> : The County is required to submit to the Florida Housing Finance Corporation by September 15 the required report of its affordable housing program and accomplishments through June 30 immediately preceding submittal of the report. The report shall be certified as accurate and complete by the local government's chief elected official or his or her designee. The FY 2015-16 annual report was not filed until April 2020, and no reports were filed for the 2016-17 and 2017-18 award periods. The auditors recommend that the County develop a checklist that includes required reports that must be filed, what to include in the reports, filing dates, and information to be maintained for record-keeping purposes to show what was filed and when it was filed. (See PDF Page 93)	MW	2020 (FY 2017-18)	The FY 2015-16 annual report was unable to be submitted online because there were still encumbered funds remaining to be spent. An un-submitted annual report and summary of status of the 2015-16 funding year for Glades County was emailed to Florida Housing. The SHIP Coordinator has been working diligently to ensure all encumbered funds are spent and the reports are submitted.	Yes
	Clerk of the Circuit Court	<u>ML 2019-002 - Timely Remittance of Agency Transactions</u> : The Clerk's agency fund contained balances that were not current, or, for those balances that are held for a period of time, were not supported by subsidiary schedules that are reconciled to the general ledger. Written policy and procedures do not clearly address the accounting, remittance, and monitoring of agency fund transactions. The auditors recommend that agency fund balances be reconciled timely and supported. Details are provided in the audit report. (See PDF Page 138)	N/A	2020 (FY 2017-18)	The Clerk's Office has continued to track the remittances of fines and fees and reconcile the subsidiary schedules for accounts such as Tax Deeds Suspense, General Suspense, Court Registry, Bond Forfeitures, etc. Subsidiary schedules have been reconciled back to 2002. The Clerk's Office has been and is continuing to work on reconciling the older account balances in order to remit funds where they need to be paid.	Yes

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Hardee County	Sheriff	<p><u>2019-001 - Audit Adjustments and Account Reconciliations:</u> The Sheriff's management is responsible for establishing and maintaining internal controls to ensure that transactions are properly recorded and reported in the financial statements in accordance with generally accepted accounting principles (GAAP). Several balance sheet accounts are not reconciled on a monthly basis. Accounts including prepaid items, accounts payable, accrued liabilities, and fund balance did not reconcile to supporting documentation. The auditors recommend that: (1) account reconciliations be prepared monthly, including at fiscal year-end, by one person and reviewed by another; (2) reconciliations be performed for all balance sheet accounts; (3) any discrepancies be investigated and resolved; and (4) trial balances be reviewed to ensure that all accounts are reconciled and any relate adjustments from a prior or current year are posted. (See PDF Page 210)</p>	MW	2020 (FY 2017-18)	<p>For the past three years, the radio tower and radio lease has been an issue during the annual audit. During FY 2016-17, there was a need to upgrade the radio tower and radios as the current tower and radios were quickly becoming obsolete. The radio tower and radio upgrade involved other agencies in the County and the financial portion of this process was coordinated through the Board of County Commissioners (BOCC). The Sheriff's Office first payment for the upgrade was made at the close of FY 2016-17, and since the payment was being made from collected revenues a budget amendment was not completed, causing the finding in the FY 2016-17 audit. Due to the high cost of the necessary upgrades, the BOCC began to explore financing options at the beginning of FY 2017-18 and selected a financing option (Motorola) to be paid annually for 3 years. Due to the timing of the BOCC's agreement with Motorola, the annual payment was not budgeted into that fiscal year. In February 2018, the Sheriff's Office made contact with the BOCC to verify the amount due and informed the BOCC that the payment would be made at the end of February. The BOCC informed the Sheriff's Office that it would need to make the payment directly to Motorola and it was past due; the payment was made the end of March. BOCC staff directed the Sheriff's Office to book the expense in a manner consistent with its accounting, and the Sheriff's Office was later informed by the auditors that this was incorrect, causing the finding in the FY 2017-18 audit. With the assistance of the auditors, the Sheriff's Office was able to obtain the total principal and interest amounts and correctly book these amounts. The Sheriff's Office made its third and final payment to Motorola in December 2019 and booked the entry according to the auditors' instructions. This audit finding has been corrected as the Sheriff's Office has completed its financial obligation to Motorola under the financing agreement.</p>	Yes

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Hardee County (Continued)	Sheriff (Continued)	<u>2019-003 - Budgets</u> : The budget was not amended with the Board of County Commissioners (Board) for expenditures funded by specific charges for services and intergovernmental revenues received directly by the Sheriff. At fiscal year-end, expenditures in the General Fund exceeded the final appropriated budget. The auditors recommend that budgets be monitored and amended when needed, within the time period allowed by Statute, to ensure that the Sheriff does not incur expenditures or transfers in excess of budgeted amounts. The auditors further recommend that the Sheriff request amendment to the budget for those expenditures funded by specific revenues that were received directly from sources other than the Board. (See PDF Page 212)	N/A	N/A	N/A	Yes
Holmes County	Tax Collector	<u>2013-01 - Information Technology General Controls - Passwords</u> : Passwords to log in to the AS400 financial system do not expire and do not require both an alpha and numeric code and lockout has not been enabled. This could expose the Tax Collector's information technology system to internal and external threats resulting in unauthorized users gaining access to financial and nonfinancial data including personally identifiable information. The auditors recommend that the Tax Collector update his password policy to require passwords to expire every 90 days and include at least one numeric code as an addition to the alpha code. (See PDF Page 232)	MW	2020 (FY 2017-18)	The Tax Collector's Office acknowledges the finding and, after evaluating the constraints of the AS400 security user group limitations (password level-inquiry only), will remain with the current password determinations.	Yes

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Leon County	Board of County Commissioners	<u>2019-001 - Closing Process</u> : The preliminary financial reports for FY 2018-19 included significant errors and omitted information. The errors were discovered during the audit process and were properly investigated and corrected by management. The cause relates to significant turnover in management within the finance department and deficiencies in the design of internal controls for financial reporting. The auditors recommend that management review its policies and procedures for significant transaction cycles, document the process for closing the books for its monthly and annual financial reporting, and set a timeline for the monthly and annual reconciliation of account balances and schedules. The auditors also recommend that management continue to evaluate the structure and staff responsibilities of the finance department to ensure an appropriate number of properly qualified employees are assigned financial reporting responsibilities. (See PDF Page 119)	SD	N/A	N/A	Yes

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Levy County	Board of County Commissioners	<p><u>2019-001 - Segregation of Duties:</u> The internal control environment should include appropriate segregation of duties along with review policies and procedures over all financial activities to prevent and detect errors to the accounting records and a means to correct them in a timely manner. The County has a limited number of personnel in the decentralized cash receipting and billing areas, as well as in the Finance Department. As a result, there were insufficient internal controls over the billing and receipting processes and decentralized collection systems in various departments, generally with one individual performing all aspects of certain transactions. There were also insufficient controls over the receipting and posting processes to record revenue to the general ledger, and multiple occasions of one individual performing the process from start to finish with no review. The auditors recommend that, whenever possible, duties be segregated so that collections and billings performed by one individual are reviewed by another individual separate from that function, with that review being documented. The auditors further recommend that: (1) cash collections and billing processes be documented with formal procedures and those procedures be followed consistently; (2) the systems used for decentralized billing and collections be assessed for security and consistency; and (3) revenue and other data from such subsystems be reviewed on a regular basis. (See PDF Page 68)</p>	MW	N/A	N/A	Yes

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Liberty County	Sheriff	<u>2016-IC-03 - Budget Administration</u> : The Sheriff's office deposited numerous different types of fee proceeds into the Sheriff's operating account instead of remitting these fees to the County as required. The Sheriff also deposited impound fees into a separate "Narcotics account," and this activity was not recorded to the general ledger's activity of the Sheriff's office. Therefore, the Sheriff's office cannot document compliance with Section 30.51, Florida Statutes. The auditors recommend that the Sheriff set up the controls and procedures necessary to account for the activity of the agency accounts and its own operating accounts and also review the Florida Statutes regarding the uses of fees. (See PDF Page 151)	MW	2020 (FY 2017-18)	The Sheriff's Office will not be assessing fees associated with traffic stops effective July 1, 2019.	Yes

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Miami-Dade County	Board of County Commissioners	<u>2019-001 - Password Configurations</u> : Password configuration settings have not been adjusted to meet minimum requirements as stated in the ITD Information Security Policy. Risks include unauthorized use, disclosure of proprietary information, modification, damage, or loss of data. The auditors recommend that management consider adjusting the invalid password attempts network setting to meet the minimum requirements as stated in the information security policy. (See PDF Page 330)	N/A	2020 (FY 2017-18)	This finding related to password configuration settings over invalid password attempts was corrected in April 2019, in accordance with the Enterprise Information Security Policy Manual. The implementation of password length and password history requires a significant development, testing, validation, and implementation effort. The current payroll application is scheduled for replacement by a new ERP system in early 2021, and modification of the existing legacy mainframe payroll system would involve duplicate development efforts that could result in a delay in the implementation of the new system. Note, the development efforts for the new ERP system are currently underway. The new ERP system will implement account authentication/authorization in a manner compliant with the Enterprise Security Policy. The County considers the three independent logins (network, mainframe, and application) which are required prior to accessing the payroll system to be adequate compensating controls until the new ERP system is implemented.	Yes
Putnam County	Board of County Commissioners	<u>2019-001 - Information Technology</u> : During the FY 2018-19, an IT strategic plan was not in place, and policies and procedures for backups had not been documented. As of March 1, 2020, the County is working on developing a data backup and recovery policy. The auditors recommend that the County create and implement an IT strategic plan and perform an IT risk assessment addressing both internal and external risks to IT systems. The auditors also recommend that the County develop formalized data back-up policies and procedures to ensure the availability of financial data back-ups. (See PDF Page 168)	SD	N/A	N/A	Yes

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Prepared by the Staff of the Joint Legislative Auditing Committee
February 2021

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Putnam County (Continued)	Clerk of the Circuit Court	<u>2019-001 - Other Control Deficiencies and Noncompliance:</u> The Clerk's Office did not achieve the following performance measures: (a) Collections performance standards for Circuit Criminal, County Criminal, Juvenile Delinquency and Civil Traffic; and (b) Timeliness standards for Circuit Civil, Probate, Circuit Criminal and Juvenile Delinquency. The auditors recommend that the Clerk's Office continue to pursue the goal of meeting the performance standards for which it has the ability to control. (See PDF Page 200)	N/A	2020 (FY 2017-18)	The audit finding has been difficult to correct and may never be completely resolved due to limited resources and demographic factors. [Note: Specific factors are listed in response letter.] The Clerk's Office has strived to improve collections and timeliness with the following procedures: (1) The Office began sending electronic notification of fines due in 2017 by email and text, as well as regular mail; (2) The Office contracts with a collection agency to pursue delinquent fines and court costs; (3) Office staff attend each court event to gather contact information from defendants; (4) Office staff offer partial pay contracts to defendants; (5) Putnam County will pursue collections even though they have been turned into civil liens; and (6) In August 2017 the Office reorganized the structure of its departments and opened a Customer Service Center for all walk-in customers, which handles new cases, filing, recording, passports, receipt of court-related fines, and traffic citations. This allows staff in other departments to have uninterrupted time to docket cases efficiently.	Yes

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Sumter County	Sheriff	<p><u>2019-002 - Material Weakness in Service Organization Internal Control Monitoring:</u> The Office contracts with service organizations to provide commissary and telephone services to inmates. The Office does not monitor internal control of the service organizations over revenue collection and remittance. A service contract was not available between the Office and the commissary provider. The service organizations do not provide SOC-1, Type 2 reports for the services they provide to the Office, and the Office has not taken alternative steps to identify and monitor relevant controls. The auditors recommend that the Office request an annual SOC-1, Type 2 report from each of the service organizations and implement and monitor relevant user controls. The auditors further recommend that, if such report is unavailable, the Office take alternative steps to understand and monitor the controls at the service organizations and to identify, implement, and monitor the relevant user controls. In addition, the auditors recommend establishing a written contract with the commissary provider. (See PDF Page 178)</p>	MW	N/A	N/A	Yes

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Washington County	Board of County Commissioners	<u>BCC1997-001 - Capital Assets Records</u> : A complete and accurate listing of all property, equipment, and infrastructure has not been maintained or reconciled to the depreciation schedules and recorded balances. As a result, the recorded capital asset balances and related depreciation amounts are not in agreement with available supporting documentation. The lack of supporting documentation for the recorded capital asset balances and related depreciation amounts as reported on the government-wide Statement of Net Position does not allow for an unmodified audit opinion. The auditors recommend that the County undertake a project to ensure all assets are recorded on the capital asset listing at cost or estimated historical cost, establish a depreciation schedule, and reconcile these to the recorded balances on the general ledger. The auditors also recommend that a formal policy be established regarding acquisition and disposition of all assets and a physical inventory be taken at least annually. (See PDF Page 96)	MW	2020 (FY 2017-18)	Establishing historical capital asset records, while not impossible, is a very significant undertaking for a small rural county with limited resources. Compiling a list of the assets owned by the County, and determining the actual cost or estimated historical cost of each, has required much time and effort. Some progress has been made in this effort as a listing of all titled vehicles and equipment is completed. Also, an investment in software to facilitate this process has been made. While more work remains to be done to complete this effort, the County is moving towards that end. The County expects that this finding will remain until staff completes work in this area.	Yes

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FOOTNOTE/LEGEND:

1. These audits have been conducted by private certified public accountants, as required by Section 218.39(1), *Florida Statutes*.
2. **Material Weakness (MW)**: a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:
 - a. a material misstatement of the entity's financial statements, or
 - b. material noncompliance with a type of compliance requirement.

For example, 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 on a timely basis.

The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.

3. **Significant Deficiency (SD)**: less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Glades County	Board of County Commissioners	<u>2019-001 - Audit Adjustments</u> : The auditors proposed audit adjustments to revise the County's financial statements at fiscal year-end. These adjustments involved the recording of accruals, reclassifications of revenues, disbursements to the proper accounts, and fund balance reclassifications. The auditors recommend that County management be consistently aware of all procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items. (See PDF Page 90)	MW	2017 (FY 2014-15)	The Clerk's office implemented a Reconciliation Policy effective June 6, 2014. A policy has also been implemented that requires all journal entries to be reviewed and approved by the Finance Director or the Clerk prior to entry. There are a limited number of personnel in the Finance Office; however, the Clerk's office is working diligently to improve policies and procedures to prevent future audit adjustments after the year-end trial balance is presented to the external auditing firm.	No
Holmes County	Property Appraiser	<u>2012-02 - Disbursement Controls</u> : Due to a limited number of personnel involved in the cash disbursement process, some critical duties are not adequately segregated. The lack of adequate control procedures could result in the misuse or misappropriation of assets. The auditors recommend implementing control procedures to separate the bank reconciliation, check writing, check distribution, and creating new vendor file responsibilities. The auditors further recommend some steps that should be taken, including to limit some of the responsibilities of the Chief Deputy. (See PDF Page 152)	MW	2017 (FY 2014-15)	The Property Appraiser's office is following several of the recommendations. Drafted checks are sent directly to the Property Appraiser for review, approval, and signature. The Property Appraiser reviews the bank statement reconciliations and examines reconciling items. The office has limited staff and resources of a small entity and does not have funding to hire additional personnel to segregate all disbursement duties at this time.	No

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Holmes County (Continued)	Sheriff	<u>2010-01 - Segregation of Duties:</u> Due to the limited number of personnel involved in the cash disbursement process, some control duties are not adequately segregated. The lack of adequate control procedures could result in the misuse or misappropriation of assets. The auditors recommend that control procedures be implemented to separate the accounts payable, bank reconciliation, and check writing responsibilities. The auditors also recommend some steps that should be taken, including limiting some of the responsibilities of the Finance Director. (See PDF Page 206)	MW	2017 (FY 2014-15)	Due to limited staff and resources this finding may never be fully resolved. The Sheriff's Office has implemented various internal control measures. The Sheriff now reviews, approves, and signs checks, and a third party distributes the checks. Additional details are provided in the response.	No
Jackson County	Sheriff	<u>SH2006-01 - Segregation of Duties:</u> There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees who have custody of the Sheriff's assets. The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected. The auditors realize that, due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. The auditors also recommend that the Sheriff receive and review the unopened bank statements each month. (See PDF Page 212)	MW	2017 (FY 2014-15)	The Sheriff now opens and reviews bank statements, as recommended. The response includes other additional information related to compensating controls implemented by the Sheriff's Office; however, with limited staffing it is difficult to separate these duties any further.	No

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Lafayette County	Board of County Commissioners	<u>12-01 - Financial Statement Preparation Knowledge:</u> County personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the County from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that County personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles. (See PDF Page 64)	MW	2017 (FY 2014-15)	As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The County believes that the limited funds received will be of better use to serve constituents. The County will continue to rely on the auditors in preparing financial statements.	No
	Clerk of the Circuit Court	<u>12-01 - Financial Statement Preparation Knowledge:</u> Personnel in the Clerk of Court's office lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Clerk of the Circuit Court from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that Clerk of the Circuit Court personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles. (See PDF Page 105)	MW	2017 (FY 2014-15)	As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The Clerk believes that the limited funds received will be of better use to serve constituents. The Clerk will continue to rely on the auditors in preparing financial statements.	No

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Lafayette County (Continued)	Property Appraiser	<u>12-01 - Financial Statement Preparation Knowledge:</u> Personnel in the Property Appraiser's office lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Property Appraiser from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that Property Appraiser personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles. (See PDF Page 190)	MW	2017 (FY 2014-15)	As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The Property Appraiser believes that the limited funds received will be of better use to serve constituents. The Property Appraiser will continue to rely on the auditors in preparing financial statements.	No
	Sheriff	<u>12-01 - Financial Statement Preparation Knowledge:</u> Personnel in the Sheriff's office lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Sheriff from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that Sheriff personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles. (See PDF Page 134)	MW	2017 (FY 2014-15)	As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The Sheriff believes that the limited funds received will be of better use to serve constituents. The Sheriff will continue to rely on the auditors in preparing financial statements.	No

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Lafayette County (Continued)	Supervisor of Elections	<u>12-01 - Financial Statement Preparation Knowledge:</u> Personnel in the Supervisor of Election's office lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Supervisor of Elections from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that Supervisor of Elections personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles. (See PDF Page 217)	MW	2017 (FY 2014-15)	As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The Supervisor of Elections believes that the limited funds received will be of better use to serve constituents. The Supervisor of Elections will continue to rely on the auditors in preparing financial statements.	No
	Tax Collector	<u>12-01 - Financial Statement Preparation Knowledge:</u> Personnel in the Tax Collector's office lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Tax Collector from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that Tax Collector personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles. (See PDF Page 162)	MW	2017 (FY 2014-15)	As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The Tax Collector believes that the limited funds received will be of better use to serve constituents. The Tax Collector will continue to rely on the auditors in preparing financial statements.	No

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County	Constitutional Officer	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Putnam County	Supervisor of Elections	<u>2019-001 - General Accounting Records</u> : Material audit adjustment were necessary to properly state certain balances at year-end. Personnel are unable to prepare financial statements, including notes, in accordance with generally accepted accounting principles. The auditors recommend that the Supervisor of Election's Office consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 278)	MW	2020 (FY 2017-18)	The Office will evaluate its procedures in regard to the preparation of financial statements and reporting and make adjustments, taking into account limited resources, to conform to generally accepted accounting principles (GAAP).	No
Sumter County	Sheriff	<u>2019-001 - Material Weakness in Segregation of Duties</u> : Because the Sheriff's office has a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that, whenever possible, duties be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 178)	MW	2020 (FY 2017-18)	The Sheriff's Office has and continues to implement new controls to prevent any one person access to both physical assets and related accounting records. In areas where proper segregation cannot be achieved, compensating controls have been implemented to mitigate the risk.	No

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SD = Significant Deficiency (see 3. In Legend)

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Washington County	Property Appraiser	<u>PA2003-003 - Need for Segregation of Duties</u> : There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees who have custody of assets. The auditors realize that, due to the size of the administrative staff, it is difficult to achieve ideal separation of duties; however, the auditors recommend that the Property Appraiser remain very active and involved in the day-to-day operations. The auditors further recommend that controls be implemented to help compensate for these weaknesses and to provide appropriate checks and balances. (See PDF Page 200)	SD	2017 (FY 2014-15)	This is a small office with employees who have overlapping duties, and complete segregation of duties is not possible. The Property Appraiser will continue to remain active in the day-to-day operations of the office and continue to ensure there are checks and balances in the daily work and the ledger is balanced on a monthly basis.	No
	Sheriff	<u>SH2003-001 - Need for Segregation of Duties</u> : There is a lack of segregation of duties between employees who have recordkeeping responsibilities and employees who have custody of Sheriff's assets, due to limited personnel in the accounting department. The auditors realize that, due to the size of the Sheriff's administrative staff, it is difficult to achieve ideal separation of duties. However, the auditors recommend that the Sheriff remain very active and involved in the day-to-day operations. The auditors further recommend controls be implemented to help compensate for these weaknesses and to provide checks and balances. (See PDF Page 175)	SD	2017 (FY 2014-15)	The Sheriff's Department is a small office, and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties. Procedures to help alleviate this situation include: (1) the person responsible for completing bank reconciliations does not process checks/payments nor does she have check-signing authority, and (2) the Sheriff reviews all monthly bills to be paid. The Sheriff's Department will continue to initiate controls to mitigate the lack of segregation of duties and is currently working with the auditors to identify specific areas the Department can work on to help alleviate this comment.	No

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Washington County (Continued)	Supervisor of Elections	<u>SOE 2003-003 - Need for Segregation of Duties:</u> There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees who have custody of assets, due to limited personnel in the accounting department. The auditors realize that, due to the size of the Supervisor of Elections' administrative staff, it is difficult to achieve ideal separation of duties. However, the auditors recommend that the Supervisor of Elections remain very active and involved in the day-to-day operations. The auditors further recommend that controls be implemented to help compensate for these weaknesses and to provide checks and balances. (See PDF Page 227)	SD	2017 (FY 2014-15)	The Supervisor of Elections is a small office, and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties. Procedures to help alleviate this situation include: (1) the person responsible for completing bank reconciliations does not process checks/payments nor does she have check-signing authority, and (2) the Supervisor of Elections reviews all monthly bills to be paid. The Supervisor of Elections will continue to initiate controls to mitigate the lack of segregation of duties. Appropriate safeguards are in place to deter fraud and abuse from taking place. The office is currently working with the auditors to identify specific areas it can work on to help alleviate this comment.	No
	Tax Collector	<u>TC2003-003 - Need for Segregation of Duties:</u> There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees who have custody of assets, due to limited personnel in the accounting department. The auditors realize that, due to the size of the Tax Collector's administrative staff, it is difficult to achieve ideal separation of duties. However, the auditors recommend that the Tax Collector remain very active and involved in the day-to-day operations. The auditors further recommend that controls be implemented to help compensate for these weaknesses and to provide appropriate checks and balances. (See PDF Page 258)	SD	2017 (FY 2014-15)	With the financial pressures and lack of funding, the Tax Collector has found the cost/benefit ratio is far too great to employ more personnel. The Tax Collector's Office is a small office, and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties. Procedures to help alleviate this situation include: (1) the person responsible for completing the daily deposit and bank reconciliations each month will not process any payment transaction nor will she/he have check-signing authority, and (2) the Tax Collector reviews all monthly bills to be paid. The Tax Collector will continue to initiate controls to mitigate the lack of segregation of duties. Appropriate safeguards are in place to deter fraud and abuse from taking place. The Tax Collector is currently working with the auditing firm and will continue to have an active role in office operations.	No

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FOOTNOTE/LEGEND:

1. These audits have been conducted by private certified public accountants, as required by Section 218.39(1), *Florida Statutes*.
2. **Material Weakness (MW)**: a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:
 - a. a material misstatement of the entity's financial statements, or
 - b. material noncompliance with a type of compliance requirement.

For example, 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 on a timely basis.

The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.

3. **Significant Deficiency (SD)**: less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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City of Apalachicola	Franklin County	<p><u>2017-007 - Operating Expenditures Exceed Budget:</u> General fund expenditures exceeded the approved budget in total and specifically in general government, public safety, and culture and recreation as well as in capital outlays, and debt service in the general fund, and in culture and recreation and capital outlays in the library fund. The auditors recommend regular review of budget variances and amendments to the budget as needed. (See PDF Page 72)</p>	SD	N/A	N/A	Yes
		<p><u>2017-003 - Deteriorating Financial Condition:</u> The City was experiencing a deteriorating financial condition. This condition resulted in the city determining that they were unable to pay the full amount due on one of the notes payable. The auditors recommend that the City continue to improve procedures to increase revenues and decrease expenses to improve cash balances and operating results. (See PDF Page 70)</p>	MW	2020 (FY 2017-18)	<p>The City has taken steps to improve its financial condition as follows: (1) instituted two significant utility rate increases to better meet the systems' operational, maintenance, and debt service needs, and approved a third rate increase this fiscal year; (2) decreased operating expenditures and eliminated positions in an effort to reduce operating costs; (3) with support from DEP, currently working with the Florida Rural Water Association on an Asset Management Plan, a Water Loss Audit, and an Energy Use Audit; (4) met all current fiscal year debt service requirements and with the increase in utility rates has approved a payback plan for the current debt and debt default amounts, as well as proposed selling surplus property during the current fiscal year in order to pay back the debt default amount even sooner; (5) adopted better internal control policies and initiated authorizations for payments and purchase orders to prevent over spending and to control costs; and (6) now making monthly transfers into restricted cash accounts for the sinking fund bond requirements. As a result of the steps taken, the City is confident that not only the 2018-19 audit but the 2019-20 audit will show the City is in a much better financial position than in the past, and the deteriorating financial condition has been resolved.</p>	Yes

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City of Apalachicola (Continued)	Franklin County (Continued)	<u>2017-005 - Sinking Reserve Board Accounts Not Funded as Required:</u> The City's bond agreements specify amounts that must be transferred on a monthly basis into restricted cash accounts for the purpose of making the annual bond payments. The City is not in compliance with bond requirements. The auditors recommend that the City review the bond documents to determine what the requirements are for each bond and make transfers as required. (See PDF Page 71)	SD	N/A	N/A	Yes
		<u>2017-006 - Non Compliance with Requirements Set forth in the State Revolving Loan Agreement:</u> The City was not in compliance with requirements set forth in the State Revolving Loan Agreement. The agreement indicated the City shall maintain rates and charges for the services furnished by the water and sewer systems which will be sufficient to provide, in each fiscal year, supplemental pledged revenues equal to or exceeding 1.15 times the sum of the City's share of the semiannual payments due in such fiscal year. The City has raised the rates and is in compliance with the negotiated payment schedule, but the City is still not current in its payments. The auditors recommend that the City work with the Department of Environmental Protection to get an agreement that allows the City document compliance with all the provisions of the loan. (See PDF Page 71)	SD	N/A	N/A	Yes

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City of Apalachicola (Continued)	Franklin County (Continued)	<u>2017-004 - Property and Equipment Records and Disposal Procedures:</u> Property and equipment records were not complete per the requirements set by the State of Florida, and the property and equipment is not being properly tagged. An inventory was not taken during the year ended September 30, 2019. The auditors recommend that the City work to improve procedures related to tracking assets, including disposal, in accordance with the requirements set forth in Florida. (See PDF Page 70)	MW	N/A	N/A	Yes
City of Apopka	Orange County	<u>2017-002 - Fixed Assets:</u> The City showed improvement in reconciling their ending asset balances to the general ledger. However, the City still does not track their assets individually in their subledger and has not completely implemented an annual fixed asset inventory count. Additionally, there is no formal process in place to reconcile capital outlay to capital asset additions. The auditors recommend that the City review and reconcile all fixed asset account balances, at least annually, to ensure timely and accurate financial reporting. (See PDF Page 142)	MW	N/A	N/A	Yes

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City of Arcadia	DeSoto County	<u>2019-001 - Bank Reconciliations</u> : The City's bank accounts associated with pooled cash were not completely reconciled to the general ledger in a timely manner and the reconciliation contained errors. Cash posting errors occurred related to water, sewer, and solid waste receipts. The auditors recommend that management improve on its bank reconciliation process with more accurate and timely reconciliations. (See PDF Page 96)	MW	2020 (FY 2017-18)	City management takes the recommendations of the auditors very seriously and the hiring of a full-time staff member to be dedicated to reconciliations on an ongoing basis has been the focus. In May 2019, a new Reconciliation Clerk began work, with his main task being the monthly reconciliations of bank statements and the balance sheet accounts. While the processes have continued to improve, there is still an issue with the pooled account that makes reconciliation difficult. Management, with guidance from the auditors, contracted with an independent consultant to look at the City's processes and review the steps being taken not only with reconciliation, but all of the City's finance operations. The overall analysis showed that there are some set-up issues that stem back to when the software was initially configured (before the present finance staff). There is a plan in place to correct the issues and, once that is completed, staff will be able to utilize a reconciliation process through the software, which will allow for a much more streamlined automated way to reconcile to bank statements. The City plans for this to be corrected and the new process to be in place by October 1, 2020.	Yes

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City of Arcadia (Continued)	DeSoto County (Continued)	<u>2019-002 - Account Reconciliations and Audit Adjustments:</u> In prior years, material adjustments to correct errors in the City's financial statements were identified during the audit. These types of errors were identified again in the current year and resulted in material adjustments to the City's financial statements. In addition, several balance sheet accounts are not reconciled on a monthly basis. Accounts including investment balances, receivables, accounts and retainage payable, and intergovernmental revenue did not reconcile to supporting documentation or were the results of other errors. The auditors recommend that reconciliations be prepared monthly by a staff member and reviewed by a member of management, allowing management the ability to perform analytical analysis and to identify unusual account balances. The auditors further recommend that trial balances be reviewed to ensure that all accounts are reconciled and any related adjustments are posted, and management evaluate revenue transactions to ensure revenue is recognized in accordance with Generally Accepted Accounting Principles. (See PDF Page 97)	MW	2020 (FY 2017-18)	The City is dedicated to operating its financial matters in a professional, businesslike manner. It is imperative that all entries be recorded prior to commencement of the audit, and staff is striving to make sure that this is the case for the upcoming year and all years to follow. During the 2018-19 fiscal year, the findings from the 2017-18 audit and the auditor adjusting entries were reviewed, and measures were taken to ensure things done or not done in prior years did not continue for the 2018-19 fiscal year.	Yes

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City of Bowling Green	Hardee County	<u>2019-01 - Year End Adjustments</u> : Audit procedures identified various adjustment that were required to be reflected in the City financial statements. This included adjustments to record grant revenue and expenses, long-term debt and related service costs, certain accruals, and depreciation. The City did not present financial statements in accordance with generally accepted accounting principles prior to the proposed adjustments. The auditors recommend that the City establish internal controls over financial reporting to ensure that all material accounts are reconciled and adjusted prior to the audit in accordance with accounting principles general accepted in the United States of America. (See PDF Page 59)	SD	2020 (FY 2017-18)	Over the past few years, the City has managed to decrease the number of adjustments. Although there were only a few adjustments, the main reason for this finding is because of the grant recording process. Over the past several years, the grant records were kept in the previous City Manager's office, and the financial staff were not involved in the grant process, thereby making it difficult to appropriately record any journal entries. Also, the finance person has only been in the position for a few years and has no accounting background. It has been a learning process with help from the auditing firm. The City has transitioned another person into that position to help with the process as well. The City will continue to work with the auditing firm and lean on them for guidance. The City has also changed the way that the grants are being recorded, with the financial person taking on the majority of the responsibility, and the grants have been separated from the normal operating budget to make it easier to record and keep track of them. The current City Manager took the position in the middle of this last fiscal year; therefore, this year's audit will still be the same. The City has also sent the financial staff to classes regarding financial statements in hopes that they get a better understanding of the process.	Yes

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City of Bushnell	Sumter County	<p><u>2014-1 - Inter-Fund Borrowings with the Wastewater Fund</u>: As of fiscal year-end, the Wastewater Fund owes the Electric and Water Funds approximately \$1,902,106 that has built up since the inception of the Wastewater Fund. This interfund borrowing consists of an interfund long-term loan from both the Water and Electric Funds and an interfund short-term loan from the Electric and Water Funds due to operating cash shortages. These interfund borrowings primarily occurred in prior years and were directly due to the Wastewater Fund not earning enough revenues to cover current operating costs and making debt service payments. In the current year, the Wastewater Fund showed further deterioration in operations and needed to borrow further from the Electric and Water Funds approximately \$43,802 on the interfund short-term loan; the likelihood of the Wastewater Fund to fully repay both the short-term and long-term loans in the near future is remote. Accordingly, authoritative accounting standards indicate that "if repayment is not expected within a reasonable time, the interfund balances should be reduced and the amount that is not expected to be repaid should be reported as a transfer from the fund that made the loan to the fund that received the loan." The auditors recommend that management consider this issue and determine the appropriate measures to address the interfund borrowings. (See PDF Page 120)</p>	N/A	2020 (FY 2017-18)	<p>In FY 2018-19, the Wastewater Fund showed no improvement in operations, primarily due to unanticipated increases in repair and maintenance expenses due to the aging infrastructure in the Wastewater distribution system and the Wastewater Treatment Plant. It should also be noted that the likelihood of the Wastewater Fund to fully repay both the short-term and long-term loans in the near future is remote. Consequently, management is considering reporting these loans in the future as a permanent transfer from the Electric Fund to the Wastewater Fund, with no anticipation of repayment. The City also has the ability, through the budget process, to make transfers from the General Fund to the Wastewater Fund to help supplement the Wastewater Fund revenues. The revenue for the transfer will come from a portion of the collection of landfill tipping fees which are projected to be approximately \$2,000,000 in FY 2019-20.</p>	Yes

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City of Bushnell (Continued)	Sumter County (Continued)	<u>2011-1 - Financial Condition Assessment - Wastewater Fund</u> : The Wastewater Fund continues to show a net operating loss and is operating with borrowed funds from both outside sources and through interfund borrowings from the Electric and Water Funds. The auditors stated that a continued increase in overall revenues and cash flows is necessary to increase liquidity, provide for debt repayment, and to improve the overall financial position of the Fund. The auditors recommend that the City review the rates charged to ensure they become adequate to cover normal operating costs. (See PDF Page 120)	N/A	2020 (FY 2017-18)	The Wastewater Fund (Fund) showed a net operating loss after depreciation in FY 2017-18. It should be noted that, while the Fund is producing enough revenue to meet all cash obligations and debt service coverage ratios, it does not currently generate enough net income to fully fund depreciation. It is expected that the Fund will improve during the current and future fiscal years, primarily due to increased customer connections brought about by new development within the City's utility service area. An independent Wastewater Rate Study was conducted in September 2019 by the Florida Rural Water Association. The results indicated that the City needed to raise its Wastewater rates by 22% in order to adequately fund Wastewater expenditures, but also capital needs and contingencies. Staff presented this report to the City Council in October 2019, and Council approved the recommended 22% Wastewater rate increase. While none of these measures will completely resolve this audit issue quickly, the City's corrective actions will enable the Fund to show continued improvement in overall revenues and cash flows in order to increase liquidity, provide for debt repayment, and help to improve the overall financial position of the Fund, thereby building a reserve for repair and replacement of the plant.	Yes
City of Carrabelle	Franklin County	<u>2019-008 - Budgetary Controls</u> : Funds were expended in excess of budgeted amounts. The City adopts its budget for the various funds on the modified accrual basis of accounting. Based upon that budget approach, the City's expenditures exceeded appropriations in the General Fund and Special Revenue Fund. The auditors recommend that the City maintain a level of expenditures within the adopted budget. (See PDF Page 56)	N/A	2020 (FY 2017-18)	The City will not expend or contract for expenditure in any fiscal year except in pursuant of budgeted expenditure. The City will implement a policy whereby final fund equities are included in the budget as soon as determined.	Yes

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City of Carrabelle (Continued)	Franklin County (Continued)	<p><u>2019-009 - Budgetary Controls - General:</u> Florida law requires that the amount available from taxation and other sources, including amount carried over from prior years, must equal the total appropriations for expenditures and reserves. The City did, in fact, include carry forward amounts in its adopted budget. However, after year end, when final fund equities were determined, the City did not amend the budget to include the appropriate amounts. Failure to consider accurate beginning fund equities in the budget diminishes the City's ability to determine appropriate increases/decreases in revenues and/or expenditures that may be needed for the fiscal year for which the budget is adopted. The auditors recommend that the City implement a policy whereby final fund equities are included in the budget as soon as determined. (See PDF Page 56)</p>	N/A	2020 (FY 2017-18)	The City will not expend or contract for expenditure in any fiscal year except in pursuant of budgeted expenditure. The City will implement a policy whereby final fund equities are included in the budget as soon as determined.	Yes
		<p><u>2019-005 - Community Redevelopment Agency:</u> The City has not yet transferred all of the appropriate amounts due to the Community Redevelopment Agency (CRA) as required by Florida Statutes. The auditors recommend that the City review Chapter 163, Florida Statutes, to ensure the City is in compliance with all requirements and begin to transfer the past amounts due to the CRA. (See PDF Page 52)</p>	N/A	2020 (FY 2017-18)	The City has been making transfers to the Community Redevelopment Agency to bring it into compliance.	Yes

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City of Carrabelle (Continued)	Franklin County (Continued)	<p><u>2019-004 - Capital Assets:</u> Although required by Florida law and Department of Financial Services rule, the City had not taken a complete physical inventory of property and equipment. The result is that capital assets may be materially misstated as the physical assets owned by the City cannot be reconciled to the fixed asset records. The auditors recommend that the City perform an annual inventory count. (See PDF Page 52)</p>	N/A	2020 (FY 2017-18)	The City will take a complete physical inventory of property and equipment and will assign ID Numbers for each.	Yes
		<p><u>2019-011 - Disaster Recovery Plan:</u> The City does not have current, well-defined, written disaster recovery procedures. The auditors recommend that management develop a disaster recovery plan that includes, but is not limited to: (1) location of, and access to, offsite storage; (2) a listing of all data files that would have to be obtained from the offsite storage location; (3) identification of a backup location where similar or compatible equipment is available for emergency processing; (4) responsibilities of various personnel in an emergency; and (5) critical application priority and reporting requirements during the emergency period. (See PDF Page 57)</p>	N/A	2020 (FY 2017-18)	The City continues work on a written Disaster Recovery Plan for departments other than water and sewer. The water and sewer Disaster Recovery Plan is complete. It should be noted the City has a Disaster Contingency fund in the form of a certificate of deposit in the amount of 17% of the General Fund annual budget.	Yes

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City of Carrabelle (Continued)	Franklin County (Continued)	<u>2019-010 - Accounting Manual</u> : The City does not have an accounting procedures manual. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. Additional details are provided in the audit report. The auditors state that it will take some time and effort for management to complete this manual; however, they believe this time will be more than offset by time saved later in training and supervising accounting personnel. Also, in the process of the comprehensive review of existing accounting procedures for the purpose of developing the manual, management might discover procedures that can be eliminated or improved to make the system more efficient and effective. (See PDF Page 56)	N/A	2020 (FY 2017-18)	Writing of the Accounting Manual is in progress.	Yes

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City of Cedar Key	Levy County	<u>ML 2019-1 - Cedar Key Community Redevelopment Agency (CKCRA)</u> : The CKCRA owes long-term debt under a Redevelopment Revenue Note, Series 2007 (Note) to SunTrust Bank. Because of decreasing property values in the CKCRA district, the annual tax increment revenues generated within the CKCRA district have become insufficient to fully fund the semiannual debt service payments due under the Note. The CKCRA paid \$453,104 on January 22, 2020, to retire the debt service principal and interest that was due. During the 2018-19 fiscal year, the CKCRA budgeted and paid 100% of the tax increment revenues for debt service payments under the Note. (See PDF Page 43)	N/A	2020 (FY 2017-18)	The CKCRA owes a long-term debt under a Redevelopment Revenue Note (Note) to SunTrust Bank (Bank). The Note is a revenue bond, payable solely from the annual Tax Increment Revenues received by the CKCRA. Because of decreasing property values in the CKCRA district, the annual Tax Increment (TIF) Revenues generated within the district have been insufficient to fully fund the payments due on the Note. The CKCRA has been budgeting and paying 100% of all TIF revenues received to the repayment of the Note for several years. There is no legally available alternate source for repayment of the Note, thus there is no further corrective action to be taken. It should be noted that the Bank is fully protected as to full payment of the Note under the provisions of Section 163.387(3)(a), Florida Statutes, which requires that the TIF revenues continue until all debt is paid in full.	Yes

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City of Center Hill	Sumter County	<u>2015-04 - Proprietary Fund Financial Statement Presentation and Profit Incentive</u> : Depreciation expenses are not presented or used in the City's Proprietary Fund Financial Statements. Depreciation or estimated depreciation should be recorded in the City's financial statements to be fairly stated and in accordance with United States generally accepted accounting principles. Because the City does not use Generally Accepted Accounting Principles for Proprietary Funds, the Council members and other readers of the financial statements may not be aware of the cost allocation of capital assets. Enterprise funds, a type of proprietary fund, are designed to be profitable. After including the depreciation expense in the current and prior audits, the Water Fund had realized losses. The cost of capital assets should be recovered through revenues generated by the City. The auditors recommend that the City develop a budget to encompass recovering the cost of capital assets. (See PDF Page 98)	SD	2020 (FY 2017-18)	The City raised the water and sanitation rates effective for FY 2018-19 to help offset the depreciation expenses; however, it may still not cover the whole amount due to not having a lot of customer base. The City only has around 350 water and sanitation accounts, and based on a water audit from Florida Rural Water Association the City's rates are where they need to be for the surrounding area. The City also prides itself with keeping rates low because of the fixed income of its customer base, so this makes it hard to raise the rates to adjust for depreciation expense.	Yes

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Town of Century	Escambia County	<p><u>2019-005 - Financial Condition</u>: The Town's overall financial condition demonstrates serious signs of a deteriorating financial condition. The Town has experienced several cash flow and management issues resulting in assessment of late fees, insufficient funds in the payroll bank account, delinquent payroll tax deposits, and missed debt service payments. In 2019, the Natural Gas Fund borrowed approximately \$176,000 and \$46,000 from the General Fund and the Water and Sewer funds, respectively, to cover general operations during the year. Additionally, as of fiscal year-end, the General Fund and the Natural Gas Fund owed the Special Revenue Fund approximately \$2.9 million and \$212,000, respectively. The local option sales tax revenues recorded in the Special Revenue Fund are restricted for specific purposes; therefore, these funds will have to be repaid or it will be considered an inappropriate use of the restricted revenues. In addition, the General Fund and the Natural Gas Fund have deficit net positions at fiscal year-end, and operating losses were reported by the Natural Gas and Water and Sewer funds for the year. Overall factors contributing to the deteriorating financial condition include lack of short and long-term financial planning, improper cash management activities, and lack of analysis of existing tax rates and fee structures for proprietary operations. The auditors recommend that the Town develop long and short-term financial plans to improve its financial condition. Additional details are provided in the audit report. (See PDF Page 53)</p>	N/A	2020 (FY 2017-18)	<p>The Town is aware of the deteriorating financial condition caused by the Gas Fund. Currently, the Town is working on procedures to resolve the deficit in the Gas Fund. The Town has hired a former City Manager to act in the capacity of City Manager and make recommendations to the Council on a twice monthly basis. All other funds are self-sustaining. Once this is resolved, the Town will be able to set aside reserves for each fund. The Town is in the process of computing a bill for usage heretofore not billed as a result of a faulty meter. This would reduce the deficit in the Gas Fund.</p> <p>The amount owed to the Special Revenue Fund by the General Fund of \$2.7 million is currently being evaluated with the Town's Attorney to show a reclassification from prior years that should eliminate this balance. The Town expended these funds for compliant expenditures, and a reclassification will eliminate this due to/due from.</p>	Yes

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Town of Century (Continued)	Escambia County (Continued)	<u>2019-003 - Reconciliation of Accounts:</u> The Town did not properly reconcile the interfund accounts as of fiscal year-end. As a result, audit adjustments were required to adjust for the actual audited amounts and allow for proper balancing of the interfund accounts. The auditors recommend that all general ledger accounts be reconciled monthly to detail subsidiary ledgers, and any reconciling items be promptly investigated and adjusted, and adequate supporting documentation for the adjustments be maintained. (See PDF Page 51)	MW	2020 (FY 2017-18)	The Town ordinarily records the interest on the bonds payable at year-end. This past year the payment was late, and this is the first time this has happened. This is clearly an isolated instance. Fund Balances were tied out before the auditors received the trial balances, but there was confusion as to which adjusting entries from the prior year were to be posted to the accounts. The auditors' adjusting entries will be posted as soon as received to avoid this in future years.	Yes
City of Dade City	Pasco County	<u>2015-2 - Information Technology (IT) General Controls and Policies:</u> The auditors noted the following issues: (1) The City's IT policies and procedures documentation is still in process and has not been completed; and (2) The City does not have a disaster recovery plan that describes the process or set of procedures to recover and protect the City's IT infrastructure in the event of a disaster. The auditors recommend that the City mature its IT policies and procedures to define how critical processes are performed, monitored, and enforced. The auditors also recommend that a disaster recovery plan be developed and tested to determine how critical systems can be restored to resume normal operations based on the established recovery time and point objectives. (See PDF Page 90)	N/A	2020 (FY 2017-18)	The City Manager, with assistance from the IT contractor, continues to develop written policies and procedures. Draft policies are currently under review in the areas of Computer Usage Policy and IT User Access Policy. With regard to the City's disaster recovery plan, the City made some improvement this past year, but work continues. The majority of servers have redundancy now. During the past year, the City implemented a new backup software that provides the ability to automatically verify and manually inspect the integrity of the backups of the City's critical servers. The City stores monthly tape backups off-site. The City is determining the "acceptable" level of downtime in a disaster and will create a formal disaster recovery plan.	Yes

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City of Deerfield Beach	Broward County	<u>ML 10-2 - Segregation of Duties - Payroll</u> : The payroll accountant has access to the payroll data system, is charged with printing the checks with an electronic signature, and also delivers or mails the checks to the individual employees. The same individual should not be able to initiate, process, and record transactions. The auditors recommend that the City review its policies and procedures to provide for appropriate segregation of duties for payroll processing. (See PDF Page 167)	N/A	2020 (FY 2017-18)	The City concurs that the Financial Services Payroll Specialist should not initiate, process, and record transactions. Therefore, all Personnel Action Forms (PAFs) are entered in to the enterprise system by the newly created Human Resources Payroll Specialist (HRPS). The HRPS position, which was filled in July 2019, reports to the Chief Human Resources Officer. The position description and duties for the HRPS are separate and distinct from the Financial Services (FS) Payroll Coordinator (Coordinator) who reports to the FS Manager in the Finance Department. PAFs cover new hires, status changes, terminations, transfers, resignations, retirements, and salary adjustments. Duties are adequately segregated as far as authorization of pay and changes in pay rates, which are done by the Human Resources Department. The timekeeping function is also segregated and approved at the department level. The timekeeper in each department initiates payroll by entering time and attendance for approval by the Department Director/Supervisor. The Coordinator's role is to review and verify the accuracy of pre-approved forms and payroll reports, and create a payroll edit for review by timekeepers and supervisors for any errors or anomalies that may appear. The Coordinator's work is reviewed by the FS Manager, who reports to the Chief Financial Officer. The City will continue to review the adequacy of internal controls surrounding financial processes and implement policies and guidance to ensure adherence to such controls.	Yes

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City of Destin	Okaloosa County	<u>2019-01 - Fund Balance Policy</u> : The City has not adopted a formal fund balance policy, which is important to comply with Governmental Accounting Standards Board (GASB) Statement No. 54, as well as to establish minimum fund balance benchmarks to provide a stable tax levy for future budgeting purposes. The auditors recommend that the City adopt a fund balance policy to comply with GASB Statement No. 54 and which also states a benchmark for unassigned fund balance for future budgeting purposes. (See PDF Page 122)	N/A	2020 (FY 2017-18)	Resolution 19-16, incorporating the auditors' recommendation that the City adopt a formal fund balance policy, was developed and presented to the City Council for its consideration on 9/16/2019. After consideration, a motion to approve Resolution 19-16 failed by a vote of 2-5. After receiving the Committee's January 2020 letter, the City Council was asked if it would like to reconsider its position on establishing a formal fund balance policy. The Council clearly indicated that it did not desire to reconsider at this time and asked that the City Manager respectfully convey this point to the Committee. It is the Council's opinion that it has unrestricted oversight of the City's budget and that it does not wish to restrict or impede in any way its ability to responsibly use the fund balance to improve the City.	Yes
City of Fruitland Park	Lake County	<u>ML 19-1 - Pension Actuarial Valuations</u> : The auditors noted that the Firemen's Retirement Trust obtains only triennial actuarial valuations, which do not include required information on the City's net pension asset or liability. The City is not in compliance with governmental accounting standards. The auditors recommend that the City consider obtaining a separate actuarial valuation to be in compliance with governmental accounting standards. (See PDF Page 118)	SD	2020 (FY 2017-18)	The City maintains a small (Volunteer) Municipal Firemen's Retirement Plan. Due to the small size of the plan, relative to the City as a whole, the omitted information is immaterial. The cost of an annual actuarial report would place a financial burden on this small trust. According to the last Actuarial valuation, the Trust is 529% funded.	Yes
Town of Greenville	Madison County	<u>2019-003 - Excess Expenditures Over Appropriations</u> : Expenditures exceeded appropriations in the Special Revenue Fund at fiscal year-end. The auditors recommend that, in addition to amending the budget as needed, the Town budget for debt service payment expenditures going forward. (See PDF Page 55)	N/A	2019 (FY 2016-17)	The Town Council approved an expenditure of \$6,500 to purchase a new lawn mower. The Town Manager resigned before an amendment to the budget had been made. A new Town Manager is in place now, and the Town does not see this to be an issue on the next audit cycle. NO RESPONSE RECEIVED RE: FY 2017-18 FINDING (AS OF 10/20/2020).	Yes

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City of Hialeah	Miami-Dade County	<u>2015-02 - Water and Sewer Utility Fund, Solid Waste Utility Fund, and Stormwater Utility Fund Unrestricted Net Position:</u> The Water and Sewer utility fund, Solid Waste utility fund, and Stormwater utility fund reported negative unrestricted net position amounts of \$6,420,318, \$61,079,941 and \$1,725,686, respectively. However, all three funds had a positive change in net position during FY 2018-19. The deficit is a result of historical operating losses, as well as continued investments in capital assets. The auditors recommend that the City review its current rates for Water and Sewer utility, Solid Waste utility, and Stormwater utility funds to ensure the fees cover the costs of operations and reduce the deficit unrestricted net position while maintaining the quality of service. In addition, the auditors recommend that the department develop a deficit elimination plan that is reviewed and approved by those charged with governance. (See PDF Page 185)	SD	2020 (FY 2017-18)	The City is aware of the unrestricted net position in both the Water and Sewer and Solid Waste funds. In the case of the Solid Waste fund, the overall net position has improved and is expected to continue improving due to the privatization efforts begun in prior years. With respect to rate analysis in the coming years, Solid Waste will authorize a comprehensive rate study by an outside financial consultant to be completed prior to the end of FY 2020-21. With regards to the Water and Sewer fund, a comprehensive rate study was recently completed that addresses revenue sufficiency, cost recovery, and rate stability. It is anticipated that as the capital program decreases the unrestricted fund balance will increase. In addition, the City will review the current charges for the Stormwater utility services and look to enhance efficiencies in its operations.	Yes
City of High Springs	Alachua County	<u>2019-001 - Deficit Unrestricted Net Position:</u> The City reported a deficit unrestricted net position in the enterprise funds at fiscal year-end. The deficit unrestricted net position was made up of a Water Fund deficit and a Sewer Fund deficit. The auditors recommend that steps continue to be made toward recovering these deficit balances. (See PDF Page 58)	N/A	2020 (FY 2017-18)	The City is aware of the deficit in the unrestricted net position in the Enterprise Funds. The Sewer Fund at this time does not have enough customers on the system to sustain itself, but added in FY 2018-19 150 new sewer customers and will add an additional 43 in FY 2019-20 with grants through the Suwanee River Water Management District (SRWMD). The City is also working towards additional funding from the SRWMD to add an additional 120 sewer customers. As the City continues to receive these grants, it puts the Sewer Fund closer to being self-sufficient.	Yes

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City of Jasper	Hamilton County	<u>2016-002 - Utility (Water) Meters</u> : The City's residential water meters average between 25 to 30 years of age, with the life of an accurate meter estimated to be ten years. The failure to systematically replace or repair the City's water meters could result in a significant loss of revenue and incorrect billings. The auditor recommends that the City develop a plan to determine the accuracy of the current water meters in use and, if inaccurate, replace and periodically test meters to ensure continued accuracy. (See PDF Page 72)	N/A	2020 (FY 2017-18)	The City has been working diligently to look for ways to correct this finding. The City applied for a \$700,000 Community Development Block Grant from the Department of Economic Opportunity to replace the aging water meter within the City's distribution system. The City was awarded the full grant on July 29, 2019, which includes replacing the City's old meters with electronic water meters. This process is expected to be completed by July 29, 2021, and this finding will be cleared by then.	Yes
Town of Jay	Santa Rosa County	<u>19-1 - Financial Close and Reporting</u> : Material adjustments were needed to record fixed asset additions and disposals, adjust accounts receivable and accounts payable, record pension adjustments, and to properly record transfers between funds. Significant adjustment were needed in other accounts to properly reflect significant financial statement line items. The auditors recommend that monthly or quarterly reconciliations of key financial accounts be done to minimize the adjustments at fiscal year-end. (See PDF Page 45)	MW	N/A	N/A	Yes

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Town of Jupiter Inlet Colony	Palm Beach County	<u>2016-1 - Policies and Procedures Manual</u> : The Town's Policies and Procedures Manual has not been updated to reflect changes in the Town's personnel and fund structure. The auditors also noted areas such as monthly and year end closings where the current procedures need to be improved and that the policies are not being consistently followed. The auditors recommend that management review the existing Policies and Procedures Manual and make changes where appropriate. (See PDF Page 39)	MW	2020 (FY 2017-18)	The Town and the Town's external financial consultant have revised the policy and procedures manual over the last few months. The revised manual has been reviewed by the external auditor, and the Town and the Town's external financial consultant are working through the comments suggested by the external auditor. The Town anticipates having the final revised manual in the next couple of months. Also, the Town is currently reviewing the monthly and year-end closings for improvement and to ensure the policies and procedures are followed on a consistent basis. These changes will be reflected in the revised policies and procedures manual.	Yes
Town of Mayo	Lafayette County	<u>2016-1 - Payroll Liabilities</u> : Payroll liability accounts were not being properly utilized, and items that should have been in the liability accounts were in expense accounts and vice versa. The auditors recommend the proper use of the payroll liability accounts and routine review of these balances to help ensure that payroll is being recorded correctly. (See PDF Page 59)	N/A	2020 (FY 2017-18)	The Town has established and properly identified in the accounting system payroll liabilities. These liabilities are reviewed monthly to ensure an accurate payroll record.	Yes
		<u>2016-2 - Customer Deposits</u> : The utility billing software's customer deposits records did not match the financial reporting software. The utility billing reports displayed multiple customers with credit balances when those accounts had been closed. Management manually reviewed this log and updated it to reflect current balances. The auditors recommend that management meet with the utility billing software vendor to locate and correct the source of these errors, as well as conduct routine reconciliation of the deposits on the utility billing software to the financial report software. (See PDF Page 59)	N/A	2020 (FY 2017-18)	The Town has reviewed and manually corrected the deposit log. With the help of the Town's Utility Billing Software Vendor, the program is in the process of being updated to reflect the correct Customer Deposit amounts. This will be reviewed and reconciled periodically to ensure deposits are correct for the financial reporting software.	Yes

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Town of Medley	Miami-Dade County	<p><u>2019-02 - Capital Assets:</u> The Town has numerous pump station sites that have not been dedicated and do not have easement language contained in their plats to conclusively establish dedication in accordance with Section 177.081, Florida Statutes. This is because no one at the Town has been designated to perform annual physical inventories or to oversee the dedication of the pump stations by the developers. Pump stations with estimated values totaling approximately \$3.3 million are not included in the Town's capital assets. The auditors recommend that the Town continue to vigorously pursue the conveyance of completed Town infrastructure constructed by third parties. (See PDF Page 94)</p>	MW	2020 (FY 2017-18)	<p>The Town has partially corrected this finding. The Town has implemented an aggressive program to obtain proper right-of-way dedications and conveyances of infrastructure and utility sites. As each permit is issued for new development on sites, rights-of-way and infrastructure conveyances are required and dedicated to the Town before any development work begins. This was not always the case historically. For past development and existing infrastructure and utilities where there are no dedications or conveyances to the Town, the Town has established various work programs vigorously working with a dedicated staff employee, consultants, and the Town Attorney to obtain and secure the necessary dedications and conveyances to ensure proper ownership of rights-of-way and infrastructure or utility sites. This is an ongoing and multi-year process which cannot be corrected in one year. Over the last four years, the Town has made significant progress in obtaining rights-of-way and infrastructure and utility dedications.</p>	Yes
		<p><u>2019-03 - Purchasing Procedures:</u> There is no centralized purchasing system in place. Instead departments have the ability to make their own purchases which leads to circumvention of the Town's ordinance. The auditors noted several discrepancies and internal control weaknesses related to credit card purchases and obtaining quotes or competitive bids. The auditors recommend that the Town review its policies over credit card purchases and implement strict guidelines to follow its ordinance when purchases meet the requirements of obtaining quotes or competitive bids. (See PDF Page 95)</p>	SD	2020 (FY 2017-18)	<p>Department Heads and other authorized purchasers are required to follow the Town's Purchasing Ordinance in all but emergency situations, which is later authorized by the Mayor and/or the Town Council. Department Heads are also required to abide by the parameters set forth in their annual budget. The Town is committed to take all appropriate responsive and corrective action to ensure its financial strength and audit compliance. The Mayor is committed to working with the Finance Director and the Town's Department Heads to see what improvements can be made.</p>	Yes

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Town of Melbourne Village	Brevard County	<u>Comment 001 - Fiscal Year-End Schedule:</u> A schedule of due dates for completion of each major year-end process was created that served to inform all parties of expected turnaround times required to meet deadlines, assist the Town in ensuring significant deadlines were not missed, and to facilitate the timely delivery of final financial statements for audit. Although the schedule was created, it was not followed in its entirety. In addition, the schedule did not include the task of reviewing, investigating and correcting general ledger account errors routinely throughout the fiscal year, with a final review at year-end to ensure errors have been corrected with possible. The auditors recommend that the Town adhere to the established year-end schedule in order to facilitate the timely submission of accurate financial reports and other data for audit and to add to the schedule the reviewing, investigating, and correcting of errors throughout the year so that errors are corrected in a timelier manner, making account reconciliations less burdensome during the year-end closing process. (See PDF Page 45)	N/A	2020 (FY 2017-18)	The Town has developed a more complete schedule to monitor tasks that must be competed as part of the year-end closing process. This will be revised and fine-tuned over the next few cycles to ensure timely completion of tasks.	Yes
Town of Montverde	Lake County	<u>ML 19-3 - Utility Billing Reconciliation:</u> The Town does not conduct account reconciliations appropriately between the utility billing system and the general ledger system on a monthly basis. The auditors recommend that the Town perform account reconciliations during the year and at year-end. (See PDF Page 54)	N/A	N/A	N/A	Yes

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City of Mount Dora	Lake County	<p><u>2017-05 - Physical Inventory:</u> In prior year, the auditors noted that the electric, water/sewer, and general government inventory reports provided did not materially agree to the City's general ledger. After further investigation, the City determined that a large portion of the difference was due to an error in the software. Management contacted their software vendor and was able to obtain an inventory report that was within a reasonable amount. To date, the City has made progress in monitoring and reconciling the inventory system to the general ledger; however, the original differences remain. The auditors recommend that the City continue to investigate these differences and make the required adjustments in order for the inventory system and general ledger to be in agreement. (See PDF Page 169)</p>	N/A	N/A	N/A	Yes
		<p><u>2017-03 - Financial Close and Reporting:</u> The auditors noted that the working trial balance had significant areas still needing the required year-end closing entries. In addition, the auditors noted several material audit adjustments including adjustments to correct cash and investment earnings in the Fire and Police pension funds due to an accounting error. The auditors recommend that the City continue to improve upon the financial close and reporting and audit preparedness processes. (See PDF Page 164)</p>	MW	N/A	N/A	Yes

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Town of Oakland	Orange County	<u>10-05 - Internal Control over Financial Reporting</u> : The auditors continued to find many financial statement misstatements, some considered material. The auditors recognize that the Town has engaged an experienced and qualified consultant to assist in the developing of internal controls over financial reporting and to provide oversight of the year-end closing and financial statement preparation process. The auditors recommend that the Town continue to work with the consultant to strengthen the Town's internal control over financial reporting. (See PDF Page 58)	MW	2020 (FY 2017-18)	The Town has hired a consultant to help correct this finding. The Town is in the process of correcting all findings in the FY 2018-19 audit, which should be finalized in the next 30 days (Town's response letter dated 4/20/2020).	Yes
		<u>10-01 - Utility Billing Accounts Receivable and Customer Deposit Reconciliation</u> : Since September 30, 2010, the auditors have noted that management was not performing a periodic reconciliation of the utility accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts. Although they have noted improvement, a monthly reconciliation has yet to be performed. The auditors continue to recommend that management implement procedures to require monthly reconciliations between the utility accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts. (See PDF Page 58)	SD	2020 (FY 2017-18)	The Town has hired a consultant to help correct this finding. The Town is in the process of correcting all findings in the FY 2018-19 audit, which should be finalized in the next 30 days (Town's response letter dated 4/20/2020).	Yes
		<u>10-06 - Restricted Cash Monitoring</u> : The auditors noted that management is not always monitoring the restrictions placed on resources that are restricted as to use by enabling legislation or contract, on a monthly basis. The auditors continue to recommend that management segregate and monitor the sources and uses of all restricted funds, a compliance with enabling legislation and debt-related covenants, on a monthly basis. (See PDF Page 58)	SD	2020 (FY 2017-18)	The Town has hired a consultant to help correct this finding. The Town is in the process of correcting all findings in the FY 2018-19 audit, which should be finalized in the next 30 days (Town's response letter dated 4/20/2020).	Yes

MW = Material Weakness (see 2. In Legend)
SD = Significant Deficiency (see 3. In Legend)

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Town of Oakland (Continued)	Orange County (Continued)	<u>17-001 - Internal Control over Developer Related Transactions:</u> Good control is required to provide reasonable assurance that transactions are complete and accurately reported. Furthermore, Town Ordinance 2014-01 (Ordinance) provides criteria for accounting and reporting of costs associated with the costs of review, inspection, and regulation of development activities that will be passed through to the developers/applicants. Management has not properly accounted for the costs of review, inspection, and regulation of development activities and related pass through charges that are to be billed to the developers/applicants nor were they applying the criteria as outlined in the Ordinance. Additionally, management was unable to provide a detailed accounting that would allow the auditors to determine whether all costs were being passed through to the individual developers. The auditors recommend that the Town implement policies and procedures and related internal controls to provide reasonable assurance that the costs of review, inspection, and regulation of development activities that will be passed through to developers/applicants are properly segregated in the Town's accounting information system and that these amounts are billed to the applicable developers/applicants on a timely basis, but no less than quarterly. The auditors further recommend that Town management review and apply the provisions of the Ordinance when accounting for transactions covered by the Ordinance. (See PDF Page 59)	MW	N/A	N/A	Yes

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City of San Antonio	Pasco County	<u>2015-1 - Fixed Assets</u> : Periodic fixed asset inventory was not being performed, and no formal policy exists to regularly perform a fixed asset inventory. The auditors recommend that management establish an inventory process that provides for inventory for at least 25% of fixed assets per year. In addition, the auditors recommend that management formalize the process and ensure proper training of staff on effective implementation. (See PDF Page 66)	N/A	2020 (FY 2017-18)	The City plans to implement an inventory process and is in agreement that this will be a beneficial control. In 2019, the City Clerk sought guidance about capital asset management and was provided with the Government Finance Officers Association (GFOA)'s Best Practice Asset Maintenance and Replacement guide. The City Clerk began the process of inventory control in the current year and is implementing a formal plan for asset management using the GFOA Best Practice guide.	Yes
City of Satellite Beach	Brevard County	<u>IC2017-001 - Revenue Receipting and Reconciliation</u> : The auditors noted that there was not adequate segregation of duties between those who received funds and those who can void or alter transactions. The auditors also noted there was not adequate reconciliation between funds received and funds recorded into the general ledger. The auditors recommend that the City implement procedures to segregate the cash collected from the refund/void process. In addition, the auditors recommend that revenue is reconciled to the general ledger monthly. (See PDF Page 144)	SD	N/A	N/A	Yes

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City of South Daytona	Volusia County	<u>2019-003 - Interfund Receivables</u> : At year-end, the Utility Service Fund continued to owe the General Fund significant amounts while also holding a deficit balance in unrestricted net position. While the City performed a rate study and enacted a new rate structure at the end of FY 2018-19, the change did not have a significant impact during the year. The auditors recommend that the City utilize funds from the new rates to reduce the balance owed to the General Fund and to ensure a long-range plan is in place to recover the unrestricted net position deficit. (See PDF Page 140)	N/A	2020 (FY 2017-18)	At the end of FY 2018-19, the Utility Service Fund owed \$866,007 to the General Fund, a decrease of \$142,266 from the balance owed at the end of the prior fiscal year. The City performed a rate study and enacted a new rate structure during FY 2018-19. Reducing the balance owed to the General Fund and increasing unrestricted fund balance was a major focus of the rate study. The City Council-approved rate adjustments were implemented in September 2019; therefore, the change did not have a significant impact during FY 2018-19. Based on the projected operating results of the new rates, the amount owed to the General Fund will be paid and the City will report a positive unrestricted balance in the Utility Service Fund at the end of FY 2023-24.	Yes
Town of South Palm Beach	Palm Beach County	<u>2019-03 - Bank Reconciliations</u> : The auditors noted that the bank reconciliation was not signed and dated by the preparer or the reviewer. The auditors recommend that bank reconciliations be signed and dated by the preparer and the reviewer. (See PDF Page 100)	N/A	2020 (FY 2017-18)	Current management has implemented the procedure that both the preparer and the reviewer sign and date the bank reconciliations on a monthly basis.	Yes

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Town of South Palm Beach (Continued)	Palm Beach County (Continued)	<p><u>2019-01 - Accounting and Internal Control Policies and Procedures:</u> The auditors noted that the Town did not have comprehensive detailed internal control and accounting policies and procedures. The lack of sufficient detail in internal control and accounting policies and procedures could result in errors, inaccurate or untimely accounting records, omitted procedures, and operational inefficiency. The policy also did not have sufficient detail on procedures and controls for the procurement of various goods and services. The lack of sufficient detail in internal control policies and procedures over procurement could result in costly or ineffective purchase, and possible violation of state procurement statutes. The auditors recommend that management implement a detailed and comprehensive set of internal control policies and procedures covering all operational and financial areas, including procurement, cash disbursements, cash receipts, and accounting records. The auditors further recommend that policies detail the individual person (title/position) required to perform each control activity and the documentation required to evidence performance of each control. (See PDF Page 99)</p>	N/A	2020 (FY 2017-18)	<p>Although the Town established accounting policies and procedures in 2012, management agrees that they lack the level of detail required to sufficiently address the recurring finding. Circumstantially, the Town has experienced several changes in management and administration over the past several years. In an effort to maximize performance, job duties and roles were combined which only served to aggravate the issue. To aid in resolving this matter, management took the initiative early in FY 2018-19 to contract with an independent accountant to prepare and maintain the Town's financial statements, reconciliations, and related documentation. Subsequently, this staffing increase allows for more effective internal controls. Management is also revising current policies to include more comprehensive and detailed procedures which name staff members and assign recurring roles and duties to be performed as dictated by the Town's internal controls. The Town believes that implementation of these measures has eliminated this finding in the FY 2018-19 audit and will not be repeated in future years.</p>	Yes
		<p><u>2019-02 - Travel Policy:</u> The Town has not adopted a formal written travel policy. The auditors recommend that the Town adopt a formal travel policy and improve documentation requirements, including retaining documentation on conferences/seminars registration and documentation for miles travel and rate used for mileage and per diem reimbursement. (See PDF Page 100)</p>	N/A	N/A	N/A	Yes

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City of St. Augustine	St. Johns County	<u>2017-1 - General Accounting Records:</u> The City's year-end closing of its books and records extended to over 90 days past year-end and were still in need of adjustment at the time of the audit. Certain accounts had not been reviewed prior to the City's initial closing which resulted in additional journal entries and a continual changing general ledger. In addition, detail for certain account balances was not readily available upon request. The auditors again recommend that the City take steps to ensure a more timely closing of its books which should include a review of all asset, liability, and fund balance accounts to ensure they are correct and fully supported by detail (See PDF Page 203)	N/A	N/A	N/A	Yes
City of Titusville	Brevard County	<u>2019-002 - Fund Deficits and Net OPEB Liability:</u> The auditors noted the solid waste fund and the fleet fund had deficit fund balances/net position and the municipal marina fund had a negative unrestricted net position. The auditors also noted the City's governmental activities (driven by governmental fund and internal service fund activity) had a negative unrestricted net position. Much of this impact is due to the implementation of GASB 75 in FY 2016-17, reflecting the City's net other postemployment benefits (OPEB) liability based on current policies regarding healthcare for retirees; the majority of the impact from GASB 75 was reflected in the increase liability in the City's governmental activities for the portion relating to general fund employees. The auditors recommend that the City consider plans to recover these fund-level deficits and plan for the impact of the net OPEB liability in future budget cycles. (See PDF Page 196)	N/A	N/A	N/A	Yes

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Town of Wausau	Washington County	<u>2015-01 - Design of IT General Controls</u> : The auditors noted that there are significant deficiencies relating to: (1) lack of segregation of duties; and (2) recovery testing of financial statement software has not been tested. The auditors recommend that the Town give serious consideration to developing policies and procedures incorporating IT general and application control features. (See PDF Page 56)	SD	2020 (FY 2017-18)	(1) Due to budget constraints, it is not possible to hire additional personnel. The Mayor or Mayor Pro-Tem reviews all invoices prior to any checks being issued. The Town also utilizes dual signatures on all checks. The Mayor and Council are provided with the entire bank statements showing all deposits and checks each month. The Mayor now makes most of the weekly deposits for the Clerk, and the Town anticipates hiring a part-time clerical assistant for the Clerk's office beginning 7/1/2020. (2) The Town has adopted policies and procedures regarding Town technology and electronic communications systems and believes they will address the other two audit concerns.	Yes
		<u>2017-01 - Water Billing</u> : The auditors compared the amount of water billed per the Town's utility billing system to the amount of water pumped as reported to the State of Florida and found that nearly 54% of consumption was unbilled. The auditors recommend that management continue to monitor the amount of unbilled water closely to ensure the spoilage is minimized. (See PDF Page 57)	N/A	N/A	N/A	Yes
City of Webster	Sumter County	<u>2015-007 - Utility Billing Rates</u> : City Ordinance 2015-01 requires rates for water services to be updated annually on October 1. The auditors noted that at fiscal year-end the rates were not updated since the inception of the Ordinance. The auditors recommend regular monitoring by the City Council of the compliance with local laws and rules. (See PDF Page 60)	MW	2020 (FY 2017-18)	The sewer rates have had a step increase occurring October 1 of each year, with the last increase in October 2019. This has been documented on both paper and electronic calendars to ensure the updates are made on the appropriate date and for the correct amount. This should not be an issue going forward. The meter read multiplier was not updated when new meters were installed. This is now part of the standard operating procedure that when a meter is changed out the multiplier for the new meter is documented and updated in the system.	Yes

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Town of Welaka	Putnam County	<u>2019-001 - Preparation of Financial Statements</u> : While the auditors can assist with the preparation of financial statements and related footnotes, the financial statements are the responsibility of management. The Town is not in the position to draft financial statements and all required disclosures. Additionally, the auditors noted that management is not performing reconciliations of the utility receivables and accounts payable detail to the general ledger and is not reconciling the escrow deposits to the bank statement. The auditors recommend that management perform reconciliations over account balances to ensure that the balance in the general ledger reflects the accurate accounts balance supported by the subsidiary system. (See PDF Page 35)	SD	N/A	N/A	Yes

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City of West Palm Beach	Palm Beach County	<u>ML 2019-002 - User Access Review</u> : User access reviews were not completed in fiscal years 2015-16 through 2018-19. The auditors recommend that user access reviews be completed for systems with an impact on financial reporting at least annually. (See PDF Page 319)	N/A	2020 (FY 2017-18)	The City is currently conducting a user access audit to ensure complete compliance with the recommendation and is expected to be completed no later than June 1, 2020. Securing the City's information technology resources is a top priority of the current administration, and, as part of this effort, in August 2019 the City hired a Chief Information Officer (CIO) with a strong background in information security who maintains industry-recognized certifications. The City also hired an experienced Information Security Officer (ISO) in November 2019. In addition, an organization-wide Information Security Program has been developed, and to help facilitate a successful implementation a Security Governance Workgroup was established. New policies and procedures are being developed to ensure the City performs and documents annual user account reviews on all systems that may impact financial reporting. This documentation is being developed in conjunction with the current access audit and will be completed no later than July 1, 2020.	Yes

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City of West Palm Beach (Continued)	Palm Beach County (Continued)	<p><u>ML 2019-003 - Data Recovery Testing</u>: A full scale recovery test was not completed in fiscal years 2015-16 through 2018-19 for Oracle eBusiness Suite, Oracle CC&B, and the network, and testing of the viability of backups was only performed via the completion of ad hoc requests. The auditors recommend that data recovery testing be documented and performed once a year to test the effectiveness of the restoration process and determine that data, transactions, and programs that are necessary for financial reporting can be recovered. (See PDF Page 320)</p>	N/A	2020 (FY 2017-18)	<p>In April 2019, the City implemented new backup system, effectively moving from tape to a disk/cloud solution that allows greater flexibility in backups and restores. The new backup methodology provides point in time restoration and encompasses both application files and database files, therefore creating a resilient disaster recovery platform. City IT staff performs at least quarterly restores of the production environment to three separate environments which reside on a different piece of hardware. All backup and restore activities are logged in log files as evidence of the respective tasks. Additionally, the monthly process will be logged into the City's IT ticketing system to display compliance for auditing purposes. Once the restores of the production environment are complete, IT Systems Analysts, along with functional department representatives, verify the environments and ensure all applications are running properly with the same functionality of the production system. City IT staff is currently developing a procedure document, to be completed by June 1, 2020, that will outline the steps required and frequency of the data recovery testing to ensure compliance with system backup and disaster recovery requirements.</p>	Yes
		<p><u>ML 2019-001 - Supervisory Approval of Employee Timecards</u>: The City did not follow its policies and procedures in reviewing timecards prior to processing payroll. The payroll was processed without first obtaining evidence of proper approval. The auditors recommend that the City review its policies and procedure in place with both payroll processing personnel and the departments to help ensure all payroll transactions are properly approved and accurately recorded. (See PDF Page 318)</p>	N/A	2020 (FY 2017-18)	<p>The Mayor held a Leadership Team Meeting on January 8, 2020, where the issue of unapproved timecards was a subject of major discussion. In follow-up to that discussion, written direction was given to Directors to prepare Action Plans outlining the steps and/or measures to ensure Supervisors' approval of timecards. Departments' Action Plans were submitted on January 31st and are monitored for compliance by the Finance Department. Should there be repeat occurrences of Supervisors' failure to approve timecards, City administration will take appropriate action.</p>	Yes

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City of Weston	Broward County	<u>2019-01 - Permit, Development Fees and Related Revenues and Deposits Procedures</u> : The auditors noted certain areas related to permits, development fees, and related deposits that needs improvement. The auditors recommend that: (1) the City implement additional procedures to improve reconciliation of various revenues and deposit amounts; (2) amounts held on deposits be reviewed regularly and adequate documentation maintained to ensure that amounts that may be refundable to customers are returned in a timely manner; and (3) the system be corrected to add the missing fee component and the rate schedule should be modified to clear the ambiguity regarding site plan review fees. (See PDF Page 151)	N/A	N/A	N/A	Yes
City of Winter Haven	Polk County	<u>2019-001 - Material Adjustments</u> : City management is responsible for establishing and maintaining internal controls over proper recording of the City's transactions and reconciliation and review of the City's account balances. The auditors noted that the retainage payable was not recorded during testing of construction in progress of governmental activities. The auditors recommend that management implement procedures for reviewing and recording retainage payable related to construction invoices. (See PDF Page 210)	MW	N/A	N/A	Yes

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Town of Worthington Springs	Union County	<u>2014-1 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 36)	SD	N/A	N/A	Yes

FOOTNOTE/LEGEND:

1. These audits have been conducted by private certified public accountants, as required by Section 218.39(1), *Florida Statutes*.
2. **Material Weakness (MW)**: a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:
 - a. a material misstatement of the entity's financial statements, or
 - b. material noncompliance with a type of compliance requirement.

For example, 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 on a timely basis.

The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.

3. **Significant Deficiency (SD)**: less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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City of Apalachicola	Franklin County	<u>2017-002 - Significant Adjustments to the Financial Records:</u> Adjustments were needed in order for the financial statements to conform with generally accepted accounting principles. The auditors recommend that the accounting staff continue to strive toward minimizing the proposed audit adjustments that have been required. (See PDF Page 70)	MW	2017 (FY 2014-15)	The City has determined that it is not economically feasible for the City to invest in the substantial resources that would be required for staff to produce financial statements that require no proposed audit adjustments; however, the City will strive to minimize the number of proposed adjustments.	No
		<u>2017-001 - Segregation of Duties:</u> Due to the small number of accounting staff, the City does not have proper segregation of duties in many areas. Due to the lack of segregation of duties and limited internal controls, the City Administrator currently has the ability to issue and approve cash disbursements; reconcile the cash accounts; input, edit, and approve accounting journal entries; and prepare the financial information. The auditors recommend that the City segregate duties as much as possible and implement mitigating controls where segregation of duties is not possible due to the size of the City. (See PDF Page 69)	MW	2017 (FY 2014-15)	This issue results from the limited number of employees in the City office. The duties of City office personnel are continually being reviewed by City administration in an effort to work toward a more effective and efficient overall operational structure.	No
City of Archer	Alachua County	<u>2012-1 - Financial Statement Preparation:</u> The City does not have the expertise necessary to prevent, detect, and correct misstatements, and is not capable of drafting the financial statements and all required footnotes disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 59)	SD	2018 (FY 2015-16)	The City is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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Town of Bell	Gilchrist County	<u>2009-1 - Financial Statement Preparation</u> : The Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 38)	SD	2017 (FY 2014-15)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
City of Belle Isle	Orange County	<u>ML 19-01 - Segregation of Duties</u> : The auditors noted that the design of internal controls included adequate segregation of duties; however, due to the small organization size, the position responsible for the review function for items such as payroll and bank reconciliations is not part of the finance department. The design of internal control relies upon a position that is typically held by an individual with no accounting background or expertise. Even though there is an adequate segregation of duties in the design of internal control, misstatements could occur, whether due to fraud or error, and may not be identified or corrected in a timely manner. The auditors recommend that the review function be assigned to an individual with the appropriate level of expertise. (See PDF Page 95)	N/A	2020 (FY 2017-18)	The City only has one employee in the finance department so the review functions for items such as payroll and bank reconciliations are done by the City Manager. Although not a part of the finance department, the City Manager is knowledgeable and thoroughly reviews the financial records, payments, payroll reports, bank statements and reconciliations, etc. While the City strives for excellence in all areas of financial management and agrees with the importance of segregating duties, at this time, it is not financially feasible for the City to hire an additional finance department employee to clear this finding.	No

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Town of Branford	Suwannee County	<u>2010-1 - Financial Statement Preparation</u> : The Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 49)	SD	2017 (FY 2014-15)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
City of Bushnell	Sumter County	<u>2008-2 - Segregation of Duties</u> : The City operates with a small finance, accounting, and customer service department and does not have the resources to properly segregate duties among employees so that no one employee has sole control over approving, recording, and accounting for transactions. The auditors recommend that the City's finance, accounting, and customer service departments continue to develop and, if necessary, expand its current staff to ensure a more effective internal control structure over financial reporting. (See PDF Page 116)	SD	2017 (FY 2014-15)	Several changes were completed during the past fiscal year to improve this finding. The new City Clerk has taken over all of the payroll duties and also tracks all of the receipts and revenues received by the City. The Clerk also reviews and approves certain Council and administrative expenditures for the City. Additional tasks will be assigned to both the City Clerk and the new Finance Specialist in the future in an effort to achieve an even greater improvement. Because of the small size of the City staff, it is unlikely that complete segregation of duties can be achieved in the coming fiscal year however significant improvements will be realized.	No

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Town of Callahan	Nassau County	<u>2019-002 - Financial Reporting</u> : The auditors proposed material adjustments to the Town's financial statements and assisted in the preparation of the financial statements. The auditors recommend that the Town consider and evaluate the cost and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 48)	MW	2017 (FY 2014-15)	The Town conducted an evaluation of the internal controls relative to the financial reporting process, as recommended by the Town's auditors, and determined that the third party bookkeepers were performing inadequately. The Town has made the decision to open the bookkeeping contract up for bids with the expectation of hiring new bookkeepers. The Town expects that new bookkeepers will resolve the conditions that led to this finding.	No
		<u>2019-001 - Separation of Duties</u> : Billing of utilities is performed by the same person that collects payments for utilities and keys into the accounting system. Because the Town has a limited number of personnel, it is not always possible to adequately segregate incompatible duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that, to the extent possible, given available personnel, steps be taken to separate duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 48)	MW	2017 (FY 2014-15)	In prior years in response to similar findings, the Town implemented a system in which the water and sewer clerk and bookkeeper do not receive mail. A third person collects the mail and maintains logs of all funds received via the mail. Beyond this, the Town cannot sufficiently segregate duties to address the audit finding without hiring additional personnel. The Town has not had sufficient income to afford additional personnel and does not anticipate having sufficient income in the foreseeable future. The Town will address the audit finding to the best of its abilities by continuing to separate duties to the greatest extent possible given its budgetary limitations.	No

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Town of Campbellton	Jackson County	<u>04-01 - Separation of Duties</u> : Custody of assets, record keeping, and recording of assets should have adequate separation. Due to the size of the Town and its small bookkeeping staff, proper separation of duties may not be feasible. The auditor recommends that the Town compensate for this lack of segregation of duties by being conscious of the financial affairs of the Town. The auditor further recommends that the Mayor and/or the Council review all bills before they are paid and evidence their approval on the invoice even though two signatures are required on all checks. (See PDF Page 44)	MW	2017 (FY 2014-15)	The Town is a small rural town with limited resources and funding sources to operate the community. This finding will never be cleared as the Town does not have the resources to adequately staff enough persons to separate accounting functions; however, the Town's response includes specific information related to compensating controls implemented by the Town.	No
City of Carrabelle	Franklin County	<u>2019-001 - Prepare Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) and Significant Adjustments</u> : Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Adjustments were required to be made to the accounting records subsequent to the start of the audit process to be in accordance with GAAP. This was because management relied on the auditors to propose entries that had not been recorded at the time of the audit. Incorrect recording of accounting records could lead to a material misstatement on the financial statements. The auditors recommend that the process for identifying accounting transaction be reviewed and updated. (See PDF Page 51)	MW	2017 (FY 2014-15)	There is no one on staff with sufficient knowledge to prepare GAAP-based financial statements. This finding may never be fully resolved due to limited resources of a small entity.	No

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City of Carrabelle (Continued)	Franklin County (Continued)	<u>2019-002 - Segregation of Duties</u> : Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred - including timely deposits of cash receipts, mailing signed checks without returning them to the employee responsible for accounts payable, and maintaining a management-approved vendor list. Errors or material misstatements in the financial statements presented to the board by management may exist and not be detected. The auditors recommend that management develop compensating controls. (See PDF Page 51)	MW	2017 (FY 2014-15)	Due to size of the City's staff it is not possible to completely separate incompatible duties so that no one individual has access to both physical assets and the related accounting records. Practices are implemented to the best of the City's ability to improve existing controls; however, this finding may never be fully resolved due to lack of staffing.	No
City of Chattahoochee	Gadsden County	<u>2019-001 - Audit Adjustments</u> : Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States (GAAP). Adjustments were required to be made to the accounting records as part of the audit process to be in accordance with GAAP. This was because management relied on the auditors to propose entries that had not been recorded at the time of the audit. Incorrect recording of accounting records could lead to a material misstatement on the financial statements. The auditors recommend that the process for identifying accounting transaction be reviewed and updated. (See PDF Page 59)	MW	2017 (FY 2014-15)	With the hiring of an employee with many years knowledge of generally accepted accounting principles in preparing financial statements and the change in auditing firms and adoption of a "City Accounting Manual," the City feels much of this problem has been or is being solved.	No

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Municipality	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
City of Coleman	Sumter County	<p><u>2019-1 - Improve Knowledge of Internal Control Over Financial Reporting:</u> The person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the City's financial transactions or preparing its financial statements. The auditors suggest possible solutions that include training accounting staff, hiring additional staff, or engaging outside consultants or obtaining assistance from knowledgeable volunteers to prepare financial statements in accordance with generally accepted accounting principles. (See PDF Page 61)</p>	SD	2017 (FY 2014-15)	The City evaluated the cost vs. benefit of establishing internal control over the preparation of financial statements in accordance with generally accepted accounting principles and came to the conclusion that outsourcing this task to the City's auditors is the most cost effective way for small entities with limited staff and resources like the City. However; the City continues to stay involved in the process by reviewing the financial statement draft, making significant input into the management discussion and analysis and other pertinent sections. The City will also continue to ensure that its auditors are independent of the City's internal control system.	No
		<p><u>2019-2 - Lack of Segregation of Duties:</u> The small size of the City's accounting staff precludes certain internal controls and segregation of duties afforded by a larger staff. The Financial and Operations Manager performs all of the accounting tasks, which includes receiving invoices, approving them for payment, preparing checks, mailing out the checks, preparing bank reconciliations, and posting activity into the general ledger and the utility system computer package. The lack of segregation of duties increases the potential for error. The auditors recommend that the City implement any practical controls to overcome this inherent weakness in internal control, including that management and the City Council remain closely involved in the financial affairs of the City to provide oversight and independent review functions. (See PDF Page 61)</p>	SD	2017 (FY 2014-15)	The City continues to provide as many safeguards as possible by having bills inspected by the Mayor and approved by the City Council. The response also includes additional compensating controls implemented by the City.	No

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Town of Cross City	Dixie County	<u>2019-001 - Segregation of Duties</u> : Due to the limited number of people working for the Town, many of the critical duties are combined and assigned to the available employees. Presently, a single individual performs the majority of the accounting functions. The auditors recommend that, to mitigate the risk of error and fraud, key financial duties be segregated to the extent possible. (See PDF Page 39)	MW	2017 (FY 2014-15)	The Town is a small governmental entity, and all accounting responsibilities are performed primarily by two individuals. The Town has adopted review and control oversight procedures, where possible. It is not cost beneficial to hire additional staff.	No
City of Dade City	Pasco County	<u>2014-2 - Separation of Duties</u> : The City operates with a small finance and accounting department and does not have the resources to properly segregate duties among employees so that no one employee has sole control over approving, recording, and accounting for transactions. The auditors recommend that the City's finance and accounting departments continue to develop and expand its current staff to ensure more effective internal control structure over financial reporting. (See PDF Page 86)	SD	2018 (FY 2015-16)	The finding may never be fully resolved due to the small size of the City and its budget constraints. The City has taken the following corrective actions to mitigate the risks. In the FY 2015-16, the City added one additional staff position, which allowed the City to assign the Accounts Payable and Payroll functions to different employees. Human Resources now enters the majority of payroll changes, as well as timekeeping for field employees. The Finance Officer reviews Accounts Payable, Payroll, and journal entries before posting. Finance staff attends various training opportunities. The City employs the services of an outside consultant when needed with large projects. Management will, when financially feasible, seek to further expand staffing levels.	No

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City of Fanning Springs	Gilchrist County, Levy County	<u>2013-1 - Financial Statement Preparation</u> : The City does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 60)	SD	2017 (FY 2014-15)	The City is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Town of Glen Saint Mary	Baker County	<u>2019-002 - Financial Reporting</u> : It was necessary for the auditors to propose material adjustments to the financial statements and assist with the preparation of the financial statements. The auditors recommend that the Town consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 47)	MW	2017 (FY 2014-15)	Due to budget constraints, it is not feasible to have someone on staff with the knowledge and experience to correctly prepare the financial statements.	No
		<u>2019-001 - Separation of Duties</u> : Because of the limited number of personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that, to the extent possible given available personnel, steps be taken to segregate employee duties so no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 47)	MW	2017 (FY 2014-15)	The Town's population is under 500. Due to budget constraints, the Town has only two part-time employees (Mayor and Town Clerk) who handle all water/sewer billing, code enforcement, and all day-to-day office operations. The Town has all bank accounts set up to require two signature for all payments. The Town Council also gets copies of check registers each month to review.	No

MW = Material Weakness (see 2. In Legend)
SD = Significant Deficiency (see 3. In Legend)

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City of Graceville	Jackson County	<u>2007-001 - Financial Reporting</u> : The City relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). The City has a small accounting staff necessitated by the overall small size of the entity and does not consider it cost effective to develop and maintain a system of internal accounting control sufficient to prepare financial statements in accordance with generally accepted accounting principles, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements. The auditors recommend that the City continue to consider the effects of the cost of developing and benefits of implementing a system in which staff are able to prepare financial statements and have sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements as compared with understanding that, due to the size of the accounting department, the City will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 64)	MW	2017 (FY 2014-15)	The City operates with a limited staff responsible for all financial operations. The City operates on a cash account basis and will continue to utilize accounting firms to complete annual audit and work through issues identified.	No
		<u>2006-001 - Separation of Duties</u> : Custody of assets, recordkeeping, and recording of assets should have adequate separation. Due to the City's size, proper separation of duties may not be feasible. The auditors recommend that management remain very active and involved in the day-to-day operations and that controls be established to provide checks and balances. (See PDF Page 64)	SD	2017 (FY 2014-15)	The City operates with a small staff consisting of three principal employees dealing with the week-to-week financial functions of the City and a City Manager.	No

MW = Material Weakness (see 2. In Legend)
SD = Significant Deficiency (see 3. In Legend)

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Town of Greensboro	Gadsden County	<u>2019-001 - Segregation of Duties</u> : Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes ideal segregation of duties. The failure to maintain separation of these functions subjects the Town to the risk that material misstatements due to error or fraud may occur and not be detected by employees in a timely manner during the performance of their assigned tasks. The auditors recommend that, in the absence of the ability to hire additional employees, alternative procedures, including additional oversight with regard to certain functions, be performed regularly to mitigate the risk caused by this deficiency in internal controls. (See PDF Page 54)	MW	2017 (FY 2014-15)	The Town employs a total of three people. The small staff includes the Town Manager, Office Assistant/Town Clerk, and Maintenance person. The Town Manager opens all bank statements and makes all bank deposits, returning receipts to the Town Clerk. The Town Council is aware of the concerns and would certainly make any changes necessary were funds available for increase in staffing levels.	No

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Town of Greenville	Madison County	<u>2019-001 - Significant Adjustments and Preparation of Financial Statements:</u> The internal controls of the Town have focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). Certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness. The auditors recommend that management select and apply the appropriate accounting principles to prepare the financial statements in accordance with GAAP. (See PDF Page 52)	MW	2017 (FY 2014-15)	The Town finds this finding uncorrectable. The Town is a small municipality with limited resources and is not financially able to hire additional personnel or contract with an outside agency to prepare financial statements.	No

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Town of Greenville (Continued)	Madison County (Continued)	<u>2019-002 - Segregation of Duties</u> : A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The Town employee opening the mail, creating the deposit slips for cash receipts, and generating checks for cash disbursements also inputs those transactions into the accounting software. In addition, no one reviews and approves journal entries. The auditors recommend that certain practices, described in the audit report, could be implemented to improve existing internal controls and journal entries should be approved by an employee other than the one who prepared the entry. (See PDF Page 52)	MW	2017 (FY 2014-15)	There are only two employees, and the only way for the Town to correct this finding is to hire additional personnel and that is not financially possible. The Town will continue to work with the auditors to implement oversights where possible.	No
Town of Greenwood	Jackson County	<u>2007-001 - Financial Reporting</u> : The Town has a capable individual providing bookkeeping services; however, the Town does not have an individual on staff with the accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles. The Town relies on the external auditor to assist with preparing the financial statements in conformity with GAAP. The auditors recommend that the Town continue to request outside assistance in recording more complex transactions, as the cost-benefit of hiring someone with this expertise is not practical. (See PDF Page 42)	MW	2017 (FY 2014-15)	With the financial pressures and lack of funding, the Town has found the cost to benefit ratio is far too great for the Town to employ more personnel. The Town will continue to use its auditor to provide financial advice on certain issues when necessary. Management prepares monthly financial statements for the Town Council and will continue to prepare annual financial statements for auditing purposes.	No

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Town of Hilliard	Nassau County	<u>2009-01 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge or experience to oversee service an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 76)	N/A	2017 (FY 2014-15)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Town of Horseshoe Beach	Dixie County	<u>2011-1 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge or experience to oversee service an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 44)	SD	2017 (FY 2014-15)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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Town of Interlachen	Putnam County	<u>2019-001 - Preparation of Financial Statements:</u> The Town's internal control system over financial reporting does not currently provide for preparation of financial statements, including note disclosures, in accordance with generally accepted accounting principles (GAAP). The Town's resources currently available related to the preparation of financial statements, including note disclosures, in accordance with GAAP are limited. The auditors provide preparation and review assistance related to the preparation of financial statements and related notes to comply with GAAP. The auditors recommend that, for subsequent audits, management may wish to take an active role in the drafting of the financial statements and related note disclosures. (See PDF Page 34)	SD	2017 (FY 2014-15)	The Town has limited resources and staff and utilizes an outside consultant to assist with accrual adjustments related to accounts payable and receivable items. She also reviews revenue and expense coding to ensure that line items are not over-expended or ledgered against the wrong item line. The response includes additional compensating controls taken by the Town. The Town does not currently have resources available to allow for preparation of financial statements and note disclosures in accordance with Governmental Accounting Standards Board requirements.	No
Town of Jennings	Hamilton County	<u>2019-002 - Financial Reporting:</u> Optimum internal control exists when an entity has the ability to prepare its own financial statements in conformity with GAAP. The Town's financial statements are not prepared by the Town's personnel because there was no one on staff with the technical expertise to prepare financial statements in accordance with GAAP. This results in an increased risk of errors or omissions in the financial statements and notes. The outsourcing of these services to independent external auditors is common for governments of this size and is a result of management's decision to outsource rather than incur the internal resource cost. Therefore, according to the auditors, no practical solution exists in this case. However, management should continue to review the financial statements in detail with the external auditor in order to mitigate the risk of errors and omissions. (See PDF Page 64)	SD	2017 (FY 2014-15)	Due to the limited staff and resources, this area may never be fully resolved. The response includes specific information relating to compensating controls implemented by the Town.	No

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Town of Jennings (Continued)	Hamilton County (Continued)	<u>2019-001 - Separation of Duties</u> : There is an inadequate segregation of accounting duties among personnel. Certain functions are not segregated including collection/deposit of cash and recording of cash receipts and general ledger; cash receipts/disbursements and preparation of bank reconciliation; accounts payable and recording of general ledger and payroll processing and general ledger due to limited staff size. The auditors recommend that increased management oversight of the accounting function be utilized to mitigate risk. (See PDF Page 64)	MW	2017 (FY 2014-15)	Due to the limited staff and resources, this area may never be fully resolved. The response includes specific information relating to compensating controls implemented by the Town.	No
City of LaBelle	Hendry County	<u>2009-1 - Internal Control Over Financial Reporting</u> : City staff does not currently have the skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements. The auditors recommend that the City develop a strategy to address the material weakness in internal control over financial reporting. (See PDF Page 105)	MW	2017 (FY 2014-15)	The City is a small municipality with limited financial resources and fiscal staffing and may not resolve this finding in the near future. The audit finding weakness has been mitigated during these past few years by the auditors disclosing to and teaching staff how to calculate and create the majority of the year-end adjustments needed for the City's financial statements. Additionally, the auditors conduct an exit conference/interview with the Mayor-Commissioner, Finance Director, and staff and have, upon request, done the same with the City's entire Commission, reviewing in enough detail to assure all Commissioners understand the financial reports, the City's financial condition, and the results of operations.	No
City of Macclenny	Baker County	<u>2019-002 - Financial Reporting</u> : It was necessary for the auditors to propose material adjustments to the City's financial statements and to assist with the preparation of the financial statements. The auditors recommend that the City consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 59)	MW	2017 (FY 2014-15)	The City continues to train key personnel responsible for the preparation of financial statements and, through the assistance of professional oversight, will continue to reduce the adjustments being made by the auditors to the financial statements.	No

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City of Macclenny (Continued)	Baker County (Continued)	<u>2019-001 - Separation of Duties</u> : Because of a limited number of personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that, to the extent possible given available personnel, steps be taken to segregate employee duties so no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 59)	MW	2017 (FY 2014-15)	The City has implemented as many external controls, along with internal controls within the City's software, to segregate the duties as much as possible with the limited staff available. The response includes specific information relating to compensating controls implemented by the City. The City expects the finding to remain due to limited staff and funding.	No
City of Madison	Madison County	<u>2012-1 - Financial Statement Preparation</u> : The City does not have the expertise necessary to prevent, detect, and correct misstatements, and is not capable of drafting the financial statements and all required footnotes disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 84)	SD	2017 (FY 2014-15)	The City is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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Town of Malone	Jackson County	<u>2007-001 - Financial Reporting</u> : The Town relies on the external auditors to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). The auditors noted that the Town has a small accounting staff necessitated by its overall small size and does not consider it cost effective to develop and maintain a system of internal accounting control sufficient to prepare financial statements in accordance with GAAP, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements. The auditors recommend that the Town continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that, due to the size of its accounting department, it will continue to need external assistance for the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 44)	MW	2017 (FY 2014-15)	The Town does not consider it cost effective due to its small size to develop and maintain a system of internal accounting control sufficient to prepare financial statements in accordance with generally accepted accounting principles or maintain internal staff.	No
		<u>2004-001 - Separation of Duties</u> : Custody of assets, record keeping, and recording of assets should have adequate separation. Due to the size of the Town, proper separation of duties may not be feasible. The auditors recommend that management remain very active and involved in the day-to-day operations and controls be established to provide checks and balances. (See PDF Page 44)	SD	2017 (FY 2014-15)	The Town is a small town and only has two office staff members. This is a remaining issue and the Town does not see it changing soon. The Mayor and Town Council will continue to be active and involved in the day-to-day operation of the Town's finances.	No

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Town of Mayo	Lafayette County	<u>2011-1 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 57)	SD	2017 (FY 2014-15)	The Town has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Mayor and the Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation before the Town Council.	No
Town of Medley	Miami-Dade County	<u>2019-01 - Supervisory Review</u> : Due to the small size of the Town, there is a lack of separation of duties in some accounting and financial reporting functions. Although quarterly financial statements are provided to the Mayor and the Town Council, they are not approved. Additionally, journal entries can be prepared, entered, and posted by one individual without review or approval. The auditors recommend that the Mayor and the Town Council establish a periodic review and approval of the Town's financial statements and implement a system of review and approval for nonstandard journal entries. (See PDF Page 94)	MW	2017 (FY 2014-15)	The Town has a small finance department and believes it is not efficient and practicable to have journal entries reviewed by a second person as it slows down the work process. As a result of new accounting software implemented in October 2016, there are no longer non-standard journal entries being recorded. General ledger journal entries still being made include correction of postings, allocations to different departments, and period-end accruals. Additional details are provided in the Town's response.	No

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Town of Montverde	Lake County	<u>ML 19-1 - Internal Controls Over Recording Transactions in Accordance (GAAP)</u> : Due to the small size of the Town, the staff does not have the necessary qualifications and training to prepare transactions in accordance with generally accepted accounting principles (GAAP). The auditors had to recommend multiple adjusting entries be posted, and make several adjustment to capital asset balances, in order for financial statements to be prepared. The auditors recommend that the Town staff receive additional training on governmental accounting standards, as well as make all required adjustment to the year-end financial statements. (See PDF Page 53)	MW	2020 (FY 2017-18)	The Town is small with a staff of six; while that is not an excuse, it does highlight the difficulty a small community can face when segregating duties to ensure accountability and transparency. The Town has implemented changes that it believes will allow the independent auditor to remove this finding from future audits, including: (1) increased training in generally accepted accounting principles (GAAP); (2) the purchase of a new accounting software, along with training for employees on its use and implementation; (3) a short-term contract with a professional city-county manager and a city finance director to assist in the upgrade of the accounting system and the training of Town employees; and (4) a significant charter change, moving from a Strong Mayor form of governance to a Town Manager-Council form of governance effective November 2020. The goal is to eliminate audit comments and ensure the Town is running as efficiently and transparently as possible to maintain the citizens' confidence in their Town government.	No

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City of Moore Haven	Glades County	<u>2019-001 - Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP):</u> The City does not have an internal control policy in place over annual financial reporting that would enable management to ensure its annual financial statements and related note disclosures are complete and presented in accordance with generally accepted accounting principles (GAAP). The City relies on the auditors to prepare the annual financial statements and related note disclosures. However, the City has reviewed and approved the annual financial statements and the related note disclosures. The auditors recommend that management continue to evaluate the City's internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial. (See PDF Page 91)	MW	2017 (FY 2014-15)	The City is a very small community and receives approximately \$185,000 per annum in ad valorem revenue. The City is not in a financial position to hire additional staff to oversee the areas reported in the audit finding and the system which has been implemented provides for more than sufficient checks and balances by the City's auditors.	No
		<u>2019-002 - Audit Adjustments:</u> It was necessary for the auditors to propose audit adjustments to revise the City's books at year-end. These adjustments involved the recording of accruals, reclassifications of revenues and disbursements to the proper accounts, and fund balance reclassifications. The auditors acknowledge that this material weakness is already known to management and represents a conscious decision by management and the Council to accept that degree of risk because of cost or other considerations. (See PDF Page 92)	MW	2017 (FY 2014-15)	The City is a very small community and receives approximately \$185,000 per annum in ad valorem revenue. The City is not in a financial position to hire additional staff to oversee the areas reported in the audit finding and the system which has been implemented provides for more than sufficient checks and balances by the City's auditors.	No

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City of Oak Hill	Volusia County	SD01 (2009) - Segregation of Duties: During the current year, the auditors continued to note that the City's ability to implement adequate managerial and internal control systems is affected by the City's limited staffing (only two employees), the extent of the accounting staff's overlapping administrative duties, and financial resources. The auditors also continued to note that the City has not completed the drafting and reviewing of formal accounting policies and procedures in order to provide adequate controls as it relates to the accounting functions and processes. Due to the limited number of staff working with the administrative and finance departments, many of the critical overlapping duties are combined with virtually no managerial oversight or control. Presently, a single individual performs the majority of the accounting functions. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. The auditors continue to recommend that the City complete formal written accounting policies and procedures. The auditors also suggest that the segregation of duties be reviewed and adjusted where possible to strengthen the system of internal control. (See PDF Page Revised ML p.4)	SD	2017 (FY 2014-15)	The City will continue to work diligently to mitigate these matters within its physical and financial constraints. In a very small office environment it is difficult to properly segregate all duties; however, the City will continue to consider its limited options and constraints to separate the important finance functions and duties to further strengthen internal controls.	No

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City of Palatka	Putnam County	<u>2019-001 - General Accounting Records</u> : The auditors proposed material adjustments to the City's financial statements. City management accepted the proposed adjustments, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the City consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process to ensure all material adjustments are included in the year-end close-out. (See PDF Page 126)	MW	2020 (FY 2017-18)	The City has a new hire who has been solely trained in Accounts Payable thus far. The Finance Department is going through yet another hardship as it loses a valuable team member with 27 year experience. The Finance Department intends on replacing this team member, but will be faced with additional challenges; training will take time. The City will continuously strive to minimize the number of proposed adjustments and avoid at all cost a verbatim entry repeat. It is, however, important to note that, due to the size of the City's staff, the increasing number of changes made to GASB, and the limited resources available to the Finance Department, the City anticipates this finding will continue to incur.	No
City of Paxton	Walton County	<u>2019-01 - Financial Reporting</u> : The City's personnel lack the expertise to apply the required accounting principles to convert their existing accounting records to a generally accepted accounting principles (GAAP)-based financial statements. Therefore, the City engages its auditors to assist in the application of new GAAP standards and to prepare the City's financial statements as a nonattest engagement. (See PDF Page 51)	SD	2017 (FY 2014-15)	Because of the financial disadvantage of the City, it does not have funding to staff an employee with the credentials that would be required to complete the financial statements according to generally accepted accounting principles. Therefore, the City relies on its accountants (auditors) to complete this task.	No
		<u>2019-02 - Separation of Duties</u> : Due to the small size of the City, the accounting and administrative staff are precluded from performing certain internal controls that would be preferred. A fundamental concept of internal control is the separation of duties. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. (See PDF Page 51)	SD	2017 (FY 2014-15)	The City is a small municipality with only six employees. Two of the employees are office/administration, City Clerk and Utilities Billing Clerk. Between the two clerks, the City tries to have a checks and balance system in place (with duty separations as suggested by the City's accountants (auditors)). The response includes specific information relating to compensating controls implemented by the City. The City works diligently to keep duties separated as much as possible with a limited staff.	No

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Town of Penney Farms	Clay County	<u>2011-1 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 49)	SD	2017 (FY 2014-15)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Town of Pierson	Volusia County	<u>2009-01 - Financial Statement Preparation</u> : Management requested the auditors to prepare a draft of the financial statements, including the related notes to the financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management did not prepare the financial statements. The absence of controls over the preparation of the financial statements is considered a material weakness because there is a reasonable possibility that a material misstatement of the financial statements could occur and not be prevented, or detected and corrected by the entity's internal control. (See PDF Page 40)	MW	2020 (FY 2017-18)	This finding relates to an area that may never be fully resolved due to limited staff and resources.	No

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Town of Pierson (Continued)	Volusia County (Continued)	<u>2009-02 - Segregation of Duties</u> : The Town Clerk is responsible to all accounting functions (cash deposits, cash disbursements, payroll, accruals, journal entries, and financial statement preparation) and also receives all bank statements. The auditors recommend that: (1) monthly transactions be reviewed by a Council member or another employee of the Town, (2) monthly financial statement balances be reviewed by someone who can determine whether the balances are reasonable, (3) bank statements be received by a Council member or someone independent of cash receipts and disbursements, and (4) canceled checks be reviewed for unusual items. (See PDF Page 41)	MW	2020 (FY 2017-18)	This finding relates to an area that may never be fully resolved due to limited staff and resources. The Town is continually looking for ways to implement compensating controls to help mitigate some of the inherent risks that exist in a small entity.	No
Town of Pomona Park	Putnam County	<u>2009-IC-1 - Segregation of Duties</u> : Because of the number of personnel in the finance department, there is a lack of separation of duties between employees that prepare the transactions and those that review the transactions. (See PDF Page 55)	SD	2017 (FY 2014-15)	The Town is a small municipality with only five employees. Three are with the Maintenance Department and the other two are the Town Clerk and Accounting Clerk, making it difficult to address the segregation of duties. The response includes specific information relating to compensating controls implemented by the Town. With the precautions taken, it is working well for the Town. In fact, errors/oversights have been detected and resolved during the review process. With the size of the workforce, the City is doing everything possible to address the finding.	No

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City of St. Marks	Wakulla County	<u>2019-001 - Segregation of Duties</u> : The same person within the accounting department handles cash and checks and posts receipts and disbursements to the utility ledger. The auditors recommend that the City have another designated person receive all cash and checks, make all required deposits, and return a summary of receipts along with a validated deposit slip before turning them over to the accounting department. (See PDF Page 38)	MW	2017 (FY 2014-15)	The financial resources of the City are limited. The City has two employees who must perform all accounting duties. The City will try to segregate duties of handling cash, checks, posting receipts, and disbursements whenever possible. The City has also engaged another outside CPA firm to assist in bank reconciliations and budget versus actual comparisons to present for the City Council on a monthly basis. Therefore, as a compensating control, the City Council reviews the financial statements and budget comparison on a monthly basis. This control provides the additional level of review necessary to mitigate the lack of segregation of duties finding.	No
City of Trenton	Gilchrist County	<u>2009-1 - Financial Statement Preparation</u> : The City does not have the expertise necessary to prevent, detect, and correct misstatements, and is not capable of drafting the financial statements and all required footnotes disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 62)	SD	2017 (FY 2014-15)	The City is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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Town of Wausau	Washington County	<u>2010-01 - Segregation of Duties</u> : The Town employs only one full-time clerical employee whose responsibilities include billing, collecting, receipting, depositing, and recording all revenues. She is also responsible for preparing and documenting all disbursements. This results in an inadequate separation of duties relating to the control and recording of receipts and disbursements. This could result in the misappropriation of assets and adversely affect the Town's ability to record, process, summarize, and report financial information. The auditors noted that, due to a lack of adequate staffing, optimum segregation of duties is not obtainable. However, the auditors strongly recommend that the Mayor and/or the Council monitor daily activities and monthly reporting. (See PDF Page 56)	MW	2019 (FY 2016-17)	The Town realizes the hazards of a one-person office; however, due budget constraints it is not possible to hire additional personnel. The Mayor or Mayor Pro-Tem reviews all invoices prior to any checks being issued. The Town also utilizes dual signatures on all checks. The Mayor and Council are provided with the entire bank statements showing all deposits and checks each month. The Town also utilizes NCBA employees when they are available.	No

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City of Webster	Sumter County	<u>2015-002 - Timely Reconciliations Along with Financial Close Processes:</u> Timely reconciliations are not being prepared. In August 2019, the City increased the services of the outsourced accountant to include services related to cash account reconciliations, year end close, and financial statement preparation services. At the time the outsourced accountant was engaged, cash account reconciliations had not occurred for the fiscal year. Budget constraints prevent the hiring of additional administrative personnel, whose employment would allow for additional time to be spent on current day's tasks as well as reconciliations to be performed throughout the year on a timely basis. The auditors recommend that the City continue to consider and evaluate the costs and benefits of improving and strengthening internal controls relative to the reconciliation process and financial reporting process with focus set on more time applied consistency. (See PDF Page 59)	MW	2020 (FY 2017-18)	The City Manager will request that the City Council approve the City's contracted accountant to perform the monthly bank reconciliations. Also, the contracted accountant was given access to the City's financial software to review and identify any anomalies.	No

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City of Webster (Continued)	Sumter County (Continued)	<p><u>2015-001 - Segregation of Duties</u>: Because of the limited number of available accounting personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. The auditors noted several areas where improvement should be focused, including cash handling, payroll, and cash disbursements. The auditors recommend that, to the extent possible, given the availability of personnel, steps be taken to separate employee duties so that no one individual has access to both physical assets and the relating accounting records, or to all phases of a transaction, and that the City's accounting function be closely monitored to help ensure that all transactions are adequately supported and accurately and timely recorded. (See PDF Page 57)</p>	MW	2020 (FY 2017-18)	<p>Historically there have been limited office staff which have limited the segregation of financial duties. With the City's Charter Change in March 2016, the City now operates under a City Manager form of government. With this change, the City now has a City Manager, a City Clerk, and a Clerk Assistant which has allowed for the financial duties to be segregated. However, due to the limited staff in the office, there are times such as vacations, illness, etc., that there are not enough staff available to segregate the tasks. Regarding cash handling, the City's current process is that the City Manager or the City Clerk will count the cash drawer in the morning and validate the deposit. There is a log book in which the count of the cash drawer is recorded and signed and then is reviewed by a second person and initialed off on. At the end of the day, the City Clerk counts the cash drawer and records this in the log book. This is signed off on and a second person verifies and initials. The deposit is then prepared, and the deposit slip is filled out and placed in the deposit bag along with the money. The City Manager or the City Clerk verifies the deposit, signs off on the deposit information and takes the deposit to the bank. Regarding payroll, during FY 2016-17 the City had two employees that had adjustments to their timesheets which were not noted on the actual timesheet. The City has instituted a policy where changes are to be clearly indicated on the timesheet and initialed off on. The City Manager will now sign off on all payroll processing. Regarding cash disbursements, the City has implemented a policy that all invoices are to be signed off on indicating that they have been reviewed for approval. All purchases will have a Purchase Order created. In addition, the City Manager has provided access to the financial software to the contracted accountant, who will review records monthly and will inform the City Manager of any potential discrepancies.</p>	No

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City of Wewahitchka	Gulf County	<u>2011-1 - Financial Statement Preparation</u> : The City does not have the expertise necessary to prevent, detect, and correct misstatements, and is not capable of drafting the financial statements and all required footnotes disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 54)	SD	2017 (FY 2014-15)	The City is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Town of Windermere	Orange County	<u>19-01 - Internal Controls Over the Preparation of Financial Statements</u> : The Town does not have the necessary expertise to draft the financial statements without assistance from the auditors. The auditors recommend continued training of existing staff to improve financial reporting. (See PDF Page 40)	SD	2017 (FY 2014-15)	Due to the size, limited staff and resources of the Town, management acknowledges and accepts this deficiency. However, the material weakness was partially corrected earlier. As noted in a prior audit report, the Finance Director's skills at recording financial transactions in accordance with generally accepted accounting principles have improved such that the auditors did not report a material weakness, but did report a significant deficiency. This deficiency may never be fully resolved, and it may not be possible, practical, or feasible for the Town to perform this function internally.	No

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FOOTNOTE/LEGEND:

1. These audits have been conducted by private certified public accountants, as required by Section 218.39(1), *Florida Statutes*.
2. **Material Weakness (MW)**: a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:
 - a. a material misstatement of the entity's financial statements, or
 - b. material noncompliance with a type of compliance requirement.

For example, 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 on a timely basis.

The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.

3. **Significant Deficiency (SD)**: less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Amelia Concourse Community Development District	Nassau County	<u>2012-01/2013-01/2014-01 - Reserve Requirement:</u> The Debt Service Reserve Requirement for the 2007 Bond was not met at fiscal year-end. The auditors recommend that the District make the necessary arrangements to ensure funds are available to make debt service payments. (See PDF Page 37)	N/A	2020 (FY 2017-18)	Prior year correspondence described the history and status of the District; the Special Purpose Entity (SPE) that was created to hold foreclosed property continued to fund its share of the District's operating and maintenance costs and was actively marketing the property for resale. After the sale of the property, the net proceeds from the sale will be paid to the bondholders. On October 26, 2015, the District approved a purchase and sale agreement between the SPE and a developer to acquire all remaining undeveloped land within the District in two transactions. The first transaction (conveyance of Phase II lands) closed on January 15, 2016, and on January 24, 2018, the purchase and sale agreement between the SPE and a developer to acquire all remaining undeveloped land within the District (Phase III lands) was finalized. On March 20, 2019, the District closed on the Series 2019, Capital Improvement Revenue Bonds, the proceeds of which will be used to develop the final phase of development within the District. Most recent status: During FY 2018-19, the District paid approximately \$2.8M in past due interest payments due to proceeds received from home sales which has significantly improved the financial condition of the District. The District continues to make progress towards the elimination of these findings but until the final lot in the development is sold this finding will continue.	Yes

MW = Material Weakness (see 2. In Legend)
SD = Significant Deficiency (see 3. In Legend)

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Amelia Concourse Community Development District (Continued)	Nassau County (Continued)	<u>2012-02/2013-02/2014-02 - Financial Condition Assessment:</u> The District's financial conditions continue to deteriorate, and the future of the project remains uncertain. The Debt Service Fund has reported deficit fund balances at the end of the last six fiscal years. Nonpayment of assessments by the former Developer caused there to be insufficient funds available to make certain prior year required debt service payments on the Series 2007 bonds. The District paid \$2,805,138 in matured interest during FY 2018-19. The District did not make the current year principal payment or the full payment of current year interest due. The auditors recommend that the District take the necessary steps to improve the deteriorating financial condition. (See PDF Page 38)	N/A	2020 (FY 2017-18)	See response to Finding #2012-01/2013-01/2014-01 above.	Yes
Buckeye Park Community Development District	Manatee County	<u>IC2015-03 - Debt Administration:</u> The District is not in compliance with certain provisions of its Bond Indenture including those relating to: (1) collecting assessments to provide payment of debt service; (2) maintaining adequate funds in debt service reserve accounts; and (3) making its semi-annual debt service principal and interest payments. (See PDF Page 33)	N/A	2020 (FY 2017-18)	In essence, there is no change and no updates on the audit findings. The District Bonds are in default solely due to the former developer abandonment of the entire project, including the fact that no new developer has shown interest in acquiring the property as of this writing. The District has a final judgment in favor of the District for the delinquent properties and has foreclosed on all of the delinquent properties. The District has thus fully complied with the obligations set forth in the Indenture in the event of special assessment defaults, and has fully cooperated with direction provided by the Indenture Trustee with respect to the defaults. As such, although the assessments remain unpaid due to economic conditions, the District has and will continue to work closely with the trustee and bondholders toward a solution. Unfortunately, there is no foreseeable conclusion to these findings unless and until another developer purchases this property and/or works out an agreeable solution to the delinquent assessments.	No (the District provided an updated response on 11/23/2020)

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SD = Significant Deficiency (see 3. In Legend)

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Buckeye Park Community Development District (Continued)	Manatee County (Continued)	<u>IC2016-01 - Expenditures/Expenses</u> : Expenditures are made from an account that the District has no direct control or authority over, and the funds to cover these expenditures are taken from an account maintained in the debt service fund by the Trustee. No supporting documentation is provided to the District for the transactions. The auditors recommend that the District work with the Trustee to obtain sufficient documentation to support Special Purpose Entity activity. (See PDF Page 33)	N/A	2020 (FY 2017-18)	The audit finding is related to expenditures that are made by the trustee, pursuant to the Trust Indenture, because the District is in default on the Bonds and the trustee controls those disbursements. The District will continue to work with the trustee to obtain documentation.	No (the District provided an updated response on 11/23/2020)

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SD = Significant Deficiency (see 3. In Legend)

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CFM Community Development District	Lee County	<u>IC2010-1 - Debt Administration</u> : At fiscal year-end, the District was not in compliance with certain provisions of its Debt Service Bond indenture for the Unexchanged Series 2004A Bonds only, including those relating to: (1) collecting amounts to provide payment of debt service; and (2) making its semi-annual debt service principal and interest payments. (See PDF Page 34)	N/A	2020 (FY 2017-18)	As also noted in prior year correspondence, during a prior year, the Trustee, on behalf of the bondholders, created a Special Purpose Entity (SPE) to own, manage, and dispose of the land subject to delinquent debt service assessments. Additionally, during a prior year, the SPE, the Trustee, and the District entered into a tri-party Project Transfer and Transition Agreement, whereby the SPE conveyed its interest in certain lots to D.R. Horton, Inc. The Trustee has temporarily deferred payment of the principal and interest on the bonds and has directed the District to defer collection of debt service assessments until such time as the Trustee notifies the District otherwise. The SPE has been continuing to work with D.R. Horton, Inc., in order to transfer the land under control by the SPE. In October 2017, the SPE sold an additional 238 lots to D.R. Horton, Inc., and as a result has assumed the responsibility of paying the ongoing debt service assessments for these lots, following a two-year abeyance period ending November 1, 2019. On August 20, 2019, the District and the Trustee, at the direction of the bondholder, restructured the outstanding bonds by trifurcating them into three different series of bonds. The Trifurcation, among other things, provides for the orderly and continued development of the remaining developable property within the District. In addition, the SPE is working on several improvements for Phase 2 lot development enhancing the marketability of the remaining unsold property. Improvements are being made on this development, which will result in the District being able to comply with the provisions of the bond indenture, as such was amended by the Trifurcation, including the fully funding of the debt service reserve, collecting debt service assessments, and making its semi-annual debt service payments.	Yes

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Chapel Creek Community Development District	Pasco County	<u>12-01 - Failure to Make Debt Service Payments When Due:</u> In current and prior years, the District did not pay all of the principal and interest due on the Series 2006A Bonds, due to Landowner nonpayment of debt service assessments and Special Purpose Entity purchase of land. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition described in Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 32)	N/A	2020 (FY 2017-18)	The Trustee, on behalf of the bondholders, created a Special Purpose Entity (SPE) to own, manage, and dispose of the land purchased at a tax deed sale. The District, the Trustee, and the SPE entered into a tri-party agreement whereby the SPE assumed responsibility for the prior year debt service assessments owed to the District related to the land owned by the SPE. The Trustee has temporarily deferred payment of the principal and interest on the bonds and has directed the District to defer collection of debt service assessments until such time as the Trustee notifies the District otherwise. The SPE has sold 176 lots to the homebuilders, with the balance of the undeveloped land held by the SPE. The Series 2006B and Series 2006B-1 bonds have been cancelled, following a final distribution to holders in April 2012. In addition, a portion of the Series 2006A bonds has been cancelled, and the project's projection and unit mix has been modified to reflect an estimated 842 units at final buildout. The District's position is that corrective actions, within the ability of the District, have been taken relating to the finding.	Yes
		<u>12-03 - Failure to Include Component Unit Financial Statements in the Financial Report:</u> The District did not include the Special Purpose Entity (SPE) New Chapel Creek, LLC as a component unit in the District's financial report as required by generally accepted accounting principles. The auditors recommend that the District include the SPE as a blended component unit of the District's government-wide and fund financial statements. (See PDF Page 31)	MW	2020 (FY 2017-18)	Management does not agree that the SPE should be included as a blended component unit on the government-wide financial statements. It is the position of the auditors that it should be included. This finding will not be resolved until the SPE has sold all the property it holds and is dissolved. The remaining lots owned by the SPE should be sold by June 2020, and the SPE will be dissolved.	Yes

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Chapel Creek Community Development District (Continued)	Pasco County (Continued)	<u>12-04 - Land Held for Resale Not Recorded</u> : No appraisal was performed on the land held for resale owned by the Special Purpose Entity (SPE) Chapel Creek CDD Holdings, LLC. As a result, the market value of the land could not be determined at fiscal year-end, and no amount was recorded in the financial statements for this asset. The auditors recommend that an appraisal be performed on the land held for resale to determine its value and the land be recorded in the financial statements. (See PDF Page 31)	MW	2020 (FY 2017-18)	No appraisal was performed on the land owned by the SPE. Management does not agree that the SPE is an asset of the District, thus no appraisal is performed, and no market value of land can be determined, and no value is recorded in the financial statements for the asset. The District's position is that corrective actions, within the ability of the District, have been taken relating to the finding.	Yes

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City Center Community Development District	Polk County	<u>2015-01 - Failure to Meet Debt Service Reserve Account Requirements:</u> The District did not adequately meet the reserve requirement on the Series 2005A and 2007A Special Assessment Revenue Bonds as set forth in the Trust Indenture. The auditors recommend that the District make the necessary arrangements to ensure funds are available to make debt service payments. (See PDF Page 34)	N/A	2020 (FY 2017-18)	Prior year correspondence described the history and status of the District: Following five years of litigation and bankruptcy proceedings relating to developer defaults on the Series 2005A and Series 2007A Bonds (collectively the "Bonds"), the District's bondholders acquired title to the undeveloped, non-performing property (Property) in the District in late 2014, and a special purpose entity (SPE) holds title to the Property on their behalf. Subsequently, during March 2015, the District entered into a Forbearance Agreement with the bondholders and the SPE for the purpose of formally suspending payment and other obligations under the trust indentures securing the Bonds, and subsequently the SPE provided the District with sufficient funding to bring its general account deficit current and resume relatively normal maintenance operations. As the predominant landowner in the District, the bondholders also assumed control of the District's Board of Supervisors and have since actively marketed the Property for sale. Most recent status: No material changes have occurred during the past year that would adversely affect the statements, conditions, or events reported in prior audits. The Forbearance Agreement is intended to provide sufficient time for the marketing and sale of the Property, and it is the suspension of the Trust Indenture requirements pursuant to the Forbearance Agreement, which appears to generate the audit findings. To date, the successor developer (SPE/bondholders) has reported some success liquidating the Property. However, despite generally good market conditions across the State, significant portions of the Property remain unsold. With respect to the parcels of the Property that have been liquidated, the sale proceeds were used to retire a corresponding amount of the District's outstanding Series 2005A and Series 2007A Bonds, substantially correcting Audit Finding #2015-01. In fact, the auditor commented on the "current status" by stating that the Series 2005A and Series 2007A Bond requirements "have substantially been met." It is also clear from the auditor's comments on Audit Finding #2015-02 that the two audit findings are directly connected to one another, and the forbore debt assessments on the Property are also causing the auditor to find the District in a "deficit net position," notwithstanding the existence of the Forbearance Agreement. The Board of Supervisors has taken all corrective action required by the Trust Indenture and the Forbearance Agreement to the fullest extent permitted by Chapters 170 and 190, Florida Statutes, and is committed to fully restoring the financial condition of the District and will continue working toward that goal.	Yes

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City Center Community Development District (Continued)	Polk County (Continued)	<u>2015-02 - Financial Condition Assessment</u> : The District has a net position deficit and net governmental funds balance deficit. The auditors recommend that the District utilize all remedies available to alleviate deteriorating financial conditions. (See PDF Page 34)	N/A	2020 (FY 2017-18)	See response to Finding #2015-01 above.	Yes
City-County Public Works Authority	Glades County	<u>2019-004 - No Review of Cash Reconciliations by the Board of Commissioners</u> : The Authority has no formal review of the bank reconciliations. As a compensating control, the Board reviews the disbursement detail, and one Board member must sign each check. However, there is no review performed over the existing check stock, and there is no log maintained of check numbers used to verify there are no gaps in sequence between check runs and the Board-approved checks. Policies and procedures have not been established to include this review as part on internal controls and operations. The auditors recommend that the Authority appoint a Board member to review the bank statements and view returned checks to ensure dual signatures are listed (making sure one is from a Board member). The auditors further state that management could also maintain a running list of check numbers and, as the Board member signs checks, they initial by the check numbers that have signed. By doing this, they can track to make sure there are no missing numbers they did not see and approve. (See PDF Page 22)	N/A	N/A	N/A	Yes

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Concorde Estates Community Development District	Osceola County	<u>13-01 - Financial Condition Assessment:</u> The District's financial condition has deteriorated. In prior years, the Developer failed to pay debt service assessments, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The restructured agreement requires no current payments, and the District is now funded; however, the overall effect of these actions on the District's financial condition cannot be determined at this time. (See PDF Page 33)	N/A	2020 (FY 2017-18)	On November 1, 2017, the District's Series 2011B Bond Special Assessment matured and was due and owed. The District is taking full corrective action and filed an amended foreclosure complaint (2019 CA 001728 MF) to include the 2011B Assessment against all landowners with delinquent Bond Special Assessments against their property, with the exception of one landowner who filed for bankruptcy and is protected by the automatic stay. The District's position is that it will continue to work with the Bondholder and the Trustee throughout the foreclosure and that all corrective actions have been taken at this point.	Yes
Creekside Community Development District	St. Lucie County	<u>2019-01 - Financial Condition Assessment:</u> Deteriorating financial conditions were noted. At fiscal year-end, the District reported deficit fund balances in the general fund and the debt service fund. The Developer and the Landowners have largely stopped funding the District, and the future of the project remains uncertain. A significant portion of the assessments for fiscal years 2009-2019 remain delinquent. As a result, certain scheduled debt service payments were made, in part, by draws on the Debt Service Reserve Account in prior fiscal years, which resulted in the Debt Service Reserve Fund being underfunded. In addition, the District did not have sufficient funds to make certain scheduled debt service payments in the prior, current, and subsequent fiscal years and, as a result, the payments were not made when due and, in some cases, remain unpaid. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30)	N/A	2020 (FY 2017-18)	Prior year correspondence stated: The District has authorized filing of a foreclosure lawsuit against one of the major landowners with delinquent assessments on their property. The District will not be able to correct the auditor's findings until successful completion of the foreclosure lawsuit and sale of the property. Most recent status: At the Bondholder's request, the foreclosure was not pursued; due to the reduced value of the property, the expenses of foreclosure could not be justified. Subsequently, a large portion of the delinquent property has escheated to St. Lucie County and were then deeded to the District from St. Lucie County. In cooperation with the Bondholder, these properties will be marketed to builders and proceeds of the sale(s) will be applied toward the outstanding 2006 Bond Assessments. The District is also working on a Settlement Agreement with another landowner regarding past due assessments. The District continues to make progress toward having the repeat finding corrected; unfortunately, the finding will be repeated in the FY 2018-19 audit report.	Yes

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Crossings At Fleming Island Community Development District, The	Clay County	<u>15-01 - Failure to Make Debt Service Payments When Due:</u> In the current and prior years, the District did not pay the entire principal and interest due on the Golf Course Revenue Bonds Series 1999 because the Developer did not pay debt service assessments owed to the District. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 38)	N/A	2020 (FY 2017-18)	The District has worked diligently for many years in an effort to bring debt service payments current on its golf course revenue bonds. This includes, but is not limited to, funding and completing over \$1.5M of capital improvements, as well as adopting and following recommended actions contained in the study performed by the National Golf Foundation conducted in early 2020. The District has also explored the viability of a tender offer to redeem the defaulted bonds from current bondholders at a discount. The District anticipates having sufficient funds to continue to pay all operating and maintenance expenses related to the golf course for the coming year.	Yes
		<u>15-02 - Failure to Meet Debt Service Reserve Account Requirement:</u> At fiscal year-end, the Debt Service Reserve Account was deficient. The balance in the Debt Service Reserve Account was used to pay debt service expenditures. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 38)	N/A	2020 (FY 2017-18)	The District has worked diligently for many years in an effort to bring debt service payments current on its golf course revenue bonds. This includes, but is not limited to, funding and completing over \$1.5M of capital improvements, as well as adopting and following recommended actions contained in the study performed by the National Golf Foundation conducted in early 2020. The District has also explored the viability of a tender offer to redeem the defaulted bonds from current bondholders at a discount. The District anticipates having sufficient funds to continue to pay all operating and maintenance expenses related to the golf course for the coming year.	Yes

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Gadsden Soil and Water Conservation District	Gadsden County	<p><u>2017-003 - Financial Reporting:</u> The District has a small accounting staff necessitated by its overall small size. The District relies on the external auditors to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). The District does not consider it cost effective to develop and maintain a system of internal accounting control sufficient by itself to allow the preparation of financial statements in accordance with GAAP, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect, or correct misstatements in audited financial statements. The auditors recommend that the District continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that, due to the size of its accounting department, they will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 33)</p>	MW	N/A	N/A	Yes
		<p><u>2017-001 - Separation of Duties:</u> Custody of assets, record keeping and recording of assets should have adequate separation. Due to the size of the District and its small one-person bookkeeping system, proper separation of duties may not be feasible. The auditors recommend that management remain very active and involved in the day-to-day operations and controls be established to provide checks and balances. It is essential that records be maintained current and up-to-date. (See PDF Page 33)</p>	SD	N/A	N/A	Yes

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Gramercy Farms Community Development District	Osceola County	<u>12-03 - Failure to Meet Debt Service Reserve Account Requirement:</u> The Trust Indentures require the District to keep minimum amounts in the Debt Service Reserve Accounts. The Debt Service Reserve Accounts were deficient at fiscal year-end, and the District is not in compliance with all Trust Indentures. The auditors recommend that the District utilize all legal remedies available to collect assessments and replenish the Debt Service Reserve Accounts. (See PDF Page 32)	N/A	2020 (FY 2017-18)	The District has taken all necessary and available actions in order to comply with the Trust Indenture. A SPE was formed and took ownership of the unplatted land. During a prior year, the bonds were restructured to enable the District to continue with development of the property and completion of the construction project as amended. Due to the restructure, there is no anticipation that funds deposited in the trust accounts will be used to replenish the reserve account relating to the Series 2007 bonds. Such bonds will either be paid off or forgiven when all SPE land is sold. Progress is being made on the lot sales. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes
		<u>12-04 - Financial Condition Assessment:</u> The District's financial condition has deteriorated. In a prior year, the Developer failed to pay debt service assessments because of lack of funds, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The restructured agreement requires no current payments, and the Special Purpose Entity (SPE) is now funding the District; however, the overall effect of these actions on the District's financial condition cannot be determined at this time. The auditors recommend that the District utilize all legal remedies available to improve the present financial condition. (See PDF Page 35)	N/A	2020 (FY 2017-18)	In a prior year, the Developer failed to pay debt service assessments, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The restructured agreement requires no current payments, and the SPE is now funding the District. The overall effect of these actions on the District's financial condition cannot be determined at this time. As lots are sold, there are funds available per the requirements in the Trust Indenture to pay all or a portion of the unexchanged bonds, and these funds will be used for that purpose. Although failure to make bond debt service payments when due is considered a condition of financial emergency, going forward this finding only applies to the unexchanged bonds and was agreed upon by the Bondholders when the bonds were exchanged. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes

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Gramercy Farms Community Development District (Continued)	Osceola County (Continued)	<u>12-01 - Failure to Include Component Unit Financial Statement in the Financial Report:</u> The Special Purpose Entity (SPE) is not included as a component unit in the District's financial report. The auditors recommend that the District include the SPE as a discretely-presented component unit of the District's government-wide financial statements. (See PDF Page 34)	N/A	2020 (FY 2017-18)	Management does not agree that the SPE should be included as a blended component unit on the government-wide financial statements. [Committee staff note: The auditor recommended, both in the 2016-17 and 2017-18 fiscal year audit reports, that the District include the SPE as a discretely presented component unit, not a blended component.] Management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit for the following reasons: (1) The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE; (2) The District will not benefit from the activities of the SPE; (3) When the land held by the SPE is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt; and (4) The District will not be responsible for any deficiency between the net proceeds of the sale of the SPE-owned land and the associated Bond debt not satisfied or secured by assessments. As of March 2020, the SPE continues to sell lots with phase 6 being sold in September 2018 and phase 9 being sold in February 2019. The SPE will exist until all remaining lots are sold. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes

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Hamilton County Development Authority	Hamilton County	<u>2016-004 - Employee Bonuses</u> : Bonuses should be awarded based on an analysis by the Board of Directors (Board) in accordance with its "Bonus Guidelines of Performance" which were developed in accordance with Florida Statutes. Wages for the Authority were scheduled and the bonuses awarded were noted. Approval for the bonuses was not indicated in the Board's minutes. There was a lack of documentation regarding the achievements by employees as indicated in the Board's "Bonus Guidelines of Performance." The auditor recommends: (1) documenting the achievement of Authority's performance goals as outlined in the "Bonus Guidelines of Performance," (2) retaining the analysis for post year-end audit review, and (3) indicating the analysis was performed and the Board's approval in the minutes. (See PDF Page 45)	N/A	2020 (FY 2017-18)	Future bonuses will be paid per Section 215.425(3)(b), Florida Statutes, and follow the policy established by the Authority.	Yes

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Hamilton County Development Authority (Continued)	Hamilton County (Continued)	<u>2016-002 - Travel/Other Reimbursements:</u> Reimbursements for travel should be made in accordance with Florida Statutes, and other related reimbursements should be adequately supported by documentation. The auditors noted the following: (1) one of eight reimbursements for travel was not signed as reviewed and approved by someone other than the traveler; (2) \$1,758 was reimbursed without any supporting documentation; (3) lodging in the amount of \$374.24 was reimbursed twice; and (4) an advance on travel in the amount of \$2,000 was provided without subsequent reconciliation to the actual cost. The auditor recommends that a Board Member review travel vouchers for compliance with Florida Statutes, including time of departure and arrival, mileage documentation, and supporting invoices for lodging and miscellaneous items. Signature on travel voucher would indicate the review and approval. In addition, the auditor recommends that, if travel is advanced, a reconciliation of the advance to the actual travel costs incurred be performed timely. (See PDF Page 44)	N/A	2020 (FY 2017-18)	All travel, mileage, and lodging reimbursements will be reviewed for compliance with Florida Statutes, and all reimbursements, per diem, and travel expenses will be conducted in accordance with Section 12.061, Florida Statutes.	Yes
Heights Community Development District, The	Hillsborough County	<u>2019-01 - Internal Control Deficiency:</u> The auditors noted that the capital asset schedule was not reconciled. The auditors recommend that appropriate controls be implemented and staff be provided training to ensure the accurate reporting of financial information, including fixed asset schedules. (See PDF Page 29)	SD	N/A	N/A	Yes

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Heritage Isles Community Development District	Hillsborough County	<u>2009-01 - Debt Administration</u> : The District continues to meet a condition described in Section 218.503, Florida Statutes, in that it failed to make the required debt service payments on the Series 1999 Recreational Revenue Bond, which are secured by the pledged revenue of the Golf Course and Restaurant. (See PDF Page 42)	N/A	2020 (FY 2017-18)	Prior years' correspondence described a brief history and status of the District, stating that the District owns and operates an 18-hole golf course and supporting restaurant and, unfortunately, the recreational golf industry continues to suffer declining play and revenues in recent years, resulting in an account deficit in the District's Enterprise Fund. The District's Recreational Revenue Bonds are true "revenue bonds," solely payable from and secured by the "Pledged Revenues" for the Bonds, effectively defined in the Bond Indenture as the net operating revenues from the golf course and the restaurant. Therefore, if the golf course and the restaurant fail to generate net operating profits, the bondholders do not receive payment. The Board has diligently worked to reduce the operational expenses and maximize profitability of the golf course related operations; however, such operations have not generated sufficient net operating revenues to make further payments on the Bonds for FY 2012-13 through current. The financial conditions of the Golf Course Facilities over the past 7+ years remains unchanged, in that the operating revenues fall short of funding all of the annual costs and expenses associated with the Golf Course Facilities. No material changes or events have occurred since the prior year response, and the financial performance of the Golf Course Facilities remains relatively static due to market conditions, the age of the course, and weather conditions during the most recent fiscal year. The District's Board of Supervisors (Board) is very attentive to the financial condition issue and continues to take corrective action to favorably address the audit finding. For example, during FY 2015-16, the District incurred significant expense renovating the "greens" to ensure the golf course will remain competitive and attractive in the market place. In addition, a renovation of the restaurant facilities was also completed, which appears to have improved food service operations. The lease tenant for the restaurant portion of the District's facilities has changed, with the new commercial lease effective November 2017, and the restaurant tenant is currently making timely rent payments. The District's Board of Supervisors (Board) has no plans to close the golf course or the restaurant, primarily due to the detrimental effect such a closure might have on the property owners in the District, and will continue making diligent efforts to maximize and improve operational revenue from the Golf Course Facilities and the restaurant. Most recent status: The FY 2018-19 audit indicates that the District has sufficient funds on hand to pay its general operations and maintenance expenses, including the operating deficiency in the Enterprise Fund. That said, the financial conditions described above have continued to exist and will likely continue until the market for golf demonstrates improvement. The Board continues to make efforts to stabilize the restaurant operation and improve revenues of the golf course. This is an ongoing effort, and the Board believes it is in the best interest of the District and its residents to continue to operate in this manner.	Yes

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Heritage Isles Community Development District (Continued)	Hillsborough County (Continued)	<u>2014-01 - Financial Condition</u> : The Restaurant and Golf Course operated at a deficit for the fiscal years ended September 30, 2014 through 2019. (See PDF Page 43)	N/A	2020 (FY 2017-18)	See response to Finding #2009-01 above.	Yes
Homosassa Special Water District	Citrus County	<u>ML 19-1 - Interfund Balances</u> : The District is transferring cash from the General Fund to the Water System Revenue Fund; however, this flow of cash is being recorded as a loan rather than a transfer out. Tax revenues continue to accumulate in the General Fund, and only the annual debt payment amount is being recorded as a transfer to the Water System Revenue Fund. The auditors recommend that the District consider forgiving the balance due to the General Fund if it does not expect the Water System Revenue Fund to repay this balance. The auditors further recommend that, if the District plans to repay the General Fund, a repayment plan be set up to reduce the interfund balance. The auditors noted that, subsequent to fiscal year-end, the District approved forgiving the interfund balance in FY 2019-20. (See PDF Page 46)	N/A	2020 (FY 2017-18)	The Board has made a motion at the regular Board Meeting on March 16, 2020, to forgive the balance due to the General Fund. As this action has been done after the FY 2018-19 Final Audit, this action will be reflected in the District's FY 2019-20 Audit.	No

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Indian Trail Improvement District	Palm Beach County	<p><u>2019-02 - Revenue Policies, Procedures and Documentation:</u> The auditors noted that, during audit testing in the prior year, certain areas relating to customer charges and fees need significant improvement and made it probable that revenue opportunities may be lost and errors in customer receivable and deposit may not be identified and corrected in a timely manner. During the current fiscal year, the District made considerable efforts to reconcile customer accounts; however, the following issues remain for a portion of FY 2018-19: (1) The District was not initially following its special permit procedures relating to the collection of deposits from customers to offset professional charges relating to permit review; and (2) Due to delays in reconciling accounts receivable and deposit amounts, certain reimbursable amounts were not billed by the District in a timely manner and reimbursable amounts previously written off were reinstated and billed to customers. The auditors recommend that the District continue to improve internal control policies and procedures for special permits, including cash collection, recording, and reconciling, including regularly evaluating and reconciling customer accounts relating to receivables and deposits. The auditors further recommend that cash receipts documentation and classifications include evidence of management review and be posted in a timely manner. (See PDF Page 72)</p>	N/A	N/A	N/A	Yes

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Indigo Community Development District	Volusia County	<u>2019-01 - Financial Condition Assessment:</u> The District's financial conditions continue to deteriorate. The debt service fund had a deficit fund balance at fiscal year-end. In the prior, current, and subsequent fiscal years, major landowners in the District failed to pay significant portions of their assessments. As a result, certain debt service payments were not made, resulting in events of default. In addition, the District has not met the debt service reserve requirement. The District is economically dependent on the major landowners of the District. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31)	N/A	2020 (FY 2017-18)	Prior year correspondence described history and status of the District: Major landowners failed to pay their annual debt service assessments securing the Series 1999C and Series 2005 Bonds. As a result, the District had to utilize the funds in reserve accounts to make debt service payments and subsequently utilized the uniform collection method to ensure a more secure collection method of debt service assessments. Unlike other areas of the state, the real estate market for lands within the District has not recovered. Accordingly, the District has taken various actions in coordination with the major landowners, bondholders, and bond trustee in order to resolve the continued financial problems. The District has declared the project complete for economic reasons, allowing the District to redeem \$6.8 million of outstanding bonds and reduce its annual debt service payments. The District has executed two settlement agreements with major property owners that included payment of past due delinquent Operation and Maintenance and Debt assessments for the Series 1999C and 2005 Bonds. In addition, the District has commenced foreclosure proceedings on several parcels which have delinquent assessments. These actions don't result in the total correction of the continued finding; however, it represents significant progress towards that accomplishment. Most recent status: The District continues to pursue resolution to the continued repeat audit finding as expeditiously as possible. The District's operating revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the state.	Yes

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Lakeside Plantation Community Development District	Sarasota County	<u>2018-01 - Debt Administration</u> : The reserve balance at year-end was less than the reserve balance required by the Trust Indenture. The auditors recommend that the District take the necessary steps to restore the reserve balance to the required balance. (See PDF Page 34)	N/A	2020 (FY 2017-18)	Prior year correspondence described history and status of the District relating to the District's acceptance of a deed in lieu of foreclosure of certain land within its boundary due to the nonpayment of debt service assessments levied on such property. In relation to this transaction and as permitted by the District's trust indenture, a majority of the bondholders caused a distribution of 95% of the Reserve Account in June 2004, which distribution has resulted in this ongoing audit finding. Most recent status: There have been no material changes in relation to the amount of funding in the District's Reserve Account. Given the circumstances in which the Reserve Account was depleted, the District has not previously desired to assess landowners and residents in order to replenish the Reserve Account. As in prior years, the District does not presently intend to assess such landowners and residents and remains under no obligation to do so. Alternatively, the District has actively investigated the viability of refinancing its outstanding Bonds, the result of which would likely require the establishment and funding of a new reserve account. The District has continued to monitor the ongoing financial climate in order to determine whether a potential for refinancing may exist. However, despite the Board's ongoing interest, the District has yet to be presented with any viable refinancing options to date.	Yes

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Leon County Educational Facilities Authority	Leon County	<u>2019-001 - Fixed Charges Coverage Ratio</u> : The loan agreement related to the financing of the Heritage Grove Project requires that the project be operated in such a manner that the Fixed Charges Coverage Ratio (Ratio) be at least 1.2. In the event that it falls below 1.2, the LCEFA Ocala Road, LLC (LLC) is required to engage a financial consultant to submit a report containing recommendations to remedy the Ratio noncompliance. In no event shall the Ratio fall below 1.00. The Ratio for the current fiscal year was (0.48). Since the Ratio is less than 1.00, an event of default is deemed to have occurred as defined in Section 1001 of the Trust Indenture. As described in Note 8 to the Financial Statements, subsequent to fiscal year-end, the LLC entered into a settlement agreement with the bond issuer. As such, compliance with these covenants is now the responsibility of the receiver and not the LLC. (See PDF Page 39)	SD	2020 (FY 2017-18)	On October 29, 2019, LCEFA Ocala Road, LLC entered into a settlement agreement with the bond issuer. As such, compliance with these covenants is now the responsibility of the Receiver and not LCEFA Ocala Road, LLC.	No
		<u>2019-002 - Operating Reserve Requirement</u> : The Trust Indenture requires that LCEFA Ocala Road, LLC (LLC) maintain an "Operating reserve fund" of \$500,000. At fiscal year-end, the "Operating reserve fund" has not been funded. As described in Note 8 to the Financial Statements, subsequent to fiscal year-end, the LLC entered into a settlement agreement with the bond issuer. As such, compliance with these covenants is now the responsibility of the receiver and not the LLC. (See PDF Page 40)	N/A	2020 (FY 2017-18)	On October 29, 2019, LCEFA Ocala Road, LLC, entered into a settlement agreement with the bond issuer. As such, compliance with these covenants is now the responsibility of the Receiver and not LCEFA Ocala Road LLC.	No

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Leon County Educational Facilities Authority (Continued)	Leon County (Continued)	<p><u>2019-003 - LCEFA Ocala Road, LLC Fund Management Agreement:</u> The management agreement with the manager of the housing facility expired August 1, 2015. That agreement did not have an extension of time clause. Since the expiration of the agreement, a new management agreement has not been executed. However, the manager has continued to operate the facilities under the same terms and condition stipulated in the expired agreement. As described in Note 8 to the Financial Statements, subsequent to fiscal year-end, the LCEFA Ocala Road, LLC (LLC) entered into a settlement agreement with the bond issuer. As such, compliance with these covenants is now the responsibility of the receiver and not the LLC. (See PDF Page 40)</p>	N/A	2020 (FY 2017-18)	On October 29, 2019, LCEFA Ocala Road, LLC entered into a settlement agreement with the bond issuer. As such, the Management Agreement is now the responsibility of the Receiver and not LCEFA Ocala Road LLC. Also, subsequent to the above-noted settlement agreement, a Management Agreement between the Receiver, Robert S. Rosenfeld, CPA, CFE, and Asset Campus USA, LLC, was executed on December 19, 2019, for one year. This Agreement shall automatically renew for consecutive annual one-year terms commencing on the first anniversary of the original Commencement Date, if not terminated according to its terms.	No
		<p><u>2019-004 - Southgate Fund Management Agreement:</u> The management agreement with the manager of the housing facility expired August 1, 2015. That agreement did have a one-year extension of time clause pending Bondholder approval. However, as of fiscal year-end, there was no written evidence of Bondholder approval of an extension of the management agreement. The manager has continued to operate the facilities under the same terms and conditions stipulated in the expired agreement. (See PDF Page 41)</p>	N/A	2020 (FY 2017-18)	Subsequent to the FY 2017-18 audit issue date, an "Amended and Restated Management Agreement" by and between the Authority as Owner and Asset Campus USA, LLC as Agent was entered into effective March 1, 2020. This Agreement shall automatically renew for consecutive annual one-year terms, commencing on the first anniversary of the original Commencement Date, if not terminated according to its terms.	Yes

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Leon County Educational Facilities Authority (Continued)	Leon County (Continued)	<u>2019-006 - Deteriorating Financial Condition:</u> The results of the auditors' financial condition assessment procedures produced results indicating a deteriorating financial condition evidenced by unfavorable financial indicators, including income from operations that are insufficient to cover annual debt service, a deficit in the net position representing the Authority's investment in capital assets net of related debt, a deficit in the Authority's unrestricted net position, and current liabilities in excess of current assets in the LCEFA Ocala Road, LLC Fund resulting from the classification of long-term debt as current due to noncompliance with certain debt covenants. These conditions have resulted from a number of factors including: (1) structural damage from original construction of facilities at LCEFA Ocala Road, LLC including legal and maintenance fees incurred during the litigation proceedings against the contractors, (2) accrued interest on Southgate Series B Bonds, and (3) bonded debt in excess of the carrying value of the collateralized property. During FY 2017-18, the Authority restructured the debt on the Southgate property and received funds from the settlement of litigation on the LCEFA Ocala Road, LLC property. During FY 2018-19, the Authority and the LCEFA Ocala Road, LLC negotiated a settlement agreement that upon execution appointed a receiver as discussed in Note 8 to the Financial Statements. (See PDF Page 45)	N/A	2020 (FY 2017-18)	<p>LCEFA Ocala Road, LLC, has not been able to pay debt service on the 2003 Bonds and, even though the Authority received a settlement in the construction litigation, those proceeds are not enough to remediate the deficiencies stemming from the original construction, make the needed upgrades, service the debt, and operate the property. The Authority believes that the low occupancy stems from several factors, including the poor aesthetics due to the shoring systems in the buildings, the dated interiors of the apartment units, the ongoing developments in the FSU fraternity system, and the impact of the COVID-19 pandemic.</p> <p>The Authority believes that the appointment of a receiver was the best of a limited number of options for Heritage Grove. In October 2019, the Authority and the LLC engaged in negotiations with the Bond Insurer to address the LLC's inability to pay debt service on the Series 2003 Bonds and remediate the Heritage Grove Project (the Project); resolve any disputes that have arisen or may arise; and to ensure an orderly transition of the Project. The result of such negotiations was a Settlement Agreement, dated October 29, 2019, which provided: (1) Commencement of foreclosure and appointment of a receiver to manage, control and remediate the Project; (2) The transfer of the Project through foreclosure or assignment of the LLC's leasehold interest at the earlier of certain events defined in the Settlement Agreement; (3) Indemnification of the Authority and the LLC, subject to specified limitations; (4) Waivers and releases of the Authority, the LLC, and related persons, subject to specified limitations; and (5) The Bond Insurer's and receiver's compliance with covenants in the financing documents for the Series 2003 Bonds. Upon completion of the Settlement Agreement terms, substantially all the LLC's assets and liabilities will no longer be reported by the LLC.</p>	Yes

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Lingleaf Community Development District	Pasco County	<u>2019-01 - Budget</u> : Actual expenditures exceeded appropriations in the general fund at fiscal year-end. The auditors recommend that the District amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted. (See PDF Page 31)	N/A	N/A	N/A	Yes
Madeira Community Development District	St. Johns County	<u>16-01 - Debt Administration</u> : The District has not made scheduled debt service payments on the Special Assessment Revenue Bonds, Series 2007, since 2010 and has met one of the financial emergency conditions described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 33)	N/A	2020 (FY 2017-18)	The District is pursuing delinquent assessments. Pursuant to the Bond's Trust Indenture, the Bondholders and the Trustee are authorized to direct remedial proceedings upon the failure of the District to make debt service payments on the Bonds. To date, the Bondholders have directed the District to refrain from remedial actions. Accordingly, the District is deferring to the direction of the Bondholders and the Trustee regarding such remedial proceedings, including the collection of debt assessments. Several lots have had the debt accelerated and prepaid. In April 2019, the Trustee redeemed \$705,000 of S2017A bonds and \$280,000 of 2007B bonds. The District's position is that corrective action, within the ability of the District, has been taken relating to the finding.	Yes
		<u>16-02 - Debt Administration</u> : The reserve balance was zero at fiscal year-end. The reserve account was utilized in a prior year to make debt service payments. The auditors recommend that the District use all available remedies to restore the reserve account to the required balance. (See PDF Page 33)	N/A	2020 (FY 2017-18)	As stated in the response for Finding #16-01 above, the Bondholder and the Trustee provides direction to the District, including whether to replenish the debt service reserve account. At this time, the Bondholder has not requested the account to be fully funded. Additionally, the reserve account cannot be fully replenished without collecting debt assessments, which are not presently being collected in full as a result of direction from the Bondholder and the Trustee.	Yes

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Madison County Health and Hospital District	Madison County	<u>2019-002 - Information Technology</u> : The Chief Financial Officer and the human resource officer have access to more system modules than necessary to complete job-related tasks, creating a lack of segregation of duties in various processes including the financial reporting, cash, payroll, and accounts payable functions. Due to the nature of operations, there are not enough personnel to adequately staff all functions, creating the need for key personnel to perform tasks outside their normal duties. The auditors recommend that a review process of system access be performed to determine which access is necessary to carry out day-to-day activities and limiting access, where possible. The auditors further recommend that an additional review process be implemented at the administrator or Board level for areas where segregation is not possible. (See PDF Page 33)	SD	2020 (FY 2017-18)	The Hospital addressed the system modules' access of personnel by limiting access only needed to carry out day-to-day activities for several staff members. A quarterly review of user access is continuing to be performed to remove access not currently needed. Currently, only the CFO and the human resource (HR) officer have access to more system modules than necessary. However, due to staffing constraints and the multiple hats' culture of critical access hospitals, there are not enough personnel to adequately staff all functions, creating the need for the CFO and the HR officer to perform tasks outside their normal duties. The Hospital has also implemented additional CEO reviews where possible. Unfortunately, in order for the CFO and the HR officer to properly perform their duties, they still have access that creates segregation of duties issues for the audit report.	Yes

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Magnolia Creek Community Development District	Walton County	<u>2019-02 - Financial Condition Assessment</u> : The District's financial conditions continue to deteriorate. The Developer failed to pay assessments during prior fiscal years. As a result, the District foreclosed on the related property which was acquired by the Special Purpose Entity (SPE). Due to lack of sufficient funds, certain scheduled debt service payments were not made in the prior, current, or subsequent fiscal years, resulting in events of default. In addition, the reserve requirements of the Series 2007 Bonds have not been met. Further, the debt service fund reported a deficit fund balance of (\$26,598,503) at fiscal year-end. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31)	N/A	2020 (FY 2017-18)	The District has taken all necessary and available actions in order to comply with the Trust Indenture. In November 2013, a final judgment of foreclosure conveyed the certificate of title on the property subject to the foreclosure to the successful bidder, Magnolia Creek CDD Holdings, LLC (LLC). The LLC's activities with respect to the Foreclosure Properties are governed by a tri-party agreement between the District, the LLC, and the Trustee pursuant to the Master Trust Indenture and First Supplemental Trust Indenture for the Series 2007 Bonds. Pursuant to the tri-party agreement, the LLC has agreed to own, maintain, sell, and/or dispose of the Foreclosure Properties for the benefit of the District, who, in turn acts for the benefit of the owners of the Series 2007 Bonds in relation to maintenance and disposal of the Foreclosure Properties. The LLC has assumed responsibility for delinquent operating and maintenance assessments owed to the District and has agreed to pay future operating and maintenance assessments. At this time, it is uncertain as to when and if the reserve fund will be replenished. The District's position is that corrective action, within the ability of the District, has been taken relating to the finding.	Yes
		<u>2019-01 - Appraisal Not Performed and Land Held for Resale Not Recorded</u> : No appraisal was performed on the property owned by the Special Purpose Entity (SPE). Consequently, while the property should be recorded in the financial statements as land held for resale, no amount was recorded in the financial statements related to this asset as the market value of the property could not be determined. The auditors recommend that an annual appraisal be performed on the property owned by the SPE to determine its value as of the end of each fiscal year. (See PDF Page 31)	MW	2020 (FY 2017-18)	Magnolia Creek CDD Holdings, LLC is a Florida limited liability company (LLC) established by the District to hold lands acquired by the District through the foreclosure of special assessment liens. No appraisal was performed on the land owned by the LLC due to lack of available funds by the District.	Yes

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Meadow Pointe IV Community Development District	Pasco County	<u>13-01 - Failure to Make Debt Service Payment When Due:</u> The Special Assessment Revenue Bonds, Series 2004, 2005, 2007, and 2012, require semiannual interest and principal payments per the Bond Indenture. In the current and prior years, interest and principal were not paid on the bonds, respectively. In prior years, debt service assessments were not paid to the District due to landowner bankruptcies. Due to bond restructures in prior years, the special assessment liens on the unexchanged bonds have been extinguished. As of fiscal year-end, the District was not in compliance with the requirements of the bond indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to bring the debt service payments current. (See PDF Page 37)	N/A	2020 (FY 2017-18)	In a prior year, the Trustee, on behalf of the bondholders, created a Special Purpose Entity (SPE) to own, manage, and dispose of land taken in lieu of foreclosure from three significant landowners of the District. The District, the Trustee, and the SPE entered into a tri-party agreement whereby the SPE assumed responsibility for the prior year debt service assessments owed to the District related to the land owned by the SPE. Also, in a prior year, the bonds were restructured and portions of the Series 2004, 2005, and 2007 bonds were exchanged for Series 2012A-1 and A-2 bonds; the unexchanged portions are still outstanding. As part of the restructure, the debt assessment lien has been transferred from the Series 2004, 2005, and 2007 bonds to the Series 2012 bonds. During FY 2013-14, a portion of the 2012B-2 bonds were exchanged for Series 2014A bonds. Subsequently, the SPE sold all of the remaining lots to a developer to complete the development. As the developer sells lots, funds are remitted to the Trustee to pay principal and interest on the unexchanged bonds. The principal on the restructured bonds is in forbearance until the maturity date. In FY 2018-19, the District paid \$501,598 of the matured interest payable; in FY 2019-20 \$789,293 of matured interest payable has been paid. The District's position is that corrective action, within the ability of the District, has been taken relating to the finding.	Yes

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Meadow Pointe IV Community Development District (Continued)	Pasco County (Continued)	<u>13-03 - Failure to Include Component Unit Financial Statement in the Financial Report:</u> The Special Purpose Entity (SPE) is not included as a component unit in the District's financial report. Due to lack of control by the District and that the SPE's primary beneficiary is the Bondholders, the District's position is that the SPE is not a component unit of the District. The auditors could not audit the records or include them as a discretely-presented component unit in the District's government-wide financial statements. The auditors recommend that the District include the SPE as a discretely-presented component unit in the District's government-wide financial statements. (See PDF Page 38)	N/A	2020 (FY 2017-18)	Management does not agree that the SPE should be included as a discretely-presented component unit on the government-wide financial statements. Management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit for the following reasons: (1) The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE; (2) The District has not benefitted from the activities of the SPE; (3) When the land held by the SPE was sold, the proceeds were paid to the Bondholders to satisfy the Bond debt; and (4) The District will not be responsible for any deficiency between the net proceeds of the sale of the land and the associated Bond debt. Additionally, the SPE has sold its remaining lots to a subsequent developer for the purposes of finishing the development. Therefore, the SPE is no longer a landowner within the boundaries of the District; however, it still remains active. The District's position is that corrective action, within the ability of the District, has been taken relating to the finding.	Yes
Midtown Miami Community Development District	Miami-Dade County	<u>2012-01 - Fund Equity:</u> The District continues to report a net position deficit in the Enterprise Fund at fiscal year-end for which sufficient resources were not available to cover the deficit. (See PDF Page 41)	N/A	2020 (FY 2017-18)	As in prior years, the net position deficit is attributable to the fact that depreciation occurs at a faster rate than the current principal reduction payments on the bonds. As such, this finding will be repeated for many years to come. In other words, the magnitude of annual principal payments will increase year over year, and they will eventually overtake annual depreciation expense thereby resolving the net deficit over time. It is also worth noting that the District has a strong cash position as revenues substantially exceed expenses less depreciation, which is a non-cash item. As well, from FY 2013-14 to FY 2018-19 the net position deficit has been reduced by 38%.	Yes

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Montecito Community Development District	Brevard County	<u>2017-01 - Financial Condition Assessment</u> : The District's financial conditions continue to deteriorate. The Developer and certain major landowners failed to pay a significant portion of the assessments in fiscal years 2009-2015, resulting in significant delinquent assessments. As a result, reserve funds were used to partially pay certain required debt service payments during the current and prior fiscal years. In addition, certain required debt service payments were not made during the prior, current, and subsequent fiscal years, resulting in events of default. The reserve requirement on the Series 2006A Bonds has not been met as a result of the financial condition of the District. Further, the debt service fund reported a deficit fund balance at fiscal year-end. The auditors recommend that the District continue taking the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 35)	N/A	2020 (FY 2017-18)	Prior years' correspondence stated that the District and Bondholders were working to alleviate this issue through efforts to collect delinquent assessments. The Trustee, on behalf of the Bondholder, created or caused to be created a Special Purpose Entity (SPE) to own, manage, and dispose of the property subject to the delinquent Series 2006 assessments. The District, Trustee, and SPE entered into a tri-party agreement whereby the District will bill the SPE for operations and maintenance assessments. However, the debt service assessments will be held in abeyance and continue to constitute a lien on the property. If the SPE is successful in selling the land, the amount of debt service assessments to be collected by the District is uncertain at this time. Also, it is uncertain as to when the findings will be corrected. The District has approved construction contracts for the necessary improvements to develop the final phase of the District's development that is the primary reason for the finding. The property is being sold to builders and homeowners resulting in additional annual assessments being collected which is reducing the deteriorating financial condition. Once the final lot is sold on this project, the remaining unsecured debt will be cancelled and the finding will be removed from future audit reports. Most recent status: There has been no material corrective action taken by the District other than what was reported in prior year responses. However, the SPE is quickly selling the remaining undeveloped property securing the Series 2006 Bonds and has sold approximately 90 of the final 150 platted lots. Upon the sale of the final lot, the Bondholders will take various actions that should correct the repeat finding. Also, it is important to note that the District is currently collecting sufficient annual assessments to fund operating expenses and does not require any financial assistance from the State.	Yes

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Naturewalk Community Development District	Walton County	<u>12-01 - Failure to Meet Debt Service Reserve Requirements:</u> The Trust Indenture requires the District to maintain certain minimum amounts in the Debt Service Reserve Accounts. The District has not maintained the required reserve amounts for several years. The auditors recommend that the District utilize all legal remedies available to collect assessments and replenish the Debt Service Reserve Accounts. (See PDF Page 34)	N/A	2020 (FY 2017-18)	The District's lack of sufficient funds in the Reserve Accounts was due to certain landowners failing to pay their debt service special assessments securing the District's Special Assessment Bonds, Series 2007A and 2007B, when due. The District and the Bondholders have been working to alleviate these issues. In a prior year, the District had entered into a Forbearance Agreement with KLP Destin, LLC, KLP Destin II, LLC, and the successor bond trustee, which stated that "so long as KLP and District comply with the terms of this Agreement, the District shall not be in default under the Indenture and any prior defaults shall be deemed to have been cured." The Forbearance Agreement expired in February 2013, at which time all installment payments were due to the District. All installment payments were received in full. Furthermore, certain property identified in the Forbearance Agreement was conveyed from KLP Destin, LLC, to a special purpose entity (SPE) established by the Trustee for purposes of owning, managing, and selling such property in an effort to minimize the adverse impacts resulting from nonpayment of a portion of the debt service assessments. It is uncertain as to when and if the reserve fund will be replenished with funds received either per the Forbearance Agreement or in connection with a sale of the property owned by the SPE. It is the District's position, nevertheless, that corrective action, within the ability of the District, has been taken relating to the finding.	Yes

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Naturewalk Community Development District (Continued)	Walton County (Continued)	<u>12-02 - Failure to Make Bond Debt Service Payments When Due</u> : The District has been unable to make the required debt service payments when due since November 2015. The auditors recommend that the District use all legal remedies available to collect delinquent assessments and bring debt service payments current. (See PDF Page 34)	N/A	2020 (FY 2017-18)	In January 2015, outstanding principal and interest payments on the Bonds were satisfied. However, findings #12-01 and #12-02 are repeated in the FY 2017-18 audit report as, subsequent to November 2015, principal and interest payments had not been made in full due to insufficient funds in the trust accounts because of SPE-related expenses being paid by the Trustee. The Trustee, on behalf of the Bondholders, has instructed the District to hold all debt service assessments in abeyance. It is the District's position, nevertheless, that corrective action, within the ability of the District, has been taken relating to the finding.	Yes
		<u>15-01 - Failure to Include Component Unit Financial Statements in the Financial Report</u> : The District failed to include the financial statements of the Special Purpose Entity (SPE) as a discretely presented component unit in its financial statements as required by governmental accounting standards. The auditors recommend that the District include the SPE financial statements in future annual reports. (See PDF Page 33)	N/A	2020 (FY 2017-18)	Management does not agree that the SPE should be included as a discretely-presented component unit on the government-wide financial statements. Management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit for the following reasons: (1) The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE; and (2) The District has not benefitted from the activities of the SPE.	Yes

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New Port - Tampa Bay Community Development District	Hillsborough County	<u>2015-001 - Financial Condition Assessment</u> : The District's financial condition continues to deteriorate. At fiscal year-end, the District reported a fund balance deficit for which sufficient resources were not available to cover the deficit in the Debt Service Fund. The District has not had sufficient funds to make certain scheduled debt service payments since May 2010, and the Series 2006 Bonds remain in default. The auditors recommend that the District continue taking the necessary steps to improve the deteriorating financial condition. The auditors stated that, subsequent to fiscal year-end, the remaining outstanding debt was canceled, and this finding should be resolved in the next fiscal year. (See PDF Page 36)	N/A	2020 (FY 2017-18)	See response to Finding IC 2009-002 above.	No

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<p>New Port - Tampa Bay Community Development District (Continued)</p>	<p>Hillsborough County (Continued)</p>	<p><u>IC 2009-002 - Debt Administration</u>: The District is not in compliance with certain provisions of its bond indenture including those related to: (1) levying and collecting assessments to provide payment for debt service; (2) maintaining adequate funds in debt service reserve accounts; and (3) making semi-annual debt service principal and interest payments. In the prior year, the District conveyed land to the Special Purpose Entity (SPE) for the purpose of reconfiguring certain land ownership and to facilitate development and sale to third parties. Some of the land may be exchanged within land owned by the SPE, or the SPE will cause bonds to be cancelled corresponding to the value of the property converted to private ownership. During the prior year, certain lands were sold by the SPE, and proceeds were transferred to the District and a significant payment was made on the matured interest payable. The auditors recommend that the District continue pursuing available remedies to ensure funds are available to make debt service payments. The auditors stated that, subsequent to fiscal year-end, in October 2019 a final distribution was made to the bondholders, and all remaining outstanding Series 2006A and Series 2006B bonds were canceled. (See PDF Page 36)</p>	<p>N/A</p>	<p>2020 (FY 2017-18)</p>	<p>Prior years' correspondence described the history and status of the District: Prior to the collapse of the real estate market in 2008, no residential units were constructed or completed in this development. During the ensuing recession, the developer defaulted on assessment payments owed to the District, and the District's financial condition deteriorated. The District was economically dependent on the developer throughout this period of time. Following the developer's default, and pursuant to requirements in the Trust Indenture for the District's Series 2006A and 2006B Bonds (collectively Series 2006 Bonds), the District foreclosed on the delinquent special assessment liens securing payment of the Series 2006 Bonds. Upon completion of the foreclosure, title to all privately owned property within the District was recovered for benefit of the Bondholders. Subsequent to completion of the foreclosure, the bondholders gained control of the District's Board of Supervisors and recommended development of the project, as the successor developer. The first major land sale occurred in January 2017, and the proceeds of the sale were remitted to the bondholders. Contracts for sale are also pending on other parcels of the property. Further, as of January 2017, the District received adequate funding to complete construction of infrastructure improvements on the property and is in financially stable condition. Significant land sales occurred during 2017, and correspondingly the District's bond indebtedness has been substantially reduced. Based upon the most recent available information, and assuming no interim collapse in the real estate market, it is expected that near term land transactions will cause the entire remaining bond debt to be retired in the next few months, and almost certainly before the end of the year. Upon this event, the Series 2006 Bonds will be fully paid, and the audit finding will no longer have any application. Most recent status: On November 21, 2019, the District advised the Office of the Chief Inspector General that all remaining Series 2006 Bonds were retired and cancelled as of November 19, 2019, and by this letter further confirm this occurrence to your office. Currently, the District has no bonded indebtedness, and this finding has been fully resolved. Accordingly, although this event occurred subsequent to closing of the 2019 fiscal year-end, the District anticipates that the audit report for FY 2018-19 will reflect this occurrence and correction of the audit findings from prior years. For the record, the District's Board of Supervisors has taken all corrective actions required by the Trust Indenture and/or permitted by Chapters 179 and 190, Florida Statutes.</p>	<p>No</p>

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**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
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Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Palm River Community Development District	Hillsborough County	<u>19-01 - Failure to Make Debt Service Payments When Due:</u> In the current and prior years, the District did not pay the principal and interest due on the Series 2007A and 2007B Bonds because it did not receive sufficient debt service assessments due to a Developer's non-payment and the subsequent Special Purpose Entity's acquisition of the Developer's land within the District. The District is not in compliance with the Trust Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service current. (See PDF Page 31)	N/A	2020 (FY 2017-18)	The Special Purpose Entity has been negotiating a real estate sale for over two years, and it's still in process. Existing assessments abeyant will remain in effect until a real estate deal is complete. Upon completion of the sale, the Bonds will be brought current, the Debt Service Reserve amount will be recalculated, and Debt Service payments will be made based on an updated amortization schedule. In addition, the trust is managing the property and is currently working on a marketing plan to restructure it for long-term reliability. The trust is current supporting any deficit needs of the operations.	Yes
		<u>19-02 - Failure to Meet Debt Service Reserve Account Requirements:</u> At fiscal year-end, the Debt Service Reserve account requirements exceeded the balances in the Debt Service Reserve accounts. The Debt Service Reserve accounts were used to make prior year debt service payments on the Series 2007A and 2007B Bonds and to provide funds to the Special Purpose Entity for its use. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Accounts. (See PDF Page 31)	N/A	2020 (FY 2017-18)	See response to Finding #19-01 above.	Yes
Parkway Center Community Development District	Hillsborough County	<u>2019-01 - Budget:</u> Actual expenditures exceeded appropriations in the general fund at fiscal year-end. The auditors recommend that the District amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted. (See PDF Page 31)	N/A	N/A	N/A	Yes

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Portofino Isles Community Development District	St. Lucie County	<u>2016-01 - Financial Condition</u> : The debt service fund continues to maintain a deficit fund balance at fiscal year-end. The special assessments associated with the Series 2005 Bonds have not been collected since 2010, and, therefore after the reserve fund was depleted, there have not been funds available to make the required debt service payments. The Series 2005 Bonds are considered in default, and in accordance with the bond indenture a Special Purpose Entity (SPE) was established in a prior year to own, manage, maintain, and dispose of certain property associated with the delinquent Series 2005 Bond special assessments. (See PDF Page 35)	N/A	2020 (FY 2017-18)	Prior years' correspondence described brief history and status of the District: A special purpose entity (SPE) was created and holds title to certain developer-owned property within the District in lieu of foreclosure. The SPE was funding its share of the operating cost of the District; however, the findings had not been corrected and would not be corrected until the property is sold. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes
Portofino Vista Community Development District	Osceola County	<u>2019-01 - Financial Condition Assessment</u> : The Developer owns almost all of the benefitted property associated with the Series 2006 Bonds and has not paid its share of assessments for prior, current, and subsequent fiscal years. As a result, the District did not have sufficient funds to make the Series 2006A and Series 2006B debt service payments due May 1, 2010, or during fiscal years 2011-2019, as applicable. The District's failures to make its scheduled debt service payments, when due, are considered events of default. The District also has deficits in the debt service reserve funds. Furthermore, the District reported a deficit fund balance of (\$4,597,720) in the debt service fund. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30)	N/A	2020 (FY 2017-18)	Prior years' correspondence described the history and status of the District: The developer stopped paying assessments in prior fiscal years, and the District filed a lawsuit seeking to foreclose on all property benefitted by Series 2006 Bonds for which there were delinquent assessments. The District dismissed the foreclosure lawsuit subject to negotiations of a settlement agreement between landowner, debt holders, and the District. The District entered into a settlement agreement in November 2014 and established a special purpose entity (SPE) to own, maintain, and market for resale the property within the District that has delinquent assessments. Once the property is sold, the outstanding delinquent assessments will be satisfied, and the bonds secured by the assessments on this property will be paid or cancelled. Unfortunately, the District is not able to correct the findings while this process continues. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes

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Reunion East Community Development District	Osceola County	<u>2019-01 - Financial Condition Assessment</u> : The prior Developer failed to pay assessments on both the Series 2002 and Series 2005 Bonds, and there are currently no special assessment revenues pledged to the Series 2002 and Series 2005 Bonds. The District did not make any of the scheduled debt service payments on the Series 2002 and Series 2005 Bonds during the current fiscal year. Also, the District is not in compliance with the reserve requirements for the Series 2002, 2005, and 2015-3 Bonds. In addition, the debt service fund reported a deficit fund balance of (\$1,936,606) at fiscal year-end. The auditors recommend that the District continue to take the necessary steps to alleviate the situation. (See PDF Page 32)	N/A	2020 (FY 2017-18)	Prior years' correspondence stated that the District issued the Series 2015, Special Assessment Refunding Bonds, in order to refund the defaulted Special Assessment Bonds, Series 2002A-2 and Series 2005 Bonds (Prior Bonds). However, at the request of the debt holders of the Prior Bonds, the Series 2015 Bonds did not refund 100% of the Prior Bonds; a portion of the Prior Bonds remains outstanding and in a defaulted state. Therefore, the audit findings will continue until the full cancelation of the Prior Bonds is completed. The District is continuing to pursue resolution to this matter. A Bond exchange and the Series 2015 Bond issue provided the District with the opportunity for the orderly and continued development of a portion of the Reunion development within the District, permitted the District to resolve delinquencies related with the exchanged bonds, and provided the District additional time within which to retire the obligations originally evidence by exchanged bonds. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior response. The District continues to work with all interested parties to provide a resolution to this matter. Also, it is important to note that the District continues to collect sufficient annual assessments to fully fund the operating expense and debt service payments on the Series 2015 Bonds and Series 2015A Bonds and does not require any financial assistance from the State.	Yes

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River Glen Community Development District	Nassau County	<u>2019-02 - Financial Condition Assessment</u> : The District's financial condition continues to deteriorate. The Developer failed to pay assessments during prior fiscal years. As a result, the District foreclosed on the related property which was acquired by the Special Purpose Entity (SPE). Due to a lack of sufficient funds, certain scheduled debt service payments were not made in the prior, current, or subsequent fiscal years, resulting in events of default. In addition, the reserve requirements of the Series 2006 Bonds have not been met. Further, the debt service fund reported a deficit fund balance of (\$5,334,593) at fiscal year-end. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31)	N/A	2020 (FY 2017-18)	The District and the Trustee formed a special purpose entity (SPE) to hold, manage, and dispose of the property on behalf of the Bondholders. The SPE took title to the Developer property through foreclosure. Due to the foreclosure, the assessment lien on the property was released. The SPE, the District, and a homebuilder have entered into an agreement to sell the SPE-owned lands. It is unknown at this time whether the sale will close, but the parties continue to move forward on the transaction. The proceeds from the sale will go to the Bondholders as payment toward the outstanding bond debt. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes
		<u>2019-01 - Appraisal Not Performed and Land Held for Resale Not Recorded</u> : No appraisal was performed on the property owned by the Special Purpose Entity (SPE). Consequently, while the property should be recorded in the financial statements as land held for resale, no amount was recorded in the financial statements related to this asset as the market value of the property could not be determined. The auditors recommend that an annual appraisal be performed on the property owned by the SPE to determine its value at the end of each fiscal year. (See PDF Page 31)	MW	2020 (FY 2017-18)	No appraisal has been performed on the property owned by the SPE due to lack of funding; therefore, no value has been recorded in the financial statements as the market value could not be determined.	Yes

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River Place on the St. Lucie Community Development District	St. Lucie County	<u>13-01 - Debt Administration</u> : The Special Assessment Bonds, Series 2001B, matured in 2010 and the principal outstanding balance of \$870,000 was not paid. The Special Assessment Bonds, Series 2001A, principal of \$105,000 was not paid during the current fiscal year. The balance owed at fiscal year-end was \$1,245,000 matured principal and \$339,547 matured interest. The auditors recommend that the District utilize all legal remedies to collect the past due special assessments and pay the outstanding balances due. (See PDF Page 36)	N/A	2020 (FY 2017-18)	A major landowner within the District failed to pay the annual debt service assessments on certain property in the District. Therefore, the District didn't have sufficient funds to make annual debt service payments on the Series 2001B Special Assessment Bonds. The District has reached an agreement with the Bondholder to cancel all of the past due outstanding 2001B Bonds and a portion of the Series 2001A Special Assessment Bonds. The debt service reserve account will also be sized accordingly so it is fully funded. These actions should resolve the audit comments; however, these actions have not been completed prior to the end of FY 2018-19, but should be completed prior to the end of FY 2019-20.	Yes
		<u>13-02 - Debt Administration</u> : The District did not meet the reserve requirement of the Series 2001 Special Assessment Bonds. The auditors again recommend that the District collect the past due special assessments and fund the reserve to the required amount. (See PDF Page 36)	N/A	2020 (FY 2017-18)	See response to Finding #13-01 above.	Yes

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River Place on the St. Lucie Community Development District (Continued)	St. Lucie County (Continued)	<u>2016-01 - Financial Condition Assessment:</u> The District's financial conditions continue to deteriorate, and the future of the project remains uncertain. The Debt Service Fund has reported deficit fund balances at the end of the last five years. Nonpayment of assessments by the former Developer caused there to be insufficient funds available to make the required debt service payments on the Series 2001B Bonds beginning with the scheduled payments due on May 2012. As a result, the outstanding balance of principal and interest portion of the Series 2001B Bonds were not made. Additionally, the District did not make the current year principal or interest payment of the Series 2001A Bonds. The failures by the District to pay its debt service are considered events of default. The auditors recommend that the District maintain the necessary steps to improve the deteriorating financial condition. (See PDF Page 36)	N/A	2020 (FY 2017-18)	See response to Finding #13-01 above.	Yes
Riverwood Estates Community Development District	Pasco County	<u>12-01 - Failure to Make Debt Service Payment When Due:</u> In the current and prior years, interest and principal were not paid on the Series 2006 Bonds. The Trustee has directed the District not to collect debt service special assessments. The District, therefore, is not receiving debt service assessments due to the Developer's nonpayment and the Special Purpose Entity (SPE) purchase of the land within the District. As of fiscal year-end, the District was not in compliance with the requirements of the bond indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 32)	N/A	2020 (FY 2017-18)	The Trustee formed a SPE to hold, manage, and dispose of the property on behalf of the Bondholders. During a prior year, the SPE took title to the Developer property through a credit bid sale. Also in a prior year, the interests in the SPE were assigned to Riverwood Estates Management, LLC, and the SPE agreement was terminated. The Developer has assumed the responsibility of funding the Operation and Maintenance of the District. The past due and future debt service payments will be held in abeyance until the Trustee notifies the District to the contrary. The District's position is that corrective action, to the extent it can be at this time, has been taken. (Note: Letter states this finding as #15-01.)	Yes

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Riverwood Estates Community Development District (Continued)	Pasco County (Continued)	<u>12-02 - Failure to Meet Debt Service Reserve Account Requirement:</u> The District was not in compliance with certain provisions of the Bond Indentures in that the District did not maintain the required reserve requirement. Reserve funds were utilized in a prior year to make certain debt service payments at the request of the bondholders. (See PDF Page 31)	N/A	2020 (FY 2017-18)	The Developer has assumed responsibility for the operations and maintenance assessments. In prior years the Trustee, on behalf of the Bondholders, was funding the SPE using bond proceeds, which in turn, were used to fund the District. This has resulted in the deficiency in the Debt Service Reserve Account. The deficiency will remain until the Trustee instructs the District otherwise. The District's position is that corrective action, to the extent it can be at this time, has been taken. (Note: Letter states this finding as #15-02.)	Yes
		<u>12-03 - Failure to Include Component Unit Financial Statement in the Financial Report:</u> The Special Purpose Entity (SPE) is not included as a component unit in the District's financial report as required by generally accepted accounting principles. Due to the lack of control by the District and that the SPE's primary beneficiary is the bondholders, the District's position is that the SPE is not a component unit of the District. The auditors recommend that the District include the SPE as a discretely-presented component unit in the District's government-wide financial statements. (See PDF Page 33)	N/A	2020 (FY 2017-18)	Management does not agree that the SPEs should be included as blended component units on the government-wide financial statements. [Committee staff note: The auditor recommended, both in the 2016-17 and 2017-18 fiscal year audit reports, that the District include the SPE as a discretely presented component unit, not a blended component.] In summary, management feels that it would be misleading to the users of the financial statements to include the SPEs as component units for the following reasons: (1) The District has no ownership and/or control over the SPEs and in no way can it impose its will on the SPEs; (2) The District will not benefit from the activities of the SPEs; (3) When the land held by the SPEs is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt; and (4) The District will not be responsible for any deficiency between the net proceeds of the sale of the SPE-owned land and the associated Bond debt not satisfied or secured by assessments. (Note: Letter states this finding as #15-03)	Yes

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Six Mile Creek Community Development District	St. Johns County	<u>2017-01 - Debt Administration</u> : The debt service fund has a deficit fund balance of (\$5,982,619) at fiscal year-end. Due to the Developer's failure to pay debt assessments securing its Series 2007 Bonds in the prior and current years, the District did not have sufficient funds to make certain scheduled debt service payments in the past and current years, and as a result the payments were not made. The District's failures to make its scheduled debt service payments when due are considered events of default. In addition, the District was not in compliance with the reserve requirement. The auditors recommend that the District take the necessary steps to alleviate the financial condition and to comply with the reserve requirement. (See PDF Page 38)	N/A	2020 (FY 2017-18)	Prior years' correspondence described the history and status of the District: In April 2016, the District issued Capital Improvement Revenue Bonds, Series 2016, and in December 2017 the District issued its Capital Improvement Revenue Bonds, Series 2017. In connection with the issuance of the Series 2016 Bonds, a portion of the defaulted Series 2007 Bonds in the principal amount of \$24.5 million were cancelled. As a result of such cancellation, a portion of the defaulted assessments securing the Series 2007 Bonds levied over 545.46 acres were cancelled and have been replaced with new assessments securing the Bonds. All debt assessments securing the Bonds are current. A portion of the Series 2007 Bonds remained outstanding and in default after the issuance of the Series 2016 Bonds. The District anticipated that, as the project further develops, the remaining Series 2007 Bonds and the assessments securing those bonds would be restructured in a manner similar to the Series 2015 Bonds and Series 2016 Bonds such that all of the District's bonds are performing. Most recent status: The District continues to make progress towards full correction of the finding; however, the only indirect corrective action taken by the District since the prior year response is the plan to issue the next series of not to exceed \$15 million in Series 2020 Bonds. A portion of the Series 2007 Bonds remain outstanding and in default. The District anticipates that, as the project further develops, the majority of the remaining Series 2007 Bonds and 100% of the assessments securing those bonds will be restructured. However, due to circumstances outside the District's control related to the manner in which approximately \$900,000 of the Series 2007 Bonds were conveyed among third-party bondholders, such bonds may never officially be cancelled (the "Uncancelled Bonds"). Instead of cancelling the Uncancelled Bonds, it is anticipated that the owners of the Uncancelled Bonds will release any obligation on the District's part to pay principal and interest on the Uncancelled Bonds and will direct the District to release the lien securing the Uncancelled Bonds. In light of the Uncancelled Bonds never being cancelled, this finding may remain in future District audits. The District will continue to work with all interested parties to resolve this matter and is optimistic that it will be successful.	Yes

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Southern Hills Plantation II Community Development District	Hernando County	<u>2019-01 - Failure to Make Bond Debt Service Payments When Due:</u> In prior years, the District did not pay required debt service on the Series 2004 Bonds. The District was unable to make the required debt service payments due to the nonpayment of debt assessments owed to the District. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to bring debt service payments current. (See PDF Page 32)	N/A	2020 (FY 2017-18)	The trust is currently supporting any deficit needs of the District's operations. In addition, the District recently foreclosed on the property, and the trust is preparing a plan to restructure the property for long-term performance.	Yes
		<u>2019-02 - Failure to Meet Debt Service Reserve Requirements:</u> At fiscal year-end, the Series 2004 Debt Service Reserve Accounts were deficient. In prior years, debt service reserves were used to pay debt service on the Bonds due to the Developer's nonpayment of assessments owed. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to replenish the Debt Service Reserve Accounts. (See PDF Page 32)	N/A	2020 (FY 2017-18)	The trust is currently supporting any deficit needs of the District's operations. In addition, the District recently foreclosed on the property, and the trust is preparing a plan to restructure the property for long-term performance.	Yes
		<u>2019-03 - Failure to Pay Creditors When Due:</u> In the current year, the District did not pay uncontested claims from creditors within 90 days due to lack of funds; therefore, the District meets the financial emergency condition in Section 218.503(1)(b), Florida Statutes. (See PDF Page 33)	N/A	2020 (FY 2017-18)	The trust is currently supporting any deficit needs of the District's operations. In addition, the District recently foreclosed on the property, and the trust is preparing a plan to restructure the property for long-term performance.	Yes

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Spring Lake Community Development District	Hillsborough County	<u>2019-01 - Budget</u> : Actual expenditures exceeded appropriations in the general fund at fiscal year-end. The auditors recommend that the District amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted. (See PDF Page 30)	N/A	N/A	N/A	Yes
Sterling Hill Community Development District	Hernando County	<u>12-03 - Failure to Meet Debt Service Reserve Account Requirement</u> : The Debt Service Reserve Accounts were deficient at fiscal year-end. The balances in the Debt Service Reserve Accounts were used to pay prior year debt service on the Bonds. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 32)	N/A	2020 (FY 2017-18)	The District and the Bondholders have been working to alleviate this issue. During a prior year, the Trustee formed a Special Purpose Entity (SPE), SPE 1, to own and maintain the property subject to delinquent Series 2006 assessments. In addition, during prior years, the District filed foreclosure against three landowners for failure to pay assessments due on the Series 2003B Bonds, and the Trustee formed SPE 2 to own and maintain the property subject to delinquent Series 2003B assessments upon transfer of ownership to the SPE. Also, in a prior year one landowner conveyed land to the SPE by delivering an executed deed in lieu of foreclosure, and a third SPE was formed to own and control land taken through foreclosure of the assessment lien. The District is taking all necessary and available actions in order to collect both Operations & Maintenance assessments and Debt assessments. In October 2015, one of the SPEs entered into a lot purchase agreement with a builder for development of 52 lots; all outstanding liability for the Series 2003A and 2003B assessments allocated to these lots were satisfied by the SPE. In February 2017, a further lot purchase agreement was approved for 104 lots; likewise the outstanding liability for the Series 2003A and 2003B assessments on those lots were satisfied as part of the sale. In September 2018, one SPE (Sterling Hill CDD Holdings, LLC) was dissolved. Only one SPE remains active. There remains one undeveloped parcel of land at this time, and the SPE continues to search for a homebuilder to purchase this land. Once all of the outstanding assessments have been collected, the Trustee, on behalf of the Bondholders, and the District will need to discuss the status of the debt service reserve funds and determine if they will be replenished to an appropriate level based on the Bond Indenture. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes

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Sterling Hill Community Development District (Continued)	Hernando County (Continued)	<u>12-04 - Failure to Make Debt Service Payments When Due:</u> In current and prior years, the District did not pay all principal and/or interest due on the Series 2003B and Series 2006 Bonds. The District is not receiving debt service assessments due to landowner nonpayment and Special Purpose Entity purchase of the land within the District. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 32)	N/A	2020 (FY 2017-18)	The District and the Bondholders have been working to alleviate this issue. During a prior year, the Trustee formed SPE 1 to own and maintain the property subject to delinquent Series 2006 assessments. In addition, during prior years, the District filed foreclosure against three landowners for failure to pay assessments due on the Series 2003B Bonds, and the Trustee formed SPE 2 to own and maintain the property subject to delinquent Series 2003B Bond assessments upon transfer of ownership to the SPE. Also, in a prior year one landowner conveyed land to the SPE by delivering an executed deed in lieu of foreclosure, and a third SPE was formed to own and control land taken through foreclosure of the assessment lien. Currently, only one SPE remains active. The District is taking all necessary and available actions in order to collect both Operations & Maintenance assessments and Debt assessments. The District made its bond payment in May 2017 for the Series 2003A and Series 2003B Bonds, as a result of the lot sale transactions. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes

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Stevens Plantation Community Development District	Osceola County	<u>2019-01 - Financial Condition Assessment:</u> The District's financial conditions continue to deteriorate. The debt service fund had a deficit fund balance of (\$6,340,051) at fiscal year-end. In prior, current, and subsequent fiscal years, the District has been unable to make its debt service payments on the Series 2003A and Series 2003B bonds since November 2012 due to lack of funds. In addition, the District has not met the debt service reserve requirement. The non-payment of interest and principal payments, when due, are considered events of default. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31)	N/A	2020 (FY 2017-18)	Prior years' correspondence described the history and status of the District and the Stevens Plantation Improvement Project Dependent Special District (DSD), a component unit of the City of St. Cloud (City): The DSD was created by the City as a dependent special district for the purpose of facilitating the development of a mixed use development called Stevens Plantation within the City originally planned to include residential units (for current and future development), commercial use property, and a corporate campus; the DSD served as the initial landowner and master planner of the development. The District was created in 2003 to facilitate the financing and operation of common public facilities and infrastructure in Stevens Plantation and issued two series of bonds (2003A and 2003B) and levied two series of special assessments on all of the lands within Stevens Plantation. In 2003, under a separate bond indenture, the DSD issued bonds, the proceeds of which were applied to pay a portion of the purchase price of the DSD Lands. By 2007, the DSD had sold all of the current residential units to area builders; however, none of the commercial property, the corporate campus, or future residential units were sold. Bond reserve funds were used to pay interest on the Series 2003B Bonds and the DSD bonds until November 2012. The proximate cause of the conditions noted was the failure of the owners of certain parcels of land within the District (Delinquent Land) to pay special assessments. The District, as directed by the bondholders, initiated foreclosure proceedings on several of the District's Series 2003B Bond assessments liens. Most recent status: The unsold commercial parcels of the Delinquent Lands are owned primarily by the City, and those properties are currently listed for sale. A small number of parcels of the Delinquent Lands are residential lots that are defaulted in their 2003B lump sum bond payment; foreclosure actions have been filed and a number have settled, others remain in litigation or a judgment has been granted. The Bond Trustee and bondholder representatives are actively working with the District and the City to negotiate a resolution to the issues, and sales of the commercial Delinquent Lands have occurred and are expected in the next few years. The District's operating budget is balanced, and District operations continue uninterrupted, without regard to the Series 2003 Bond default. The District's operating budget is anticipated to be fully funded through operating assessments of performing lands, as it has been in past years.	Yes

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Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Taylor County Development Authority	Taylor County	<u>2017-1 - Financial Statement Preparation</u> : The Authority is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 41)	SD	N/A	N/A	Yes
Tolomato Community Development District	Duval County, St. Johns County	<u>2019-01 - Reserve Requirement</u> : As a result of unscheduled draws on the Series 2007A-2 and 2007-3 debt service reserve accounts to make certain scheduled debt service payments, the reserve requirements were not met at fiscal year-end. The auditors recommend that the District take the necessary steps to replenish the reserve accounts. (See PDF Page 38)	N/A	2020 (FY 2017-18)	The District has issued Series 2019, Special Assessment Refunding Bonds to refund two of the four bond issues referenced in the audit finding. The Series 2007A-1 and Series 2007-1 Bonds were refunded which includes fully funding the Reserve Fund Accounts. However, the remaining two bond issues, Series 2007A-2 and Series 2007-3, remain outstanding with unfunded Reserve Fund Accounts. Therefore, this finding will not be removed from the District's FY 2018-19 audit and may remain for the FY 2019-20 audit too. The actions did not result in the total correction of the continued finding; however, it represents significant progress towards its accomplishment. The District's revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the State.	Yes

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SD = Significant Deficiency (see 3. In Legend)

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Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Trails Community Development District	Duval County	<u>19-02 - Failure to Meet Debt Service Reserve Account Requirement:</u> The Debt Service Reserve Accounts were deficient at fiscal year-end. The balance in the Debt Service Reserve Accounts were used to pay prior year debt service on the Bonds. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 31)	N/A	2020 (FY 2017-18)	The District and the Bondholders have been working to alleviate this issue. During a prior year, a special purpose entity (SPE) took title to the land subject to special assessment lien for resale or development. An agreement was entered into between the District and the SPE, whereby debt service assessments on the Series 2007 Bonds would be forborne but continue to constitute a lien on the property. The land held by the SPE has been sold to a developer, and the SPE was dissolved in May 2017. The District recently adopted Resolution 2019-01 allowing the landowner to surrender bonds associated with the undeveloped land which will reduce the amount of Series 2007 Assessments imposed on the landowner. Once the new Series 2007 outstanding principal is determined by the Trustee, the Debt Service Reserve requirement will be modified, and the Reserve Fund will be funded accordingly. As of March 23, 2020, the bonds have not been surrendered. The District's position is that corrective action, to the extent it can be at this time, has been taken. However, the finding will remain until the assessments are collected.	Yes

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Trails Community Development District (Continued)	Duval County (Continued)	<u>14-01 - Financial Condition Assessment:</u> The District's financial condition has deteriorated. In a prior year, the Developer failed to pay debt service assessments, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The Developer is now assessed on the property they own but the debt has not been restructured. The overall effect of these actions on the District financial condition cannot be determined at this time. (See PDF Page 32)	N/A	2020 (FY 2017-18)	The deterioration of the District's financial conditions relates to the nonpayment of debt service assessments, which are secured by the land within the District. In lieu of foreclosing on such lands, and in cooperation with the Trustee and the bondholders, the District entered into a settlement agreement which required the developer to convey the property to a special purpose entity (SPE) established on behalf of the Trustee. The SPE has sold its remaining land to a developer to finish the development, and the SPE was dissolved on May 22, 2017. The developer assumed responsibility for the payment of District assessments associated with that land. Accordingly, it is the District's position that it has taken every available measure to comply with the Trust Indenture related to the District's bonds.	Yes

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Treeline Preserve Community Development District	Lee County	<u>15-01 - Failure to Make Debt Service Payments When Due:</u> In the current and prior years, the District did not pay all of the principal and interest due on the Series 2007A Bonds because the Developer did not pay debt service assessments owed to the District. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 32)	N/A	2020 (FY 2017-18)	Prior years' correspondence provided a history and status of the District: The Developer and owner of all the assessable land in the District failed to pay prior years' annual assessments to fund the operations of the District and make annual debt service payments. The District filed a lawsuit seeking to foreclose on all of the land for which there were delinquent assessments. In February 2016, the Court granted the District's Motion for Summary Judgment against the Defendant/Counter-Claimant, as to all claims, and the District obtained an order for summary judgment against all remaining parties. The District obtained an Amended Final Judgment in the foreclosure litigation in December 2017, and the Judgment was assigned to the SPE on January 5, 2018. The Judicial Sale of the property was conducted on January 12, 2018, the winning bid was issued to the SPE, and the Certificate of Title was issued on January 23, 2018, to the SPE. The SPE has clean title of the property and will operate, maintain, and market the property for sale to another developer. The development approvals, clearing permits, and traffic concurrency approvals from applicable parties have been obtained. City infrastructure approvals have also been obtained, but will require some revisions. As of December 31, 2018, the Planned Unit Development was underway, and the initial meeting with the City of Ft. Myers was positive. Certain items (as described in the prior year letter) needed to occur in order for the SPE to sell the property to a potential developer in order to collect past due assessments so the continued finding can be corrected. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes

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Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Treeline Preserve Community Development District (Continued)	Lee County (Continued)	<u>15-02 - Failure to Meet Debt Service Reserve Account Requirement:</u> The Debt Service Reserve Account was deficient at fiscal year-end. The balance in the Debt Service Reserve Account was used to pay debt service expenditures. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 32)	N/A	2020 (FY 2017-18)	See response to Finding #15-01 above.	Yes
Waterford Estates Community Development District	Charlotte County	<u>2019-01 - Financial Condition Assessment:</u> As a result of delinquent assessments for current and prior fiscal years, certain scheduled debt service payments were not made, resulting in events of default. In addition, the debt service funds reported a deficit fund balance of (\$7,041,563) at fiscal year-end, and the reserve requirement has not been met. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30)	N/A	2020 (FY 2017-18)	Prior years' correspondence described brief history and status of the District: A special purpose entity (SPE) was created and deeded the property formerly owned by the developer and major landowner in lieu of foreclosure. The SPE continues to own, maintain, manage and market the property for resale. As of March 1, 2016, the District had sold 97 lots to a builder. However, until all of the property owned by the SPE is sold, the findings will not be corrected. The current majority landowner continues to sell lots to a national homebuilder who is selling homes to future homeowners. The District's overall ending fund balance improved by approximately \$300,000 in FY 2015-16. Unfortunately, this improvement was not sufficient to correct the continued findings by the District's auditor. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes

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Westside Community Development District	Osceola County	<u>2011-01 - Debt Administration</u> : The District made all scheduled debt service payments for the Series 2005-2 and Series 2007-2 Bonds; however, the District was unable to make the current year debt service payments for the unexchanged Series 2005 and Series 2007 Bonds. The auditors state that it is anticipated the unexchanged Series 2005 and Series 2007 Bonds will be forgiven if they are still outstanding on April 1, 2022. (See PDF Page 37)	N/A	2020 (FY 2017-18)	Prior years' correspondence stated that Special Purpose Entities were created to own, maintain, and market delinquent assessment properties for resale; fortunately, all litigation/foreclosure cases involving the District have been dismissed or settled, and there have been property sale transactions in the District that have improved the balance sheet of the Series 2005 and Series 2007 Debt Service Funds by approximately \$7M from lot sale proceeds that were utilized to pay past due debt service payments. Unfortunately, the District continued to have an overall deficit ending fund balance in both Funds and did not collect sufficient annual debt service assessments to pay mandatory debt service payments. However, as the economy improves and real estate values continue to increase in the region, the District was optimistic that the deteriorating financial condition of the District would be resolved in the near future. In FY 2018-19, the District bifurcated the Series 2005 and Series 2007 Bonds into four separate bond issues of which two are performing and two are non-performing. Only two property owners were securing the non-performing bonds, and the properties were expected to be developed and/or debt assessments and non-performing bonds cancelled by the end of FY 2018-19. Most recent status: Corrective actions by the District continue, which include the issuance of three separate bond issues and the sale of property securing the non-performing bonds during the calendar year 2019. The sale of property securing the non-performing bonds should result in the partial payment of the outstanding bonds with the balance of the bonds being cancelled by the bondholders. Unfortunately, the partial payment and cancellation of the remaining bonds has not occurred as of February 2020; therefore, the repeat audit finding will be part of the District's FY 2018-19 audit report. The District's operating revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the State.	Yes

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Westside Community Development District (Continued)	Osceola County (Continued)	<u>2012-01 - Financial Condition</u> : The Special Purpose Entity (SPE) sold the remaining properties in the current year, and a portion of the proceeds were provided to the District. Certain matured principal and interest were paid with the proceeds, and the Series 2005 and Series 2007 Bonds in default were bifurcated and refunded in the current year. All funds have a positive fund balance at fiscal year-end. (See PDF Page 38)	N/A	2020 (FY 2017-18)	See response to Finding #2011-01 above.	Yes

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Woodlands Community Development District, The	Sarasota County	<u>13-01 - Failure to Make Debt Service Payments When Due:</u> In the current and prior years, the District did not pay all of the principal and interest due on the Series 2004A Bonds because the District did not receive special assessments from certain landowners. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 32)	N/A	2020 (FY 2017-18)	Prior years' correspondence stated that, in a prior year, the developer defaulted on debt assessment payments owed to the District, and as a consequence the District's financial condition deteriorated because it was economically dependent on the developer who owned the majority of land in the District. Foreclosure of the delinquent operations and maintenance assessments was not financially feasible. With respect to the undeveloped parcels encumbered by the delinquent debt assessments, the developer landowners and the Bond Trustee entered into a Forbearance Agreement in July 2013, in which the Bond Trustee agreed to take no enforcement action and to maintain the status quo until October 31, 2017. Subsequently, the Bond Trustee and the delinquent landowners directed the District to take no enforcement action, and in late 2013 the District became a party to the First Amendment to Forbearance Agreement, in which the District agreed, as directed by the bondholders, not to take enforcement action. During the past several years, new or renewed development in this project had taken hold and continued to improve. The District had also received revenue from tax certificate sales, which significantly improved its financial position. The District's general fund no longer reports a deficit, and all outstanding accounts are current. Since mid-2018 the District has been engaged in litigation filed by certain tax deed holders who acquired approximately 50% of the undeveloped property located in the District. This case was recently resolved adversely to the District, by a judicial decision finding the District's outstanding debt assessments on the undeveloped property are no longer enforceable. In light of this judicial decision, the District was uncertain to what extent corrective action was available to or may be exercised by the District, and how the auditor would respond to the judicial decree. The sole source of funds for payment for the outstanding bond debt consists of the debt assessments to be collected by the District, 50% of which were judicially extinguished. Most recent status: As of January 2020, there has been no material change in the status of the pending litigation, except that on November 12, 2019, the Second District dismissed the District's appeal on grounds that the trial court order did not fully dispose of the case. The Board has worked diligently to resolve these financial conditions and is in full compliance with the obligations of the Trust Indenture and the Forbearance Agreement, as amended.	Yes

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Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Woodlands Community Development District, The (Continued)	Sarasota County (Continued)	<u>13-02 - Failure to Meet Debt Service Reserve Account Requirement:</u> The Series 2004A Debt Service Reserve Account was deficient at fiscal year-end. The balance in the Series 2004A Debt Service Reserve Account was used to pay debt service payments. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 32)	N/A	2020 (FY 2017-18)	See response to Finding #13-01 above.	Yes
Wyld Palms Community Development District	Citrus County	<u>2019-01 - Financial Condition Assessment:</u> The District's financial condition continues to deteriorate. The Developer failed to pay assessments during prior fiscal years. As a result, the District foreclosed on the related property which was acquired by the Special Purpose Entity (SPE). Due to a lack of sufficient funds, certain scheduled debt service payments were not made in the prior, current, or subsequent fiscal years, resulting in events of default. In addition, the reserve requirements of the Series 2007 Bonds have not been met. Further, the debt service fund reported a deficit fund balance of (\$19,156,949) at fiscal year-end. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30)	N/A	2020 (FY 2017-18)	The District issued Capital Improvement Revenue Bonds, Series 2007A and 2007B (Series 2007 Bonds), to fund capital improvements benefitting the District's property owners. Unfortunately, during the economic downturn, the former developer of the land within the District encountered financial difficulties and was not able to pay District bond debt service assessments assigned to the developer's property securing the Series 2007 Bonds. The inability to collect the developer's bond debt service assessments caused the District to default on its bond debt service obligations. Several years ago, pursuant to the trust indenture the District initiated a foreclosure suit to gain ownership to all developer-owned property located within the District (which served as the sole security for the repayment of the bond debt). Eventually, the foreclosure suit was successful, and title to all developer-owned property within the District has now been obtained by a special purpose entity (SPE) controlled by the District for the benefit of the bondholders. The District continues to cooperate with the trustee and the bondholders in the marketing of the sale of this property, with the net sale proceeds being provided to the bondholders to satisfy all outstanding bond indebtedness. District staff members consider the District's financial problems to be substantially addressed as a result of the successful foreclosure. Upon the sale of the foreclosed property, the District's balance sheet will improve dramatically. The District has retained a real estate company to market the foreclosed property for sale. However, District staff are still unable to predict with certainty the date on which the relevant audit finding will be corrected.	Yes

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Zephyr Ridge Community Development District	Pasco County	<u>09-01 - Failure to Make Bond Debt Service Payments When Due:</u> The District has not made the required debt service payments when due since 2009 and did not make the required payments in the current year. The Series 2006 Bonds are in default, and the District has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments and make the required debt service payments when due. (See PDF Page 32)	N/A	2020 (FY 2017-18)	In current and prior years, the District did not pay required debt service on the Series 2006 Bonds. The Trustee, as directed by the Bondholders, purchased outstanding tax certificates encumbering the Developer's property within the District. Subsequently, the District and the Trustee, on behalf of the Bondholders, created a special purpose entity (SPE) to apply for tax deeds on the purchased certificates and to acquire, own, manage, and dispose of this property. In FY 2011-12, the SPE acquired this property, which represented 88% of the total District property and consisted of the property that failed to pay its debt service assessments. The debt service and operating and maintenance assessments continue to constitute a lien on this property. In 2016, a lot purchase agreement was reached between the SPE and a homebuilder for 229 lots, which will be transferred in multiple takedowns. At the direction of the Trustee, as directed by the Bondholders, the debt service assessments are being held in abeyance until the lots are sold to the homebuilder and the homes are sold. In March 2019, the accrued interest on the Series 2006A Bonds for May 1, 2009, through November 1, 2013, was paid. Additionally, all accrued interest on the Series 2006B Bonds were paid. The District's position is that corrective action, within the ability of the District, has been taken relating to the finding.	Yes

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Zephyr Ridge Community Development District (Continued)	Pasco County (Continued)	<u>09-02 - Failure to Meet Debt Service Requirements:</u> The District had used certain reserve account amounts to make debt service payments in prior years, and the reserve balances on hand do not meet the balances required by the Bond Indenture. The auditors recommend that the District utilize all legal remedies available to collect past due assessments and restore the reserve account to the required balance. (See PDF Page 33)	N/A	2020 (FY 2017-18)	The SPE has entered into a lot sale agreement with a homebuilder for 229 lots. As part of the transaction, the debt service assessments for the land subject to the sale shall be forborne for FY 2016-17 and FY 2017-18. It is uncertain when the debt service reserve requirement will be met as direction will come from the Trustee on behalf of the bondholders. The District's position is that corrective action, within the ability of the District, has been taken relating to this finding.	Yes
		<u>12-01 - Failure to Include Component Unit in Financial Statements:</u> The District did not include the Special Purpose Entity (SPE) as a discretely presented component unit in its financial statements as required by generally accepted accounting principles. The auditors recommend that the District work with the SPE to ensure that its financial activity is included in future financial statements. (See PDF Page 32)	MW	2020 (FY 2017-18)	Management does not agree that the SPEs should be included as blended component units on the government-wide financial statements. [Committee staff note: The auditor recommended, both in the 2016-17 and 2017-18 fiscal year audit reports, that the District include the SPE as a discretely presented component unit, not a blended component.] In summary, management feels that it would be misleading to the users of the financial statements to include the SPEs as component units for the following reasons: (1) The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE; (2) The District will not benefit from the activities of the SPE; (3) When the land held by the SPE is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt; and (4) The District will not be responsible for any deficiency between the net proceeds of the sale of the SPE owned land and the associated Bond debt not satisfied or secured by assessments.	Yes

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FOOTNOTE/LEGEND:

1. These audits have been conducted by private certified public accountants, as required by Section 218.39(1), *Florida Statutes*.
2. **Material Weakness (MW)**: a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:
 - a. a material misstatement of the entity's financial statements, or
 - b. material noncompliance with a type of compliance requirement.

For example, 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 on a timely basis.

The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.

3. **Significant Deficiency (SD)**: less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Alligator Point Water Resources District	Franklin County	<u>2019-001 - Preparation of Financial Statements in Accordance with GAAP:</u> A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). For the current fiscal year, certain cash to accrual adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness. The District lacks an accounting department that is staffed with personnel with the requisite skills and training to perform such functions. The auditors recommend that management select and apply the appropriate accounting principles to prepare the financial statements in accordance with GAAP. (See PDF Page 19)	MW	2017 (FY 2014-15)	While it has been the District's practice to have its Fiscal Administrator prepare monthly financial reports for the Board of Directors and financial reports in preparation of the annual audit, the District has relied on the audit firm to identify and draft the financial statements and related note disclosures. It would be cost prohibitive to engage another accounting firm to draft the financial statements and related disclosures in advance of the year-end audit procedures.	No

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Alligator Point Water Resources District (Continued)	Franklin County (Continued)	<u>2019-002 - Segregation of Duties</u> : Due to the size of the District's accounting and administrative staff, certain internal controls are not in place that would be preferred if staff were large enough to provide optimum segregation of duties. One employee is responsible for billing utility customers, collecting payments, entering deposits into the accounting system, and making deposits at the financial institution. Also, the District is using pre-signed checks, provided by the Board, in order to facilitate daily operations and transactions. This situation dictates that the Board of Directors remains involved in the financial affairs of the District to provide oversight and independent review functions. The auditors recommend that the Board continue to be actively involved in the District's transactions through review of monthly Board packets and financials. The auditors further recommend that the District not use pre-signed checks in its operations and consider alternative methods for payments. (See PDF Page 19)	MW	2017 (FY 2014-15)	The District is aware of this control problem, which is existent due to the lack of staff and funding for additional staff. The District's Board of Directors will remain involved in the financial affairs of the District as legally acceptable and to the benefit of the District's customers.	No
Aucilla Area Solid Waste Administration	Dixie County, Jefferson County, Madison County, Taylor County	<u>2013-1 - Financial Statement Preparation</u> : The Administration is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 34)	SD	2017 (FY 2014-15)	The Administration is a small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. Both staff and the Governing Board review the annual financial reports prepared by the audit firm utilizing these records and have the opportunity to ask any questions regarding the reports prior to its formal presentation at a scheduled meeting of the Governing Board. At this time, the Administration does not believe it would not be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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Avalon Beach / Mulat Fire Protection District	Santa Rosa County	<u>2019-002 - Adjustments to Financial Statements:</u> Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to generally accepted accounting principles (GAAP). While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, the auditors recommend that the District strive to reduce the number of adjustments needed as much as possible. (See PDF Page 41)	MW	2020 (FY 2017-18)	The District hired an outside bookkeeper in September 2019. The District expects this will help to continue to reduce the number of proposed audit entries required by the auditors each year. Additional oversight by the Board has been implemented in order to reduce the risk caused by this internal control weakness. The District requests that: (1) it not be required to acquire the resources necessary to completely eliminate this finding in future audits, and (2) the auditors be allowed to continue to assist in proposing certain adjusting journal entries when necessary. The District will continue to be vigilant in seeking to continue to reduce the number of required audit entries every year.	No
		<u>2019-001 - Lack of Segregation of Duties:</u> Due to the limited number of District staff available, certain accounting and administrative duties were not segregated sufficiently to achieve an adequate internal control structure. This increases the possibility that errors or fraud could occur and not be detected and corrected in a timely manner. While the costs associated with achieving proper segregation of duties currently outweigh their benefits, the auditors recommend that the District separate duties as much as possible and continue to use/implement compensating controls when possible to reduce risk to an acceptable level. (See PDF Page 40)	MW	2019 (FY 2016-17)	The local CPA retired several years ago, and the District, after much effort, has hired a new CPA. The District has now switched to a newly required bookkeeping system and is currently looking to employ a bookkeeper skilled in the new bookkeeping system. Once this person is hired, the District Treasurer and the Commissioners will implement certain compensating controls (specified in the response letter). The District has five paid full-time firefighters, and the remainder of the employees are volunteers, including the Commissioners and Treasurer.	No

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Baker County Development Commission	Baker County	<u>2019-001 - Separation of Duties</u> : Because of a limited number of personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or all phases of a transaction. The Commission has implemented compensating controls to the extent possible, given available staff, to mitigate the risk of unintentional or intentional errors occurring and not being detected. The auditors recommend that, to the extent possible given available personnel, steps be taken to segregate employee duties so that no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 28)	MW	2017 (FY 2014-15)	Staff is limited to one full-time employee (the executive director) and two part-time employees. Compensating controls have been implemented, to the extent possible, given the limited number of available staff. All checks require two signatures. An individual independent of the receipting process prepares bank reconciliations. Finally, the Board reviews and approves all expenses before checks are approved.	No
		<u>2019-002 - Financial Reporting</u> : As part of the audit process, the auditors proposed material adjustments to the Commission's financial statements and assisted with the preparation of the financial statements. The proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the Commission consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving this process, the Commission will have an enhanced ability to monitor its budget position on an ongoing basis. (See PDF Page 28)	MW	2017 (FY 2014-15)	Because of limited staff, no one on staff has the education, training, or experience to always prepare the financial statements perfectly. However, with 30 years of business experience, the executive director has the ability to discuss entries and approve corrections when they are suggested by the accounting firm conducting the audits.	No

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Baker County Hospital District	Baker County	<u>2019-002 - Financial Reporting</u> : As part of the audit process, the auditors proposed material adjustments to the District's financial statements and assisted with the preparation of the financial statements. The proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the District consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving this process, the District will have an enhanced ability to monitor its budget position on an ongoing basis. (See PDF Page 22)	MW	2017 (FY 2014-15)	Because of limited staff, no one on staff has the education, training, or experience to always prepare the financial statements perfectly. However, with 30 years of business experience, the executive director has the ability to discuss entries and approve corrections when they are suggested by the accounting firm conducting the audits.	No
		<u>2019-001 - Separation of Duties</u> : Because of a limited number of personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or all phases of a transaction. The District has implemented compensating controls to the extent possible, given available staff, to mitigate the risk of unintentional or intentional errors occurring and not being detected. The auditors recommend that, to the extent possible given available personnel, steps be taken to segregate employee duties so that no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 22)	MW	2017 (FY 2014-15)	Staff is limited to one full-time employee (the executive director) and two part-time employees. Compensating controls have been implemented, to the extent possible, given the limited number of available staff. All checks require two signatures of two Board members; administrative staff is not authorized to sign checks. An individual independent of the receipting process prepares bank reconciliations. Finally, the Board reviews and approves all expenses before checks are approved.	No

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Cedar Key Water and Sewer District	Levy County	<u>2019-001 - Separation of Duties</u> : Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional errors or irregularities could exist and not be promptly detected. The auditors recommend that, whenever possible and practical, duties be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors also recommend that the Board continues its practice of providing ongoing oversight to help mitigate this control deficiency. (See PDF Page 22)	MW	2017 (FY 2014-15)	The District is a small governmental entity, and all accounting responsibilities are performed primarily by a single individual. The District understands this situation creates an internal control weakness and has adopted review and control oversight procedures by management and the Board Members, where possible. At this time, the District does not believe it is cost beneficial to hire additional staff, which would be required, to eliminate this finding. Compensating controls have been adopted and are described in the response letter.	No
City-County Public Works Authority	Glades County	<u>2019-003 - Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP)</u> : Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. GAAP. The Authority does not have an internal control policy in place over annual financial reporting and does not have the necessary staff capacity to prepare the annual financial statements and related footnote disclosures in accordance with GAAP. It relies on the audit firm to prepare the annual financial statements and related footnote disclosures; however, management reviews and approves them. The auditors recommend that management continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial. (See PDF Page 19)	MW	2017 (FY 2014-15)	The Authority is located in a small rural community with limited resources. Unfortunately, the Authority is not in a financial position to hire additional staff. The system which has been implemented provides for more than sufficient checks and balances.	No

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City-County Public Works Authority (Continued)	Glades County (Continued)	<u>2019-002 - Audit Adjustments</u> : The auditors proposed audit adjustments to revise the Authority's books at fiscal year-end. These adjustments involved the recording of accruals. The Authority has a limited number of personnel, and some accounts do not get reconciled properly due to time constraints. The auditors understand that this material weakness is already known to management and represents a conscious decision by management and the Board of Supervisors to accept that degree of risk because of cost or other considerations. (See PDF Page 18)	MW	2017 (FY 2014-15)	The Authority is located in a small rural community with limited resources. Unfortunately, the Authority is not in a financial position to hire additional staff. The system which has been implemented provides for more than sufficient checks and balances.	No
		<u>2019-001 - Segregation of Duties</u> : The Authority does not have adequate segregation of the accounting functions due to a limited number of personnel. The auditors understand that this material weakness is already known to management and represents a conscious decision by management and the Board of Supervisors to accept that degree of risk because of cost or other considerations. If additional segregation is not feasible, the auditors recommend that Authority management and the Board of Supervisors continue to implement and perform oversight procedures to help mitigate the lack of segregation of duties as much as possible. (See PDF Page 18)	MW	2017 (FY 2014-15)	The Authority is located in a small rural community with limited resources. Unfortunately, the Authority is not in a financial position to hire additional staff. The system which has been implemented provides for more than sufficient checks and balances.	No

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Fellsmere Water Control District	Indian River County	<u>2019-001 - Segregation of Duties</u> : The limited size of the District's staff does not allow for proper segregation of duties in each phase of operations, which is not unusual in an organization of the District's size. Although segregation of duties is necessary for optimum efficiency in internal controls, management does not believe it is cost beneficial for the District. The high degree of involvement by the Board of Supervisors in the financial process provides a degree of compensating control for this weakness. (See PDF Page 37)	SD	2017 (FY 2014-15)	The District has an office staff consisting of two persons, and the limited size of the staff does not allow for segregation of duties in each phase of operations. After this finding by the auditors, the Board has had a higher degree of participation in the financial process because of the limited number of employees. The District operates on a very limited budget making it impossible to reorganize the accounting functions to separate incompatible tasks by hiring another accounting employee. The Board understands the need to consider this as a prudent expense given all of the circumstances, but at this time does not feel it can justify the raising of assessments to achieve this goal.	No
Flagler Estates Road and Water Control District	St. Johns County	<u>2019-002 - General Accounting Records</u> : As part of the audit process, it was necessary for the auditors to propose material adjustments to the District's financial statements and assist with the preparation of the District's financial statements. The proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the District consider and evaluate the cost and benefits of improving controls relative to the financial reporting process. (See PDF Page 31)	MW	2017 (FY 2014-15)	In general, the proposed audit adjustments related to the presentation of prepaid expenses and inventory in conformity with generally accepted accounting principles. The District's Board, in conjunction with the contracted accounting firm serving as the District's treasurer, have reviewed the entries and discussed the ramifications of implementing procedures to correct this condition. The District will review the recurring adjustments with the auditor and the treasurer in an attempt to alleviate this portion of the finding. However, the District feels that it is in the best interest of the District financially to continue to have the auditor assist in the preparation of the financial statements.	No

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Flagler Estates Road and Water Control District (Continued)	St. Johns County (Continued)	<u>2019-001 - Separation of Duties:</u> Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that no one employee has access to both physical assets and the related accounting records, or all phases of a transaction. The manager receives cash receipts, prepares and is a signor on checks, reconciles bank accounts, and enters general ledger transactions. The auditors recommend that, to the extent possible given available personnel, steps be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 31)	MW	2017 (FY 2014-15)	The District has contracted with an accounting firm to serve as treasurer for the District and perform monthly oversight of financial records. The District feels that this contractual arrangement provides a measure of mitigation to this finding. The District has also employed part-time help in an effort to segregate certain duties. However, with limited staff, the District is unable to fully resolve this finding.	No
Gilchrist Soil and Water Conservation District	Gilchrist County	<u>14-01 - Financial Statement Preparation Knowledge:</u> District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that District personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 23)	N/A	2018 (FY 2015-16)	This District is a small governmental unit and cannot afford to hire an accounting professional with specialized knowledge to prepare governmental accounting financial statements. As a result, the auditors are significantly involved in the preparation of the financial statements. The auditors are not involved in the management of the District or in the safeguarding of District assets. The procedures for the handling of these aspects are examined in the audit.	No

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Hendry-La Belle Recreation Board	Hendry County	<u>2011-1 - Internal Control Over Financial Reporting</u> : The Board does not currently have the skills and competencies necessary to prepare the financial statements and to prevent, detect, and correct a material misstatement in its financial statements. The auditors recommend that the Board develop a strategy to address the material weakness in internal control over financial reporting. (See PDF Page 29)	MW	2017 (FY 2014-15)	Due to limited financial resources and fiscal staffing, this finding may not be resolved in the near future. The District does practice separation of duties to the fullest extent possible to minimize the possibility of errors in recording and reporting. The auditors perform a detailed review of the records, District staff reviews all audit adjustments independently, and the auditors answer any and all questions arising from the review prior to the preparation of the financial statements. The District is a simple operation that performs very limited activities, and the governing body has the business and operational insight to detect any material misstatements in the financial records.	No
Holt Fire District	Okaloosa County	<u>2019-02 - Lack of Segregation of Duties</u> : Because of the limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that no one employee has access to all phases of a transaction. (See PDF Page 34)	MW	2019 (FY 2016-17)	The Commission believes that, because of the limited manpower and fiscal constraints that the District has, it will not be able to segregate certain incompatible duties so that no one employee has access to all phases of a transaction. Currently the Board of Commissioners (Board) reviews all monthly expenditures over \$500 and most expenditures below that amount to ensure that all expenses are valid and needed by the District. The District believes this procedure and the yearly audit will mitigate the shortfall in personnel and resources. Everyone in the Fire Department and the Board is a volunteer with only one part-time contractor working as a bookkeeper. The Board will continue to review this write-up yearly and, when possible, begin segregating incompatible duties.	No

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Holt Fire District (Continued)	Okaloosa County (Continued)	<u>2019-01 - Financial Statement Preparation, Knowledge and Audit Adjustments</u> : The District is required to prepare financial statements in accordance with generally accepted accounting principles (GAAP) which requires knowledge of the accounting principles affecting the District, including financial statement disclosure requirements, the awareness of changes occurring in the accounting industry that could impact the District's financial statements, and the knowledge of resources for researching accounting issues. Due to its size, the District has elected to rely on an external auditor to propose audit adjustments and prepare its annual financial statements in accordance with GAAP. (See PDF Page 34)	MW	2016 (FY 2013-14)	The District is very small, with less than 40 square miles and 2,500 parcels of land, with almost 1,100 vacant. The non-ad valorem budget for 2016 is approximately \$52,000, and all of the firemen are volunteers, as are all members of the Board of Commissioners. For these reasons, the District has elected to rely on an external auditor to propose audit adjustments and prepare for the annual financial statements in accordance with generally accepted accounting principles.	No
Indian River Farms Water Control District	Indian River County	<u>2019-001 - Segregation of Duties</u> : The limited size of the District's staff does not allow for proper segregation of duties in each phase of operations, which is not unusual in an organization of this size. Although segregation of duties is necessary for optimum efficiency in internal controls, management does not believe it is cost beneficial for the District. The high degree of involvement by the Board of Supervisors in the financial process provides a degree of compensating control for this weakness. (See PDF Page 36)	SD	2017 (FY 2014-15)	The District acknowledges the weakness regarding the segregation of duties for optimum efficiency in internal control. The only action that would completely resolve this issue would be to hire an additional employee and reorganize as far as internal control of accounting tasks. Unfortunately, the District does not have the sustainable resources available to afford this additional expense, and it is unclear at this time when these resources will be available. The degree of involvement by the Board members has been increased to compensate for this weakness.	No

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Lake Shore Hospital Authority	Columbia County	<u>2011-1 - Financial Statement Preparation</u> : The Authority is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 50)	SD	2017 (FY 2014-15)	The Authority is a very small government and has used its available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. Both staff and the Board of Trustees review the annual financial reports prepared by the audit firm utilizing these records and have the opportunity to ask any questions regarding the reports prior to its formal presentation at a scheduled meeting of the Board of Trustees. At this time, the Authority does not believe it would not be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Levy Soil and Water Conservation District	Levy County	<u>13-01 - Financial Statement Preparation Knowledge</u> : District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 23)	MW	2017 (FY 2014-15)	As a small county it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The District appreciates the efforts of the auditors in preparing the financial statements and will continue to rely on their expertise in the future.	No

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Madison County Soil and Water Conservation District	Madison County	15-01 - Financial Statement Preparation Knowledge: District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of the standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 24)	MW	2019 (FY 2016-17)	The size and budget of the District does not allow the employment of an experienced accountant. The financials and the audit are reviewed by the District's Board, which includes a local accountant.	No
Marion County Law Library	Marion County	2019-3 - Financial Reporting: Several adjustments were needed to correct entries related to the reclassification of expenses, revenue classifications, and liability adjustments, which could have been captured through routine review of financial reports throughout the year. Following the conversion of the accounting records to QuickBooks, no financial reports were presented to the Board of Trustees between January 2018 and January 2019. Monthly system-generated "profit and loss" reports were provided to management starting in January 2019; however, no cumulative year-to-date reports, budget-to-actual reports, or balance sheet reports were provided. The auditors recommend that the Library develop procedures for timely and accurate financial reporting and a thorough supervisory review of the financial statements and related reconciliations and support data. In addition, the auditors recommend that the Library consider outsourcing components of the accounting functions to achieve the necessary level of internal control to ensure timely and accurate financial reporting. (See PDF Page 25)	N/A	2018 (FY 2015-16)	On October 1, 2017, the Library transferred all of its financial accounting to a single, uniform readily accessible and reviewable system of accounting software. Training in the use of the new accounting program was undertaken by the Library's Librarian. This procedure should eliminate needed corrective entries, requiring reclassification of expenses and revenue, enabling a consistent closeout of each fiscal year's accounting records. It is expected that the single, uniform system of accounting will facilitate external auditors in their review of the entire financial activities that are a part of the day-to-day operations of the Library, and in their presentation of reports to the Board of Trustees of the Library. Finally, the Library's Board of Trustees has under study and consideration the question of periodic, external reconciliation reviews of the new single accounting software records, with a concern for increasing both accuracy and timeliness of financial reporting for the Library.	No

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Marion County Law Library (Continued)	Marion County (Continued)	<u>2019-1 - Segregation of Duties:</u> The accounting function is primarily handled by one employee of the Library, often handling complete accounting cycles and having access to the complete accounting system, including the handling of cash receipts, reporting of cash receipts, processing cash disbursements, and reconciling accounts. These matters lead to a risk that misstatement or fraudulent activity could occur and not be detected and corrected on a timely basis. The Library is typical of most small organizations wherein it is not economically feasible to hire all required staff needed to separate duties. The auditors recommend that the Library determine appropriate alternative procedures, for instance incorporating the Senior Circuit Judge and the Board of Trustees in the financial operations processes by providing continuous oversight and independent reviews of accounting and administrative staff functions, or contracting with individuals to supplement the needed level of safeguards. (See PDF Page 24)	MW	2017 (FY 2014-15)	The Library is a small entity and lacks the financial resources to hire an accounting or bookkeeping firm to manage or review, other than annually, the routine monetary transactions involved in the daily operations of the Law Library. The letter provides background information on the Library and describes compensating controls implemented.	No
Marion Soil and Water Conservation District	Marion County	<u>16-01 - Financial Statement Preparation Knowledge:</u> District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 24)	MW	2020 (FY 2017-18)	The District is a small governmental entity with no employees. This comment will continue to be repeated in future audits as the District does not have the resources to hire an accountant with expertise to prepare governmental financial statements. The District will continue to rely on its auditing firm to prepare the financial statements.	No

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Municipal Service District of Ponte Vedra Beach	St. Johns County	<u>2019-001 - Financial Reporting</u> : As part of the audit process, it was necessary for the auditors to propose material adjustments to the District's financial statements. Prior year audit adjustments were not posted, and certain entries were not made in the proper period. The proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the District consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 27)	MW	2017 (FY 2014-15)	The District evaluated the cost versus benefit of improving internal controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP) and determined that it is in the District's best interest to outsource this task to the auditors. The District believes that it has the controls and reviews in place to safeguard the trust its residents place in it. While it does not have staff to segregate all duties and generate GAAP compliant financial statements, it does have the checks and balances and the accounting system (QuickBooks) in place to strictly control financial records and transactions and generate complete and timely reports.	No
North Okaloosa County Fire District	Okaloosa County	<u>2019-01 - Financial Statement Preparation, Knowledge and Audit Adjustments</u> : The District does not prepare its audited financial statements. Because of the limited number of available personnel, the District engages the auditor in non-attest services, including assistance with the preparation of the financial statements in accordance with generally accepted accounting principles. The District's Board of Commissioners reviews the draft audited financial statements during a monthly Board meeting with the auditor prior to approving the issuance of the financial statements. The District also signs a management representation letter acknowledging its responsibility for the financial statements. (See PDF Page 36)	MW	2017 (FY 2014-15)	The current year response did not address this finding. The prior year response stated that the District believes the cost in fully correcting the weakness outweighs the benefits derived from additional controls. The District has implemented an internal control of having Board members with years of business experience review and approve the financial statements and all audit adjustments prior to issuance of the audit report.	No

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North St. Lucie River Water Control District	St. Lucie County	<u>ML 2019-1 - Lack of Segregation of Duties:</u> The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum separation of duties. This situation dictates that the District implement a system to review and reconcile financial transactions on a regular basis and the Board of Supervisors remain involved in the financial affairs of the District to provide oversight and independent review functions. The auditors recognize that this condition requires staff assessment of a cost-effective solution. Alternative solutions might include training accounting staff or hiring additional staff. (See PDF Page 32)	SD	2017 (FY 2014-15)	The District is a very small independent special district with limited resources. Staff includes one Superintendent of Works, five board members, and one bookkeeper. The District feels it has implemented as many controls that are feasibly possible to address these issues. The District does not anticipate receiving any additional funding that would allow for an increase in the number of staff, but plans to continue in its diligence to mitigate as much lack of segregation of duties as possible.	No
Putnam Soil and Water Conservation District	Putnam County	<u>16-01 - Financial Statement Preparation Knowledge:</u> District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 23)	MW	2020 (FY 2017-18)	The District is a small governmental entity with no employees. This comment will continue to be repeated in future audits as the District does not have the resources to hire an accountant with expertise to prepare governmental financial statements. The District will continue to rely on its auditing firm to prepare the financial statements.	No

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Seminole County Port Authority	Seminole County	<u>2010-2 - Improve Knowledge of Internal Control over Financial Reporting:</u> The person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles (GAAP) in recording the Authority's financial transactions or preparing its financial statements and related disclosures. The basis for this control issue is that the auditor cannot be considered part of the Authority's internal control (i.e., cannot be substituted for elements within the Authority's internal control system). The auditors recognize that it requires the Authority's assessment of a cost-effective solution. Alternative solutions might include training accounting staff, hiring additional staff or engaging outside consultants, or obtaining assistance from knowledgeable volunteers to prepare financial statements in accordance with GAAP. (See PDF Page 38)	N/A	2017 (FY 2014-15)	The Authority's Board and management have decided from a cost/benefit analysis, it is not practical to expend funds to employ additional personnel to correct this deficiency. The Authority has engaged the auditors to assist in the preparation of the year-end financial statements and required notes and other information. The only benefit the Authority would realize from having the internal expertise to produce the financial statements would be to remove this finding.	No
		<u>2010-1 - Internal Control:</u> One person has the primary responsibility for most of the accounting and financial duties. As a result, many of those aspects of internal control which rely on adequate segregation of duties are, for all practical purposes, missing in the Authority. The auditors recognize that the Authority is not large enough to make the employment of additional people cost effective for the purpose of segregating duties and that this condition is quite common in many small organizations. Increased involvement of the Board of Directors mitigates, to a limited degree, for the absence of adequate segregation of duties. (See PDF Page 38)	N/A	2017 (FY 2014-15)	The Authority has limited staff that consists of one executive secretary/assistant and one executive director. The Authority's Board and management have decided from a cost/benefit analysis, it is not practical to expend funds to employ additional personnel to correct this deficiency. Procedures implemented to mitigate the deficiency are described in the response.	No

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Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
South Seminole and North Orange County Wastewater Transmission Authority	Orange County, Seminole County	<u>2019-01 - Lack of Segregation of Duties:</u> The size of the Authority's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. The auditors recommend that management continue to exercise a high level of management review and supervision and the Board of Directors remain involved in the financial affairs of the Authority to provide oversight and independent review functions. (See PDF Page 49)	MW	2017 (FY 2014-15)	This finding relates to an area that may never be fully resolved due to limited staff and resources. The Authority's executive director is the only employee. All other controls/services, such as legal, bookkeeping, engineering, IT, auditing, capital improvements, and maintenance, are performed by private contractors or afforded by the municipal membership. Certain internal controls and procedures that have been implemented to compensate are described in the response.	No
St. Augustine Port, Waterway and Beach District	St. Johns County	<u>2019-001 - Separation of Duties:</u> Because the District has a limited number of available personnel, it is not always possible to adequately separate certain incompatible duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. The Treasurer handles incoming checks, prepares the deposit slip, posts receipts to accounts receivable and the general ledger, and receives and reconciles the monthly bank statement. The auditors recommend that, to the extent possible given available personnel, the District take steps to separate duties so that no individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 27)	MW	2017 (FY 2014-15)	The District's size does not require a full-time administrative staff. As a result, it is impossible to have effective internal controls using segregation of duties. Some procedures implemented to compensate are described in the response.	No

MW = Material Weakness (see 2. In Legend)
SD = Significant Deficiency (see 3. In Legend)

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2018-19 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
St. Johns Improvement District	Indian River County	<u>ML19-01 - Internal Controls Over the Preparation of Financial Statements:</u> Due to the small size of the District, none of the staff has the necessary qualifications and training to prepare the financial statements. During the course of the audit, the auditors had to recommend that several adjusting entries be posted, and make several adjustments to capital asset balances, in order for the financial statements to be prepared in accordance with generally accepted accounting principles. The auditors recommend that District staff receive additional training on governmental accounting standards, as well as make all required adjustments to the year-end financial statements. (See PDF Page 38)	SD	2019 (FY 2016-17)	The District has not taken full corrective action, due to the small size and limited resources of the District. The District Assistant to the Administrator has taken additional training courses to obtain additional knowledge of governmental accounting standards to reduce the effect of not having a CPA on staff. The District is also working with the auditors to reduce the number of adjustments made during the audit process. District management is aware of the deficiency and as mitigation measures has an accounting firm with multiple CPAs under contract to assist with financial procedures, as well as a financial committee to review reports generated on a regular basis.	No
Suwannee County Conservation District	Suwannee County	<u>12-01 - Financial Statement Preparation Knowledge:</u> District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 24)	MW	2017 (FY 2014-15)	As a small entity, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with generally accepted accounting principles. The District feels the limited funds it receives are better being used to serve its constituents.	No

MW = Material Weakness (see 2. In Legend)
SD = Significant Deficiency (see 3. In Legend)

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2018-19 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Taylor Coastal Water and Sewer District	Taylor County	<u>2010-1 - Financial Statement Preparation</u> : The District is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 38)	SD	2017 (FY 2014-15)	The District is a very small government and has used available resources to employ a competent accountant who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on a cash basis. Both staff and the Board of Commissioners review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. At this time, the District believes it would not be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Tri-County Airport Authority	Holmes County, Jackson County, Washington County	<u>2007-001 - Financial Reporting</u> : The Authority relies on the external auditors to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). The Authority has a small accounting staff necessitated by its overall small size and does not consider it cost effective to develop and maintain a system of internal accounting control sufficient by itself to prepare financial statements in accordance with GAAP, or to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect, or correct misstatements in audited financial statements. The auditors recommend that the Authority continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that, due to the size of its accounting department, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 30)	MW	2017 (FY 2014-15)	The Authority's Treasurer monitors the banking account on line, and all checks written on the account are required to be signed by both the Chairman and the Treasurer. A local accounting firm has been hired to assist with the preparation of the monthly statements and providing the required checks and balances needed.	No

MW = Material Weakness (see 2. In Legend)
SD = Significant Deficiency (see 3. In Legend)

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2018-19 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Tri-County Airport Authority (Continued)	Holmes County, Jackson County, Washington County (Continued)	<u>2003-002 - Separation of Duties</u> : Due to size of the Authority and its small bookkeeping system, proper separation of duties may not be feasible. The auditors recommend that the Authority's Board of Directors remain very active and involved in the day-to-day operations. Further, the auditors state that it is essential that records be maintained current and up-to-date and controls be established to provide checks and balances. (See PDF Page 30)	SD	2017 (FY 2014-15)	The Authority' Board will be involved in the day-to-day operations as much as volunteer Board members with full-time jobs can be. The Authority has hired an Airport Manager that helps in the managing of the revenue and records at the airport. The Authority's Board members receive minutes and financial reports at each monthly meeting and are given a detail briefing of the status of all projects. The Authority's financial records will be maintained current and up-to-date by an accounting firm that was hired. Controls are now in place to provide checks and balances.	No

FOOTNOTE/LEGEND:

1. These audits have been conducted by private certified public accountants, as required by Section 218.39(1), *Florida Statutes*.
2. **Material Weakness (MW)**: a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:
 - a. a material misstatement of the entity's financial statements, or
 - b. material noncompliance with a type of compliance requirement.

For example, 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 on a timely basis.

The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.
3. **Significant Deficiency (SD)**: less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**5C Three Peat: Auditor
General Notifications**

From: JAIME HOELSCHER <JAIMEHOELSCHER@aud.state.fl.us>
Date: July 1, 2020 at 9:20:22 AM EDT
To: "Dubose, Kathy" <DUBOSE.KATHY@leg.state.fl.us>
Cc: GREG CENTERS <GREGCENTERS@AUD.STATE.FL.US>
Subject: Notification pursuant to Section 11.45(7)(j) Florida Statutes

Ms. Dubose,

Section 11.45(7)(j), Florida Statutes, requires the Auditor General to notify the Legislative Auditing Committee of any financial or operational audit report prepared pursuant to Section 11.45, Florida Statutes, which indicates that a State university or Florida College System institution (college) has failed to take full corrective action in response to a recommendation that was included in the two preceding financial or operational audit reports.

This e-mail is to notify you that audit reports issued during the period July 1, 2019, through June 30, 2020, for the 12 State universities and 28 colleges disclosed 2 State universities that failed to take full corrective action in response to one or more recommendations included in the two preceding financial or operational audit reports. Please see the attached document identifying the respective universities, the applicable audit reports, and the recurring findings.

*Jaime Hoelscher, CPA
Audit Manager
Florida Auditor General
111 West Madison Street
Tallahassee, FL 32399
(850) 412-2868*

AUDIT REPORTS ISSUED
 JULY 1, 2019, THROUGH JUNE 30, 2020, FOR
 UNIVERSITIES AND COLLEGES THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION
 INCLUDED IN THE TWO PRECEDING AUDIT REPORTS

<u>UNIVERSITY/COLLEGE</u>	<u>REPORT NUMBERS</u>	<u>FINDING NUMBERS</u>
University of Florida	<u>2020-135</u>	3
	<u>2018-193</u>	3
	<u>2016-058</u>	2
University of South Florida	<u>2020-014</u>	2
	<u>2018-105</u>	2
	<u>2016-133</u>	3

From: TED WALLER <TEDWALLER@AUD.STATE.FL.US>
Date: July 1, 2020 at 8:49:09 AM EDT
To: "Dubose, Kathy" <DUBOSE.KATHY@leg.state.fl.us>
Cc: GREG CENTERS <GREGCENTERS@AUD.STATE.FL.US>
Subject: Notification pursuant to Section 11.45(7)(j) Florida Statutes

Ms. Dubose,

Section 11.45(7)(j), Florida Statutes, requires the Auditor General to notify the Legislative Auditing Committee of any financial or operational audit report prepared pursuant to Section 11.45, Florida Statutes, which indicates that a district school board has failed to take full corrective action in response to a recommendation that was included in the two preceding financial or operational audit reports. Also, pursuant to Section 218.39(8), Florida Statutes, the Auditor General is required to notify the Legislative Auditing Committee of any audit report prepared pursuant to Section 218.39, Florida Statutes, which indicates that a district school board has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.

This e-mail is to notify you that audit reports issued during the period July 1, 2019, through June 30, 2020, for the 67 district school board disclosed 11 district school boards that failed to take full corrective action in response to one or more recommendations included in the two preceding financial or operational audit reports. Please see the attached document identifying the respective district school boards, the applicable audit reports, and the recurring findings.

Sincerely,

Ted Waller,
Auditor General Staff
(850) 412-2887

[In the event your response contains information that may be considered sensitive or confidential pursuant to Federal or State law, please do not send that information via e-mail. Please contact me to make alternative arrangements to provide the information.](#)

AUDIT REPORTS ISSUED
 JULY 1, 2019, THROUGH JUNE 30, 2020, FOR
 DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION
 THAT WAS INCLUDED IN TWO PRECEDING AUDIT REPORTS

<u>DISTRICT SCHOOL BOARD</u>	<u>REPORT NUMBERS</u>	<u>FINDING NUMBERS</u>
1. Bay ¹	CPA Firm FY 2018-19	Financial: 2019-001
	CPA Firm FY 2017-18	Financial: 2018-001
	2018-191	Financial: 2017-001
2. Brevard ¹	2020-206	Operational: 3, 5
	2017-139	Operational: 7, ² 8 ³
	2014-089⁴	Operational: 10
	2013-094⁵	Operational: 5
3. Gilchrist	2020-166	Financial: 2019-001
	2019-181	Financial: 2018-001
	2018-140	Financial: 2017-001
4. Hendry ¹	2020-030	Operational: 3
	2016-118	Fin/Op: 1
	2015-137	Fin/Op: 3
5. Jefferson	2020-133	Financial: AM 2019-001
	2019-153	Financial: AM 2018-001
	2018-177	Financial: AM 2017-001
6. Lee ¹	2020-201	Operational: 1
	2019-026	Operational: 2
	2015-069	Operational: 4
7. Madison ¹	2020-060	Operational: 6
	2017-146	Operational: 5
	2016-132	Fin/Op: 7

¹ Pursuant to Section 11.45, Florida Statutes, the Auditor General performs operational audits at least once every 3 years. As such, recurring operational audit findings are listed from the most recent operational audit reports.

² This finding repeated Report No. 2013-094, Finding No. 5.

³ This finding repeated Report No. 2014-089, Finding No. 10.

⁴ The audit scope for Report No. 2014-089 did not address Report No. 2013-094 findings.

⁵ Statewide Virtual Instruction Programs' audit report.

AUDIT REPORTS ISSUED
 JULY 1, 2019, THROUGH JUNE 30, 2020, FOR
 DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION
 THAT WAS INCLUDED IN TWO PRECEDING AUDIT REPORTS

DISTRICT
 SCHOOL BOARD

REPORT NUMBERS

FINDING NUMBERS

8. Miami-Dade ¹	2020-203	Operational: 2, 6
	2017-196	Operational: 2, 8
	2015-089	Operational: 4, 15
9. Orange ¹	2020-176	Financial: AM 2019-001
	2017-151	Financial: 2016-001
	2014-147	Fin/Op: 1
	2020-121	Operational: 6
	2017-132	Operational: 10
	2014-147	Fin/Op: 11
10. Osceola ¹	2020-197	Operational: 4
	2017-070	Operational: 4
	2014-071	Operational: 14
11. Putnam ¹	2020-093	Operational: 5, 7
	2017-163	Operational: 8, 14
	2016-170	Fin/Op: 3, 7

¹ See footnote on page 1.

From: JACQUELINE BELL <JACQUELINEBELL@AUD.STATE.FL.US>
Sent: Thursday, May 21, 2020 8:01 AM
To: Fischer, Jason; Brandes, Jeff
Cc: White, Deborah; Dubose, Kathy
Subject: 2018-19 FY Notification Pursuant to Section 218.39(8), Florida Statutes
Attachments: 2019 PPY Findings Notification.xlsb

Good morning,

Section 218.39(8), Florida Statutes, requires the Auditor General to notify the Legislative Auditing Committee of any audit report prepared pursuant to Section 218.39, Florida Statutes, which indicates that an audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.

This email is to notify you of the 2018-19 fiscal year charter school and charter technical career center audit reports that indicate the audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.

Please contact me if you or your staff have any questions about this information.

Thank you,

Jacqueline Bell, CPA
Audit Supervisor
Auditor General's Office
(850) 412-2811
jacquelinebell@aud.state.fl.us

In the event that your response contains information considered sensitive or confidential pursuant to Federal or State law, please do not send that information via e-mail. Please contact me to make alternative arrangements.

Charter School	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
Academy of Environmental Science	Miscellaneous	2017-2	2017-2	2017-2	35	No
	Separation of Duties	2013-1	2013-1	2013-1	32	No
Bay Haven Charter Academy	Separation of Duties	2019-003	2018-003	2017-002	52	No
Bay Haven Charter Academy Middle School	Separation of Duties	2019-003	2018-003	2017-002	51	No
Ben Gamla Charter School	Cash Controls	ML-18-01	ML 18-01	ML 2017-01	39	No
Bridgeprep Academy of Hollywood Hills	Miscellaneous	2019-1	2018-1	2017-1	33	No
Byrneville Elementary School	Miscellaneous	2019-001	2018-001	2017-001	37	No
Coral Reef Montessori Academy Charter School	Miscellaneous	2019-1	2018-1	2017-1	46	No
Francis Marion Military Academy	Budget Administration	2019-1	2018-1	2017-1	28	No
Heritage Charter Academy, Inc	Records Management	2019-3	2018-3	2017-02	35	No
Madison Creative Arts Academy	Other Expenditures	2017-06	2017-06	2017-06	34	No
Manatee School of Arts and Sciences	Records Management	2019-001	2018-001	2017-001	3	Revision
Micanopy Middle School	Payroll and Personnel	2019-001	2018-002	2017-001	27	No
North Bay Haven Career Academy	Separation of Duties	2019-003	2018-003	2017-002	51	No
North Bay Haven Charter Academy Elementary School	Separation of Duties	2019-003	2018-003	2017-002	52	No
North Bay Haven Charter Academy Middle School	Separation of Duties	2019-003	2018-003	2017-002	51	No
Reading Edge Academy	Miscellaneous	2019-3	2018-2	2017-4	22	No
	Records Management	2019-1	2018-1	2017-1	22	No
Samsula Academy	Miscellaneous	2019-3	2018-2	2017-4	21	No
	Records Management	2019-1	2018-1	2017-1	21	No
School For Accelerated Learning and Technologies	Miscellaneous	2019-002	2018-002	2017-002	41	No
	Records Management	2019-001	2018-001	2017-001	38	No
St. Augustine Public Montessori School	Records Management	2019-002	2018-002	2017-002	22	No
	Separation of Duties	2019-001	2018-001	2017-001	22	No
True North Classical Academy Charter School	Miscellaneous	2019-1	2018-1	2017-1	34	No

Notes:

- (1) The page number listed is the PDF document page number, not the report page number.
(2) This column indicates if there is an addendum or revised report on the Auditor General's Web site that is associated with findings from the 2018-19 fiscal year audit report that should also be viewed.

From: JACQUELINE BELL <JACQUELINEBELL@AUD.STATE.FL.US>
Sent: Friday, September 25, 2020 5:32 PM
To: Fischer, Jason; Brandes, Jeff
Cc: White, Deborah; Dubose, Kathy
Subject: 2018-19 FY Notification Pursuant to Section 218.39(8), Florida Statutes
Attachments: 2019 PPY Findings Notification.xlsb

Good afternoon,

Section 218.39(8), Florida Statutes, requires the Auditor General to notify the Legislative Auditing Committee of any audit report prepared pursuant to Section 218.39, Florida Statutes, which indicates that an audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.

This email is to notify you of the 2018-19 fiscal year local governmental entity audit reports that indicate the audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.

Please contact me if you or your staff have any questions about this information.

Thank you,

Jacqueline Bell, CPA
Audit Supervisor
Auditor General's Office
(850) 412-2811
jacquelinebell@aud.state.fl.us

In the event that your response contains information considered sensitive or confidential pursuant to Federal or State law, please do not send that information via e-mail. Please contact me to make alternative arrangements.

Committee staff note: The Auditor General's Office provided an updated spreadsheet on October 12, 2020, which is attached.

Local Governmental Entities That Failed To Take Full Corrective Action In Repose To A Recommendation

Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
COUNTIES								
C00200	Baker County	Board of County Commissioners	Financial Reporting	2019-002	2018-002	2017-002	54	No
C00600	Broward County	Clerk of the Circuit Court	Revenues/Collections	2016-01	2016-01	2016-01	360	No
		Clerk of the Circuit Court	General Accounting Records	2017-01	2017-01	2017-01	359	No
		Sheriff	General Accounting Records	IC 2019-001	IC 2018-001	IC 2017-001	242	No
C01400	DeSoto County	Board of County Commissioners	Information Technology	2019-1	2018-1	2017-1	114	No
C01700	Flagler County	Board of County Commissioners	State Financial Assistance	2019-002	2018-003	2017-001	222	No
		Sheriff	Separation of Duties	2019-001	2018-001	2017-002	273	No
C01900	Gadsden County	Board of County Commissioners	State Financial Assistance	2019-01	2018-01	2017-03	99	No
		Sheriff	Financial Reporting	2016-1	2016-1	2016-1	172	No
		Sheriff	Cash	2017-1	2017-1	2017-1	175	No
C02100	Glades County	Board of County Commissioners	General Accounting Records	2019-001	2010-001	2010-001	90	No
		Board of County Commissioners	State Financial Assistance	2019-003	2016-003	2016-003	93	No
		Clerk of the Circuit Court	Distribution of Funds	ML 2019-002	ML 2010-001	ML 2010-001	138	No
C02400	Hardee County	Sheriff	Budget Administration	2019-001	2018-001	2017-001	210	No
		Sheriff	General Accounting Records	2019-003	2018-002	2017-003	212	No
C02900	Holmes County	Property Appraiser	Expenditures/Expenses	2012-02	2012-02	2012-02	152	No
		Sheriff	Separation of Duties	2010-01	2010-01	2010-01	206	No
		Tax Collector	Information Technology	2013-01	2013-01	2013-01	232	No
C03100	Jackson County	Sheriff	Separation of Duties	SH2006-01	SH2006-01	SH2006-01	212	No
C03300	Lafayette County	Board of County Commissioners	Financial Reporting	12-01	12-01	12-01	64	No
		Clerk of the Circuit Court	Financial Reporting	12-01	12-01	12-01	105	No
		Property Appraiser	Financial Reporting	12-01	12-01	12-01	190	No
		Sheriff	Financial Reporting	12-01	12-01	12-01	134	No
		Supervisor of Elections	Financial Reporting	12-01	12-01	12-01	217	No
		Tax Collector	Financial Reporting	12-01	12-01	12-01	162	No
C03600	Leon County	Board of County Commissioners	General Accounting Records	2019-001	2018-001	2017-001	119	No
C03700	Levy County	Board of County Commissioners	Separation of Duties	2019-001	2018-001	2017-001	68	No
C03800	Liberty County	Sheriff	Budget Administration	2016-IC-03	2016-IC-03	2016-IC-03	151	No
C04250	Miami-Dade County	Board of County Commissioners	Information Technology	2019-001	2018-001	2017-002	330	No
C05300	Putnam County	Board of County Commissioners	Information Technology	2019-001	2018-001	2017-002	168	No
		Clerk of the Circuit Court	Other Control Deficiencies and Noncompliance	2019-001	2018-001	2017-001	200	No
		Supervisor of Elections	General Accounting Records	2019-001	2018-001	2017-001	278	No
C05900	Sumter County	Sheriff	Separation of Duties	2019-001	2018-001	2017-001	178	No
		Sheriff	Revenues/Collections	2019-002	2018-002	2017-002	178	No
C06600	Washington County	Board of County Commissioners	Fixed Assets	BCC1997-001	BCC1997-001	BCC1997-001	96	No
		Property Appraiser	Separation of Duties	PA2003-003	PA2003-003	PA2003-003	200	No
		Sheriff	Separation of Duties	SH2003-001	SH2003-001	SH2003-001	175	No
		Supervisor of Elections	Separation of Duties	SOE 2003-003	SOE 2003-003	SOE 2003-003	227	No
		Tax Collector	Separation of Duties	TC2003-003	TC2003-003	TC2003-003	258	No
SPECIAL DISTRICTS								
D01000	Alligator Point Water Resources District		Financial Reporting	2019-001	2018-001	2017-001	19	No
			Separation of Duties	2019-002	2018-002	2017-002	19	No
D01450	Amelia Concourse Community Development District		Debt Administration	2012-01/2013-01/2014-01	2012-01/2013-01/2014-01	2012-01/2013-01/2014-01	37	No
			Financial Condition	2012-02/2013-02/2014-02	2012-02/2013-02/2014-02	2012-02/2013-02/2014-02	38	No
D02700	Aucilla Area Solid Waste Administration		Financial Reporting	2013-1	2013-1	2013-1	34	No
D02800	Avalon Beach/ Mulat Fire Protection District		Separation of Duties	2019-001	2018-001	2017-001	40	No
			Financial Reporting	2019-002	2018-002	2017-002	41	No
D03000	Baker County Development Commission		Separation of Duties	2019-001	2018-001	2017-001	28	No
			Financial Reporting	2019-002	2018-002	2017-002	28	No
D03100	Baker County Hospital District		Separation of Duties	2019-001	2018-001	2017-001	22	No

Local Governmental Entities That Failed To Take Full Corrective Action In Reponse To A Recommendation

Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
			Financial Reporting	2019-002	2018-002	2017-002	22	No
D08980	Buckeye Park Community Development District		Debt Administration	IC2015-03	IC2015-03	IC2015-03	33	No
			Expenditures/Expenses	IC2016-01	IC2016-01	IC2016-01	33	No
D09200	CFM Community Development District		Debt Administration	IC2010-1	IC2010-1	IC2010-1	34	No
D11100	Cedar Key Water and Sewer District		Separation of Duties	2019-001	2018-001	2017-001	22	No
D11970	Chapel Creek Community Development District		Debt Administration	12-01	12-01	12-01	32	No
			Financial Reporting	12-03	12-03	12-03	31	No
			Fixed Assets	12-04	12-04	12-04	31	No
D14005	City Center Community Development District		Debt Administration	2015-01	2015-01	2015-01	34	No
			Financial Condition	2015-02	2015-02	2015-02	34	No
D16050	City-County Public Works Authority		Separation of Duties	2019-001	2010-001	2010-001	18	No
			General Accounting Records	2019-002	2010-002	2010-002	18	No
			Financial Reporting	2019-003	2010-003	2010-003	19	No
			Cash	2019-004	2017-003	2017-003	22	No
D18370	Concorde Estates Community Development District		Financial Condition	13-01	13-01	13-01	33	No
D19630	Creekside Community Development District		Financial Condition	2019-01	2018-01	2017-01	30	No
D19900	Crossings At Fleming Island Community Development District, The		Debt Administration	15-01	15-01	15-01	38	No
			Debt Administration	15-02	15-02	15-02	38	No
D27000	Fellsmere Water Control District		Separation of Duties	2019-001	2018-001	2017-001	37	No
D27400	Flagler Estates Road and Water Control District		General Accounting Records	2019-002	2018-002	2017-002	31	No
			Separation of Duties	2019-001	2018-001	2017-001	31	No
D29700	Gadsden Soil and Water Conservation District		Separation of Duties	2017-001	2017-001	2017-001	33	No
			Financial Reporting	2017-003	2017-003	2017-003	33	No
D30700	Gilchrist Soil and Water Conservation District		Financial Reporting	14-01	14-01	14-01	23	No
D31280	Gramercy Farms Community Development District		Financial Reporting	12-01	12-01	12-01	34	No
			Debt Administration	12-03	12-03	12-03	32	No
			Financial Condition	12-04	12-04	12-04	35	No
D32700	Hamilton County Development Authority		Travel	2016-002	2016-002	2016-002	44	No
			Payroll and Personnel Administration	2016-004	2016-004	2016-004	45	No
D33475	Heights Community Development District, The		General Accounting Records	2019-01	2018-01	2017-01	29	No
D33900	Hendry-La Belle Recreation Board		Financial Reporting	2011-1	2011-1	2011-1	29	No
D34130	Heritage Isles Community Development District		Debt Administration	2009-01	2009-01	2009-01	42	No
			Financial Condition	2014-01	2014-01	2014-01	43	No
D37200	Holt Fire District		Separation of Duties	2019-02	2018-01	2017-01	34	No
			Financial Reporting	2019-01	2018-02	2017-02	34	No
D37400	Homosassa Special Water District		Financial Condition	ML 19-1	ML17-1	ML17-1	46	No
D38800	Indian River Farms Water Control District		Separation of Duties	2019-001	2018-001	2017-001	36	No
D39400	Indian Trail Improvement District		Revenues/Collections	2019-02	2018-01	2017-02	72	No
D39600	Indigo Community Development District		Financial Condition	2019-01	2018-01	2017-01	31	No
D44000	Lake Shore Hospital Authority		Financial Reporting	2011-1	2011-1	2011-1	50	No
D44810	Lakeside Plantation Community Development District		Debt Administration	2018-01	2018-01	2017-01	34	No
D46600	Leon County Educational Facilities Authority		Debt Administration	2019-001	2018-003	2017-003	39	No
			Debt Administration	2019-002	2018-004	2017-004	40	No
			Debt Administration	2019-003	2018-005	2017-005	40	No
			Debt Administration	2019-004	2018-006	2017-006	41	No
			Financial Condition	2019-006	2018-008	2017-008	45	No
D47100	Levy Soil and Water Conservation District		Financial Reporting	13-01	13-01	13-01	23	No
D47510	Longleaf Community Development District		Budget Administration	2019-01	2018-01	2017-01	31	No
D47880	Madeira Community Development District		Debt Administration	16-01	16-01	16-01	33	No
			Debt Administration	16-02	16-02	16-02	33	No

Local Governmental Entities That Failed To Take Full Corrective Action In Reponse To A Recommendation

Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
D48000	Madison County Health and Hospital District		Information Technology	2019-002	2018-001	2017-001	33	No
D48100	Madison County Soil and Water Conservation District		Financial Reporting	15-01	15-01	15-01	24	No
D48155	Magnolia Creek Community Development District		Fixed Assets	2019-01	2018-01	2017-01	31	No
			Debt Administration	2019-02	2018-02	2017-02	31	No
D49500	Marion County Law Library		Separation of Duties	2019-1	2018-1	2017-1	24	No
			General Accounting Records	2019-3	2018-2	2017-2	25	No
D49700	Marion Soil and Water Conservation District		Financial Reporting	16-01	16-01	16-01	24	No
D50407	Meadow Pointe IV Community Development District		Debt Administration	13-01	13-01	13-01	37	No
			Financial Reporting	13-03	13-03	13-03	38	No
D51980	Midtown Miami Community Development District		Fund Equity	2012-01	2012-01	2012-01	41	No
D52675	Montecito Community Development District		Financial Condition	2017-01	2017-01	2017-01	35	No
D67000	Municipal Service District of Ponte Vedra Beach		Financial Reporting	2019-001	2018-002	2017-002	27	No
D53630	Naturewalk Community Development District		Debt Administration	12-01	12-01	12-01	34	No
			Debt Administration	12-02	12-02	12-02	34	No
			Financial Reporting	15-01	15-01	15-01	33	No
D53810	New Port - Tampa Bay Community Development District		Debt Administration	2015-001	2015-001	2015-001	36	No
			Debt Administration	IC 2009-002	IC 2009-002	IC 2009-002	36	No
D55400	North Okaloosa County Fire District		Financial Reporting	2019-01	2018-01	2017-01	36	No
D56100	North St. Lucie River Water Control District		Separation of Duties	ML 2019-1	ML 2018-1	ML 2017-1	32	No
D62070	Palm River Community Development District		Debt Administration	19-01	18-01	17-01	31	No
			Debt Administration	19-02	18-02	17-02	31	No
D62600	Parkway Center Community Development District		Budget Administration	2019-01	2018-01	2017-02	31	No
D67825	Portofino Isles Community Development District		Financial Condition	2016-01	2016-01	2016-01	35	No
D67835	Portofino Vista Community Development District		Financial Condition	2019-01	2018-01	2017-01	30	No
D68600	Putnam Soil and Water Conservation District		Financial Reporting	16-01	16-01	16-01	23	No
D69450	Reunion East Community Development District		Debt Administration	2019-01	13-01 / 13-02	13-01 / 13-02	32	No
D69806	River Glen Community Development District		Fixed Assets	2019-01	15-01	15-01	31	No
			Debt Administration	2019-02	16-01	16-01	31	No
D69810	River Place on the St. Lucie Community Development District		Debt Administration	13-01	13-01	13-01	36	No
			Debt Administration	13-02	13-02	13-02	36	No
			Financial Condition	2016-01	2016-01	2016-01	36	No
D70010	Riverwood Estates Community Development District		Debt Administration	12-01	12-01	12-01	32	No
			Debt Administration	12-02	12-02	12-02	31	No
			Financial Reporting	12-03	12-03	12-03	33	No
D72900	Seminole County Port Authority		Separation of Duties	2010-1	ITEM 1	ITEM 1	38	No
			Financial Reporting	2010-2	ITEM 2	ITEM 2	38	No
D73475	Six Mile Creek Community Development District		Debt Administration	2017-01	2017-01	2017-01	38	No
D74900	South Seminole and North Orange County Wastewater Transmission Authority		Separation of Duties	2019-01	2018-01	2017-01	49	No
D75480	Southern Hills Plantation II Community Development District		Debt Administration	2019-01	2017-01	2017-01	32	No
			Debt Administration	2019-02	2017-02	2017-02	32	No
			Debt Administration	2019-03	2017-03	2017-03	33	No
D75950	Spring Lake Community Development District		Budget Administration	2019-01	2018-01	2017-01	30	No
D76200	St. Augustine Port, Waterway and Beach District		Separation of Duties	2019-001	2018-001	2017-001	27	No
D76700	St. Johns Improvement District		Financial Reporting	ML19-01	ML18-01	ML17-01	38	No
D78210	Sterling Hill Community Development District		Debt Administration	12-03	12-03	12-03	32	No
			Debt Administration	12-04	12-04	12-04	32	No
D78220	Stevens Plantation Community Development District		Debt Administration	2019-01	2018-01	2017-01	31	No
D79650	Suwannee County Conservation District		Financial Reporting	12-01	12-01	12-01	24	No
D81610	Taylor Coastal Water and Sewer District		Financial Reporting	2010-1	2010-1	2010-1	38	No

Local Governmental Entities That Failed To Take Full Corrective Action In Repose To A Recommendation

Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
D81700	Taylor County Development Authority		Financial Reporting	2017-1	2017-1	2017-1	41	No
D82604	Tolomato Community Development District		Debt Administration	2019-01	2018-01	2017-02	38	No
D82955	Trails Community Development District		Financial Condition	14-01	14-01	14-01	32	No
			Debt Administration	19-02	18-02	17-02	31	No
D82975	Treeline Preserve Community Development District		Debt Administration	15-01	15-01	15-01	32	No
			Debt Administration	15-02	15-02	15-02	32	No
D83000	Tri-County Airport Authority		Separation of Duties	2003-002	2003-002	2003-002	30	No
			Financial Reporting	2007-001	2007-001	2007-001	30	No
D87280	Waterford Estates Community Development District		Financial Condition	2019-01	2018-01	2017-01	30	No
D89050	Westside Community Development District		Debt Administration	2011-01	2011-01	2011-01	37	No
			Financial Condition	2012-01	2012-01	2012-01	38	No
D89820	Woodlands Community Development District, The		Debt Administration	13-01	13-01	13-01	32	No
			Financial Condition	13-02	13-02	13-02	32	No
D89840	Wvld Palms Community Development District		Debt Administration	2019-01	2018-01	2017-01	30	No
D90210	Zephyr Ridge Community Development District		Debt Administration	09-01	09-01	09-01	32	No
			Debt Administration	09-02	09-02	09-02	33	No
			Financial Reporting	12-01	12-01	12-01	32	No
MUNICIPALITIES								
M00600	Apalachicola, City of		Separation of Duties	2017-001	2017-001	2017-001	69	No
			General Accounting Records	2017-002	2017-002	2017-002	70	No
			Debt Administration	2017-003	2017-003	2017-003	70	No
			Fixed Assets	2017-004	2017-004	2017-004	70	No
			Debt Administration	2017-005	2017-005	2017-005	71	No
			Debt Administration	2017-006	2017-006	2017-006	71	No
			Budget Administration	2017-007	2017-007	2017-007	72	No
M00700	Apopka, City of		Fixed Assets	2017-002	2017-002	2017-002	142	No
M00800	Arcadia, City of		Cash	2019-001	2018-001	2017-001	96	No
			General Accounting Records	2019-002	2018-002	2017-002	97	No
M00900	Archer, City of		Financial Reporting	2012-1	2012-1	2012-1	59	No
M02200	Bell, Town of		Financial Reporting	2009-1	2009-1	2009-1	38	No
M02400	Belle Isle, City of		Separation of Duties	ML 19-01	ML 18-01	ML 17-01	95	No
M03500	Bowling Green, City of		General Accounting Records	2019-01	2018-01	2017-01	59	No
M03900	Branford, Town of		Financial Reporting	2010-1	2010-1	2010-1	49	No
M04600	Bushnell, City of		Separation of Duties	2008-2	2008-2	2008-2	116	No
			Financial Condition	2011-1	2011-1	2011-1	120	No
			Debt Administration	2014-1	2014-1	2014-1	120	No
M04700	Callahan, Town of		Separation of Duties	2019-001	2018-001	2017-001	48	No
			Financial Reporting	2019-002	2018-002	2017-002	48	No
M04900	Campbellton, Town of		Separation of Duties	04-01	04-01	04-01	44	No
M05200	Carrabelle, City of		Financial Reporting	2019-001	2018-001	2017-001	51	No
			Separation of Duties	2019-002	2018-002	2017-002	51	No
			Fixed Assets	2019-004	2018-003	2017-003	52	No
			Distribution of Funds	2019-005	2018-005	2017-005	52	No
			Budget Administration	2019-008	2018-006	2017-007	56	No
			Budget Administration	2019-009	2018-007	2017-008	56	No
			Policies and Procedures	2019-010	2018-008	2017-010	56	No
	Information Technology	2019-011	2018-009	2017-011	57	No		
M05600	Cedar Key, City of		Debt Administration	ML 2019-1	ML 2015-1	ML 2015-1	43	No
M05700	Center Hill, City of		Fixed Assets	2015-04	2015-04	2015-04	98	No
M05800	Century, Town of		General Accounting Records	2019-003	2018-001	2017-001	51	No
			Financial Condition	2019-005	2018-007	2017-002	53	No

Local Governmental Entities That Failed To Take Full Corrective Action In Reponse To A Recommendation

Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
M05900	Chattahoochee, City of		Financial Reporting	2019-001	2018-001	2017-001	59	No
M07000	Coleman, City of		Financial Reporting	2019-1	2018-1	2017-1	61	No
			Separation of Duties	2019-2	2018-2	2017-2	61	No
M07700	Cross City, Town of		Separation of Duties	2019-001	2018-001	2017-001	39	No
M07900	Dade City, City of		Separation of Duties	2014-2	2014-2	2014-2	86	No
			Information Technology	2015-2	2015-2	2015-2	90	No
M08600	Deerfield Beach, City of		Payroll and Personnel Administration	ML 10-2	ML 10-2	ML 10-2	167	No
M09100	Destin, City of		Fund Equity	2019-01	2018-02	2017-04	122	No
M10400	Fanning Springs, City of		Financial Reporting	2013-1	2013-1	2013-1	60	No
M11800	Fruitland Park, City of		Payroll and Personnel Administration	ML 19-1	ML18-2	ML 17-2	118	No
M12100	Glen Saint Mary, Town of		Separation of Duties	2019-001	2018-001	2017-001	47	No
			Financial Reporting	2019-002	2018-002	2017-002	47	No
M12500	Graceville, City of		Separation of Duties	2006-001	2006-001	2006-001	64	No
			Financial Reporting	2007-001	2007-001	2007-001	64	No
M12900	Greensboro, Town of		Separation of Duties	2019-001	2018-001	2017-002	54	No
M13000	Greenville, Town of		Financial Reporting	2019-001	2018-001	2017-001	52	No
			Separation of Duties	2019-002	2018-002	2017-002	52	No
			Budget Administration	2019-003	2018-003	2017-003	55	No
M13100	Greenwood, Town of		Financial Reporting	2007-001	2007-001	2007-001	42	No
M14500	Hiialeah, City of		Financial Condition	2015-02	2015-02	2015-02	185	No
M14600	High Springs, City of		Fund Equity	2019-001	2018-001	2017-001	58	No
M15000	Hilliard, Town of		Financial Reporting	2009-01	2009-01	2009-01	76	No
M15600	Horseshoe Beach, Town of		Financial Reporting	2011-1	2011-1	2011-1	44	No
M16600	Interlachen, Town of		Financial Reporting	2019-001	2018-001	2007-01	34	No
M17200	Jasper, City of		Revenues/Collections	2016-002	2016-002	2016-002	72	No
M17300	Jay, Town of		General Accounting Records	19-1	18-3	17-2	45	No
M17400	Jennings, Town of		Separation of Duties	2019-001	2018-001	2017-001	64	No
			Financial Reporting	2019-002	2018-002	2017-002	64	No
M17600	Jupiter Inlet Colony, Town of		Policies and Procedures	2016-1	2016-1	2016-1	39	No
M18500	LaBelle, City of		Financial Reporting	2009-1	2009-1	2009-1	105	No
M21700	Macclenny, City of		Separation of Duties	2019-001	2018-001	2017-001	59	No
			Financial Reporting	2019-002	2018-002	2017-002	59	No
M21900	Madison, City of		Financial Reporting	2012-1	2012-1	2012-1	84	No
M22200	Malone, Town of		Separation of Duties	2004-001	2004-001	2004-001	44	No
			Financial Reporting	2007-001	2007-001	2007-001	44	No
M23000	Mayo, Town of		Financial Reporting	2011-1	2011-1	2011-1	57	No
			Payroll and Personnel Administration	2016-1	2016-1	2016-1	59	No
			Revenues/Collections	2016-2	2016-2	2016-2	59	No
M23200	Medley, Town of		Separation of Duties	2019-01	2018-01	2017-01	94	No
			Fixed Assets	2019-02	2018-02	2017-02	94	No
			Purchasing/Contract Management	2019-03	2018-03	2017-03	95	No
M23500	Melbourne Village, Town of		Financial Reporting	Comment 001	Comment 001	Comment 005	45	No
M24700	Montverde, Town of		Financial Reporting	ML 19-1	ML 18-1	ML 17-1	53	No
			General Accounting Records	ML 19-3	ML 18-3	ML 17-3	54	No
M24800	Moore Haven, City of		Financial Reporting	2019-001	2018-001	2017-001	91	No
			General Accounting Records	2019-002	2018-002	2017-002	92	No
M24900	Mount Dora, City of		General Accounting Records	2017-03	2017-03	2017-03	164	No
			Fixed Assets	2017-05	2017-05	2017-05	169	No
M26500	Oak Hill, City of		Separation of Duties	SD01 (2009)	SD01 (2009)	SD01 (2009)	Revised ML p.4	Yes
M26600	Oakland, Town of		Revenues/Collections	10-01	10-01	10-01	58	No

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Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
			General Accounting Records	10-05	10-05	10-05	58	No
			Revenues/Collections	10-06	10-06	10-06	58	No
			Revenues/Collections	17-001	17-001	17-001	59	No
M28300	Palatka, City of		General Accounting Records	2019-001	2018-001	2017-001	126	No
M29500	Paxton, City of		Financial Reporting	2019-01	2018-01	2017-01	51	No
			Separation of Duties	2019-02	2018-02	2017-02	51	No
M29800	Penney Farms, Town of		Financial Reporting	2011-1	2011-1	2011-1	49	No
M30100	Pierson, Town of		Financial Reporting	2009-01	2009-01	2009-01	40	No
			Separation of Duties	2009-02	2009-02	2009-02	41	No
M30700	Pomona Park, Town of		Separation of Duties	2009-IC-1	2009-IC-1	2009-IC-1	55	No
M32500	San Antonio, City of		Fixed Assets	2015-1	2015-1	2015-1	66	No
M32900	Satellite Beach, City of		Revenues/Collections	IC2017-001	IC2017-001	IC2017-001	144	No
M33900	South Daytona, City of		Fund Equity	2019-003	2013-1	2013-1	140	No
M34100	South Palm Beach, Town of		Policies and Procedures	2019-01	2018-02	2017-03	99	No
			Purchasing/Contract Management	2019-02	2018-03	2017-04	100	No
			Cash	2019-03	2018-04	2017-06	100	No
M34400	St. Augustine, City of		General Accounting Records	2017-1	2017-1	2017-1	203	No
M34900	St. Marks, City of		Separation of Duties	2019-001	2018-001	2017-001	38	No
M36400	Titusville, City of		Fund Equity	2019-002	2018-001	2017-003	196	No
M36600	Trenton, City of		Financial Reporting	2009-1	2009-1	2009-1	62	No
M37500	Wausau, Town of		Separation of Duties	2010-01	2010-01	2010-01	56	No
			Information Technology	2015-01	2015-01	2015-01	56	No
			Revenues/Collections	2017-01	2017-01	2017-01	57	No
M37600	Webster, City of		Separation of Duties	2015-001	2015-001	2015-001	57	No
			General Accounting Records	2015-002	2015-002	2015-002	59	No
			Revenues/Collections	2015-007	2015-007	2015-007	60	No
M37800	Welaka, Town of		Financial Reporting	2019-001	2018-001	2017-001	35	No
M38200	West Palm Beach, City of		Payroll and Personnel Administration	ML 2019-001	ML 2018-001	ML2017-01	318	No
			Information Technology	ML 2019-002	ML 2018-002	ML2017-02	319	No
			Information Technology	ML 2019-003	ML 2018-003	ML2017-03	320	No
M38300	Weston, City of		Revenues/Collections	2019-01	2018-01	2017-02	151	No
M38500	Wewahitchka, City of		Financial Reporting	2011-1	2011-1	2011-1	54	No
M39000	Windermere, Town of		Financial Reporting	19-01	18-01	17-01	40	No
M39200	Winter Haven, City of		General Accounting Records	2019-001	2018-001	2017-001	210	No
M39500	Worthington Springs, Town of		Financial Reporting	2014-1	2014-1	2014-1	36	No

Florida Statutes (2020) related to State Lotteries

24.123 Annual audit of financial records and reports.—

(1) The Legislative Auditing Committee shall contract with a certified public accountant licensed pursuant to chapter 473 for an annual financial audit of the department. The certified public accountant shall have no financial interest in any vendor with whom the department is under contract. The certified public accountant shall present an audit report no later than 7 months after the end of the fiscal year and shall make recommendations to enhance the earning capability of the state lottery and to improve the efficiency of department operations. The certified public accountant shall also perform a study and evaluation of internal accounting controls and shall express an opinion on those controls in effect during the audit period. The cost of the annual financial audit shall be paid by the department.

(2) The Auditor General may at any time conduct an audit of any phase of the operations of the state lottery and shall receive a copy of the yearly independent financial audit and any security report prepared pursuant to s. 24.108.

(3) A copy of any audit performed pursuant to this section shall be submitted to the secretary, the Governor, the President of the Senate, the Speaker of the House of Representatives, and members of the Legislative Auditing Committee.

**7 Overview of Lobbying
Firm Quarterly
Compensation Reports
(2019)**

Lobbying Firm Compensation Report Audits – Materials Provided

- 1. Overview:** Audits of Lobbying Firm Compensation Reports
- 2. Results of Audits of 2019 Compensation:** Packet presented to the President and the Speaker
(Note: The packet to the Chair of the Commission on Ethics was identical except for the cover letter)

Audits of Lobbying Firm Compensation Reports Joint Legislative Auditing Committee

Summary

The Joint Legislative Auditing Committee (Committee) has statutorily assigned responsibilities related to the audits of lobbying firm compensation reports. Lobbying firms are required to file quarterly compensation reports, and a specified percentage of these firms are required to be audited annually to determine the accuracy of their reporting. The audits are required to be conducted by independent contract auditors¹ selected by the lobbying firms from a list of qualified auditors maintained by the Committee. The auditors are required to follow procedures specified by the Committee during the course of the audit. The implementation efforts in 2007 and 2008 were not resolved, and no audits were conducted initially. During late 2013 and early 2014, the Committee proceeded with the statutory requirements to ensure that audits of compensation reports filed for the 2014 calendar year could begin in 2015. Audits have now been performed on randomly selected executive branch and legislative branch lobbying firms for compensation reported in the 2014 through 2019 calendar years.

Overview

Bill: Senate Bill 6-B (Ch. 2005-359, *Laws of Florida*) is often referred to as the “gift ban.” Prior to its enactment, lobbyists were required to file periodic expenditure reports. Once the gift ban became effective, lobbyists were no longer required to file expenditure reports, but instead were required to file quarterly compensation reports.

Requirements: Section 11.40(3)(b), F.S., requires an audit of the quarterly compensation reports of 3% of all legislative branch and 3% of all executive branch lobbying firms by independent contract auditors (auditors). Various provisions in s. 11.40(3), F.S., require the Committee to: (1) develop a system to randomly select lobbying firms for audit, (2) develop procedures for the selection of auditors, (3) create and maintain a list of not less than 10 auditors approved to conduct the audits, and (4) develop guidelines to conduct the audits.²

Scope of Audits: On a quarterly basis, lobbying firms are required to report the compensation they receive from each principal³ and the total they receive from all principals, in accordance with ss. 11.045(3)(a)1. and 112.3215(5)(a)1., F.S. (for legislative branch and executive branch lobbyists, respectively). The following reporting categories are required:

Total Compensation Provided or Owed to the Lobbying Firm from Each Principal	Total Compensation Provided or Owed to the Lobbying Firm from All Principals
\$0	\$0
\$1 - \$9,999	\$1 - \$49,999
\$10,000 - \$19,999	\$50,000 - \$99,999
\$20,000 - \$29,999	\$100,000 - \$249,999
\$30,000 - \$39,999	\$250,000 - \$499,999
\$40,000 - \$49,999	\$500,000 - \$999,999
\$50,000 or more (<i>specific amount reported, rounded to the nearest \$1,000</i>)	\$1 million or more

¹ See definition of “independent contract auditors” in s. 11.40(3)(a), F.S. (page 3 of this document).

² Although the law states that an audit is to be conducted, the type of work to be performed does not meet the definition of an audit under the American Institute of Certified Public Accountants (AICPA) professional standards. In 2008, the Committee recommended an agreed-upon procedures engagement conducted in accordance with the attestation standards established by the AICPA. This recommendation was developed in cooperation with the Florida Board of Accountancy.

³ “Principal” is defined as the person, firm, corporation, or other entity which has employed or retained a lobbyist.

The filed quarterly compensation reports are available for viewing on Online Sunshine by selecting “Legislative & Executive Branch Lobbyists” in the left column.

The auditors perform procedures, specified by the Committee, on specified records of the lobbying firms selected for an audit and issue a report in accordance with professional standards describing the procedures performed and any findings.

Cost: The cost of the audits is required to be paid by the Legislature.

Selection of the Auditor: The Committee is required to maintain a list of not less than 10 auditors approved to conduct audits of the compensation reports. Once a lobbying firm has been notified by the Committee that it has been selected for an audit, it is required to select an auditor from the Committee’s list. If the lobbying firm fails to make a selection within 30 days, the Committee is required to select the auditor to conduct the audit.

Auditor Independence: The law has a strict definition of independence for the auditors who conduct an audit of a lobbying firm’s compensation reports. They cannot ever have had a direct personal relationship or a professional accounting, auditing, tax advisory, or tax preparing relationship with each other. The additional independence restriction provided in law relates to certain attest and nonattest services that may currently be allowed under the independence standards adopted by the Florida Board of Accountancy.

Status: The Committee adopted guidelines which include the procedures the auditors will follow during the engagement and provide examples of the types of records that lobbying firms may use to document compensation. The Committee also approved procedures for the selection of the auditors and the lobbying firms.

In 2018, a RFP process was used, for the second time, to solicit CPAs / CPA firms who were qualified and interested in conducting the audits. Six audit firms responded to the RFP and were approved to conduct the audits. The contracts are renewable for up to three additional years.

For each year, a random number generator was used to determine the lobbying firms that were selected for an audit. In 2020, 26 lobbying firms (12 executive branch firms; 14 legislative branch firms) were selected for an audit of their 2019 compensation. For each audit, a maximum number of billable hours was authorized, based on the number of principals the lobbying firm was registered to represent. In addition, a shipping allowance was authorized for audits in which the audit firm and lobbying firm were not located in the same vicinity. Audit firms were authorized to request an increase in either or both of these amounts if they determined the authorized amounts were insufficient to complete the engagement.

All audits of 2019 compensation were completed by December 16, 2020. The audit firms billed the Legislature a total of \$170,683.33 for all 26 audits.

Statutory Language

Section 11.40, *Florida Statutes*

(3)(a) As used in this subsection, “independent contract auditor” means a state-licensed certified public accountant or firm with which a state-licensed certified public accountant is currently employed or associated who is actively engaged in the accounting profession.

(b) Audits specified in this subsection cover the quarterly compensation reports for the previous calendar year for a random sample of 3 percent of all legislative branch lobbying firms and a random sample of 3 percent of all executive branch lobbying firms calculated using as the total number of such lobbying firms those filing a compensation report for the preceding calendar year. The committee shall provide for a system of random selection of the lobbying firms to be audited.

(c) The committee shall create and maintain a list of not less than 10 independent contract auditors approved to conduct the required audits. Each lobbying firm selected for audit in the random audit process may designate one of the independent contract auditors from the committee’s approved list. Upon failure for any reason of a lobbying firm selected in the random selection process to designate an independent contract auditor from the committee’s list within 30 calendar days after being notified by the committee of its selection, the committee shall assign one of the available independent contract auditors from the approved list to perform the required audit. No independent contract auditor, whether designated by the lobbying firm or by the committee, may perform the audit of a lobbying firm where the auditor and lobbying firm have ever had a direct personal relationship or any professional accounting, auditing, tax advisory, or tax preparing relationship with each other. The committee shall obtain a written, sworn certification subject to s. 837.06, both from the randomly selected lobbying firm and from the proposed independent contract auditor that no such relationship has ever existed.

(d) Each independent contract auditor shall be engaged by and compensated solely by the state for the work performed in accomplishing an audit under this subsection.

(e) Any violations of law, deficiencies, or material misstatements discovered and noted in an audit report shall be clearly identified in the audit report and be determined under the rules of either house of the Legislature or under the joint rules, as applicable.

(f) If any lobbying firm fails to give full, frank, and prompt cooperation and access to books, records, and associated backup documents as requested in writing by the auditor, that failure shall be clearly noted by the independent contract auditor in the report of audit.

(g) The committee shall establish procedures for the selection of independent contract auditors desiring to enter into audit contracts pursuant to this subsection. Such procedures shall include, but not be limited to, a rating system that takes into account pertinent information, including the independent contract auditor’s fee proposals for participating in the process. All contracts under this subsection between an independent contract auditor and the Speaker of the House of Representatives and the President of the Senate shall be terminable by either party at any time upon written notice to the other, and such contracts may contain such other terms and conditions as the Speaker of the House of Representatives and the President of the Senate deem appropriate under the circumstances.

(h) The committee shall adopt guidelines that govern random audits and field investigations conducted pursuant to this subsection. The guidelines shall ensure that similarly situated compensation reports are audited in a uniform manner. The guidelines shall also be formulated to encourage compliance and detect violations of the legislative and executive lobbying compensation reporting requirements in ss. 11.045 and 112.3215 and to ensure that each audit is conducted with maximum efficiency in a cost-effective manner. In adopting the guidelines, the committee shall consider relevant guidelines and standards of the American Institute of Certified Public Accountants to the extent that such guidelines and standards are applicable and consistent with the purposes set forth in this subsection.

(i) All audit reports of legislative lobbying firms shall, upon completion by an independent contract auditor, be delivered to the President of the Senate and the Speaker of the House of Representatives for their respective review and handling. All audit reports of executive branch lobbyists, upon completion by an independent contract auditor, shall be delivered by the auditor to the Commission on Ethics.

WILTON SIMPSON
President of the Senate

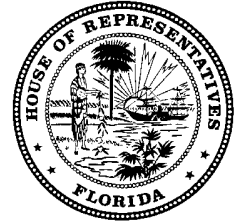


Senator Jim Boyd
Senator Jennifer Bradley
Senator Janet Cruz
Senator Victor M. Torres, Jr.

THE FLORIDA LEGISLATURE
JOINT LEGISLATIVE AUDITING COMMITTEE

Senator Dennis Baxley, Chair
Representative Ardian Zika, Vice Chair

CHRIS SPROWLS
Speaker of the House



Representative Yvonne Hayes Hinson
Representative Andrew Learned
Representative Jenna Persons-Mulicka
Representative Keith L. Truenow
Representative Kaylee Tuck

January 11, 2021

The Honorable Wilton Simpson, President
The Florida Senate
409 The Capitol
Tallahassee, Florida 32399-1100

The Honorable Chris Sprowls, Speaker
The Florida House of Representatives
420 The Capitol
Tallahassee, Florida 32399-1300

Dear President Simpson and Speaker Sprowls:

As required by s. 11.40(3), *Florida Statutes*, the Joint Legislative Auditing Committee (Committee) is pleased to provide you with the results of the agreed-upon procedures (AUP) engagements performed on the 2019 Quarterly Lobbying Firm Compensation Reports filed by randomly selected lobbying firms.

Enclosed for your review are bound copies of the AUP reports for the 14 engagements performed related to legislative branch compensation reporting. Although the Commission on Ethics is responsible for enforcing any non-compliance related to executive branch compensation reporting, copies of the AUP reports related to executive branch compensation reporting are also provided for your review. In addition, all reports are provided in an electronic format.

For your convenience, the following summary information is provided:

- A one-page summary of all 26 AUP engagements, listed in order by the size of the lobbying firm, which includes the type of compensation audited (executive or legislative branch), the audit firm selected, the cost of each engagement, and whether any findings were reported.
- A one-page summary of the 12 executive branch AUP engagements, listed in alphabetical order.
- A one-page summary of the 14 legislative branch AUP engagements, listed in alphabetical order.
- A summary, with the findings reported in 13 of the AUP reports.

The Honorable Wilton Simpson, President
The Honorable Chris Sprowls, Speaker
January 11, 2021
Page 2

Excluding Legislative member and staff time, the total cost of this year's AUP engagements was \$170,683.33. Of this amount, \$49,363.33 will be paid by the Executive Branch Lobbyist Registration Trust Fund for the audits of executive branch compensation, and \$121,320.00 will be paid by the Legislative Branch Lobbyist Registration Trust Fund for audits of legislative branch compensation.

We thank you and your staff for the guidance provided during this process.

Best regards,



Senator Dennis Baxley
Chair



Representative Ardian Zika
Vice Chair

cc (w/o reports): Members of the Joint Legislative Auditing Committee
Christie Letarte, President's Office
Michelle Davila, Speaker's Office
Tom Hamby, Speaker's Office
Karen Chandler, Office of Legislative Services

Enclosures: Bound Agreed-Upon Procedures Reports for Legislative Branch Engagements
Copies of Agreed-Upon Procedures Reports for Executive Branch Engagements (Binder)
Electronic Copy (CD) of Agreed-Upon Procedures Reports for Legislative and Executive
Branch Engagements
Summary of All 26 Engagements; Sorted by Size of Lobbying Firm
Summary of Executive Branch Engagements; Listed in Alphabetical Order
Summary of Legislative Branch Engagements; Listed in Alphabetical Order
Summary of Agreed-Upon Procedures (AUP) Findings Reported

2019 Lobbying Firm Compensation Audits
Summary of All 26 Engagements
Sorted by Size of Lobbying Firm

	Lobbying Firm	Number of Lobbyists	Number of Principals											Compensation Audited	Audit Firm Selected	Cost of Engagement	Exceptions (Findings) Reported?		
			1	2	3	5	7	10	11	13	21	117							
1	Alice M. Vickers	1	X												Legislative	CliftonLarsenAllen	\$ 3,125.00	Yes	
2	FOWLER WHITE BURNETT		X													Executive	CALAS Group	\$ 2,598.75	No
3	Glenn A. Bedonie CPA, P.A.		X													Executive	Carroll & Company	\$ 2,120.00	No
4	Guilday Law, P.A.		X													Legislative	CALAS Group	\$ 2,598.75	No
5	Joseph S. Shuler		X													Legislative	Carroll & Company	\$ 1,080.00	No
6	Mark G Flanagan		X													Legislative	Carroll & Company	\$ 1,600.00	No
7	Shabbir Safdar		X													Legislative	Carroll & Company	\$ 2,720.00	Yes
8	Solaris Consulting		X													Executive	Warren Averett	\$ 1,776.50	No
9	The Mathis Group		X													Legislative	Warren Averett	\$ 2,550.00	No
10	Theresa Bulger		X													Executive	Carroll & Company	\$ 1,780.00	No
11	Yosher Strategies LLC		X													Legislative	RMJ Financial	\$ 1,425.00	No
12	cjt Strategies, LLC			X												Executive	Carroll & Company	\$ 1,680.00	Yes
13	Conforme Nappi, P.A.			X												Legislative	Carroll & Company	\$ 3,320.00	Yes
14	Fess Consulting LLC			X												Executive	Carroll & Company	\$ 2,632.28	No
15	Governmental Consulting				X											Executive	CliftonLarsenAllen	\$ 2,875.00	No
16	Singleton Consulting, LLC				X											Legislative	RMJ Financial	\$ 1,995.00	Yes
17	Schale Communications					X										Legislative	Carroll & Company	\$ 4,020.00	Yes
18	Schoolhouse Consulting Group Inc						X									Legislative	Carr, Riggs & Ingram	\$ 6,623.75	Yes
19	Timmins Consulting LLC									X						Executive	Carr, Riggs & Ingram	\$ 8,470.00	No
20	Crisafulli Consulting, LLC										X					Executive	Carroll & Company	\$ 4,955.80	No
21	Brewton Plante PA		X												Executive	Carr, Riggs & Ingram	\$ 4,725.00	Yes	
22	Diana Hadi Padgett Governmental Consultant					X									Executive	Carr, Riggs & Ingram	\$ 6,825.00	Yes	
23	Wilson & Associates LLC						X								Executive	Carr, Riggs & Ingram	\$ 8,925.00	Yes	
24	Ard Shirley & Rudolph PA							X							Legislative	Carr, Riggs & Ingram	\$ 9,362.50	Yes	
25	Sunrise Consulting Group										X				Legislative	Carroll & Company	\$ 14,400.00	Yes	
26	Greenberg Traurig PA	10										X			Legislative	Carroll & Company	\$ 66,500.00	Yes	
Total																	\$ 170,683.33	13	

**2019 Lobbying Firm Compensation Audits
Summary of Executive Branch Engagements**

Listed in Alphabetical Order

	Lobbying Firm (Location)	Audit Firm Selected	Location of Audit Firm	Cost of Engagement	Exceptions (Findings) Reported?
1	Brewton Plante PA	Carr, Riggs & Ingram	Tallahassee	\$ 4,725.00	Yes
2	cjt Strategies, LLC	Carroll & Company	Tallahassee	\$ 1,680.00	Yes
3	Crisafulli Consulting, LLC	Carroll & Company	Tallahassee	\$ 4,955.80	No
4	Diana Hadi Padgett Governmental Consultant	Carr, Riggs & Ingram	Tallahassee	\$ 6,825.00	Yes
5	Fess Consulting LLC	Carroll & Company	Tallahassee	\$ 2,632.28	No
6	FOWLER WHITE BURNETT	CALAS Group	Miami	\$ 2,598.75	No
7	Glenn A. Bedonie CPA, P.A.	Carroll & Company	Tallahassee	\$ 2,120.00	No
8	Governmental Consulting	CliftonLarsenAllen	Lakeland	\$ 2,875.00	No
9	Solaris Consulting	Warren Averett	Destin	\$ 1,776.50	No
10	Theresa Bulger	Carroll & Company	Tallahassee	\$ 1,780.00	No
11	Timmins Consulting LLC	Carr, Riggs & Ingram	Tallahassee	\$ 8,470.00	No
12	Wilson & Associates LLC	Carr, Riggs & Ingram	Tallahassee	\$ 8,925.00	Yes
	Total Cost			\$ 49,363.33	

**2019 Lobbying Firm Compensation Audits
Summary of Legislative Branch Engagements**

Listed in Alphabetical Order

	Lobbying Firm (Location)	Audit Firm Selected	Location of Audit Firm	Cost of Engagement	Exceptions (Findings) Reported?
1	Alice M. Vickers	CliftonLarsenAllen	Lakeland	\$ 3,125.00	Yes
2	Ard Shirley & Rudolph PA	Carr, Riggs & Ingram	Tallahassee	\$ 9,362.50	Yes
3	Conforme Nappi, P.A.	Carroll & Company	Tallahassee	\$ 3,320.00	Yes
4	Guilday Law, P.A.	CALAS Group	Miami	\$ 2,598.75	No
5	Greenberg Traurig PA	Carroll & Company	Tallahassee	\$ 66,500.00	Yes
6	Joseph S. Shuler	Carroll & Company	Tallahassee	\$ 1,080.00	No
7	Mark G Flanagan	Carroll & Company	Tallahassee	\$ 1,600.00	No
8	Schale Communications	Carroll & Company	Tallahassee	\$ 4,020.00	Yes
9	Schoolhouse Consulting Group Inc	Carr, Riggs & Ingram	Tallahassee	\$ 6,623.75	Yes
10	Shabbir Safdar	Carroll & Company	Tallahassee	\$ 2,720.00	Yes
11	Singleton Consulting, LLC	RMJ Financial	Davie	\$ 1,995.00	Yes
12	Sunrise Consulting Group	Carroll & Company	Tallahassee	\$ 14,400.00	Yes
13	The Mathis Group	Warren Averett	Destin	\$ 2,550.00	No
14	Yosher Strategies LLC	RMJ Financial	Davie	\$ 1,425.00	No
	Total Cost			\$ 121,320.00	

Summary of Agreed-Upon Procedures (AUP) Findings Reported

Note: Only engagements in which one or more exceptions (findings) were noted or the audit firm included a required observation are listed below.

Executive Summary

In November 2013, the Joint Legislative Auditing Committee (Committee) adopted *Guidelines for Attestation Services Relating to Quarterly Lobbying Firm Compensation Reports (Guidelines)*. The *Guidelines* were most recently revised in December 2019. In February 2020, Committee staff, following procedures approved by the Committee, and with assistance from the Auditor General's Office, randomly selected 3% of the executive branch lobbying firms and 3% of the legislative branch lobbying firms for an audit.¹ The 12 and 14 lobbying firms selected, respectively, were provided 30 days from the date of the Committee's notification of their selection to choose one of six audit firms approved to perform the AUP engagements. One of the organizations selected was determined to not meet the parameters for an AUP engagement. In an abundance of caution, the lobbyist filed compensation reports; however, he was not required to do so because he was an in-house lobbyist and not a lobbying firm.²

The *Guidelines* provided the audit firms with specific steps (procedures) to follow during each AUP engagement. These procedures include comparisons of documents filed with the Legislature's Division of Law Revision and Information, comparisons of documents filed with lobbying firm records, and the receipt of a representation letter from the lobbying firm. Instances in which any discrepancies were noted were required to be reported as a finding or exception by the audit firm. Engagements were performed between March and December 2020 on the 2019 Quarterly Lobbying Firm Compensation Reports filed.

Of the 26 AUP engagements performed, exceptions (findings) were reported for 13 lobbying firms (50%). Findings were reported for 4 of the 12 AUP engagements (33%) performed related to executive branch compensation and for 9 of the 14 AUP engagements (64%) performed related to legislative branch compensation.

Compensation was overstated by eight lobbying firms for one or more quarters for one or more principals. Compensation was understated or not reported by nine lobbying firms for one or more quarters for one or more principals. Of these, six lobbying firms both overstated and understated compensation for one or more quarters for one or more principals.

Exceptions noted that did not relate to the compensation amounts reported during 2019 include:

- Three lobbying firms did not provide documentation or an explanation related to contract terms until after the audit firms began fieldwork.³
- For one lobbying firm, neither the lobbyist nor the lobbying firm registered to lobby the executive branch for 2019, and there was no completed principal authorization signed by the principal.

¹ Although Section 11.40(3), *Florida Statutes*, refers to an audit, the type of work performed does not meet the definition of an audit under professional auditing standards. An agreed-upon procedures engagement is a type of attestation engagement; the use of this type of engagement in lieu of an audit was worked out in cooperation with the Florida Board of Accountancy.

² Only lobbying firms are subject to an audit.

³ If a written contract between a lobbying firm and a principal is not available to provide to the audit firm, the lobbying firm may provide a memo to document the terms of the contract. However, this must be provided prior to the beginning of audit fieldwork. If not timely provided, a finding is reported.

- One lobbying firm's registration and quarterly compensation reports for 2019 reflect an incorrect entity.
- One lobbying firm failed to list one of its registered lobbyists on one of the quarterly compensation reports.
- One lobbying firm did not complete the appropriate Change of Address Form during 2019 although the firm's business address did change during the year.
- Two lobbyists, during the registration process, failed to associate with a lobbying firm.

For details of the exceptions and other information summarized above, please refer to the exceptions reported for the applicable lobbying firms that follow.

Reports on 2019 Executive Branch Compensation

(Listed in alphabetical order)

1. Brewton Plante PA

Per the audit firm: “Neither the lobbyist, Wilbur E. Brewton, nor the lobbying firm, Brewton Plante PA, registered to lobby the executive branch for 2019, and there was no completed principal authorization signed by the principal. In discussion with the lobbying firm, this was determined to be an unintentional administrative mistake.”

Compensation for the lobbying firm’s only executive branch principal was not reported for one quarter of 2019, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
2nd Quarter			
Prison Rehabilitative Industries & Diversified Enterprises, Inc	Report not filed	\$1.00-\$9,999.00	Compensation not reported

Per the audit firm: “In discussion with the lobbying firm, this was determined to be an unintentional clerical mistake. The firm has filed the executive branch compensation report for the second quarter of the 2019 year following this communication.” The report was filed on July 24, 2020.

Number of Registered Lobbyists: 2; Number of Registered Principals: 1

Audit Firm: Carr, Riggs & Ingram, LLC

2. cjt Strategies, LLC

Compensation for one principal was incorrectly reported for two quarters of 2019, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
The Circus Arts Conservatory	\$0.00	\$1.00-\$9,999.00	Understated
3rd Quarter			
The Circus Arts Conservatory	\$1.00-\$9,999.00	\$0.00	Overstated

In addition, total executive branch compensation was incorrectly reported for the same quarters of 2019, as noted below:

Time Period	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Total Compensation	\$0.00	\$1.00-\$49,999.00	Understated
3rd Quarter			
Total Compensation	\$1.00-\$49,999.00	\$0.00	Overstated

On March 20, 2020, the lobbying firm filed amended compensation reports for both quarters reflecting the correct ranges for this principal and for total executive branch compensation.

*Number of Registered Lobbyists: 1; Number of Registered Principals: 2
Audit Firm: Carroll and Company, CPAs*

3. Diana Hadi Padgett Governmental Consulting

Compensation for three principals was overstated for 2019, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Windstorm Mitigation, Inc.	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
2nd Quarter			
Abbott Laboratories	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Source Molecular Corporation	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Windstorm Mitigation, Inc.	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
3rd Quarter			
Abbott Laboratories	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Source Molecular Corporation	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Windstorm Mitigation, Inc.	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
4th Quarter			
Abbott Laboratories	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Source Molecular Corporation	\$10,000.00-\$19,999.00	\$0.00	Overstated
Windstorm Mitigation, Inc.	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated

Per the audit firm: "After discussion with the lobbying firm, all four exceptions were concluded to be unintentional, and the firm took corrective action to have the quarterly reports amended to reflect the correct compensation range." Amended compensation reports were filed for the first quarter on June 11, 2020, and for the second, third, and fourth quarters on June 8, 2020.

In addition, total executive branch compensation was incorrectly reported for all quarters of 2019 when applying the default method and allocating compensation 50/50 between the executive and legislative branches, as noted below:

Time Period	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Total Compensation	\$50,000.00-\$99,999.00	\$1.00-\$49,999.00	Overstated
2nd Quarter			
Total Compensation	\$50,000.00-\$99,999.00	\$1.00-\$49,999.00	Overstated
3rd Quarter			
Total Compensation	\$50,000.00-\$99,999.00	\$1.00-\$49,999.00	Overstated
4th Quarter			
Total Compensation	\$50,000.00-\$99,999.00	\$1.00-\$49,999.00	Overstated

Per the audit firm: “After discussion with the lobbying firm, the firm took corrective action to have the quarterly report amended to reflect the correct compensation ranges.” Amended compensation reports were filed for the first quarter on June 11, 2020, and for the second, third, and fourth quarters on June 8, 2020.

Two observations were also reported.⁴ The *2019 Executive Branch Lobbying Firm Directory* lists two lobbyists for Diana Hadi Padgett Governmental Consulting, Ms. Padgett and Martina Brawer. However, the audit firm did not receive the authorization form for the Florida School Nutrition Association, Inc. for Ms. Brawer. In addition, she is not listed on the quarterly compensation reports for the lobbying firm. Per the audit firm: “In discussion with the lobbying firm, the lobbyist [Ms. Brawer] incorrectly registered under the lobbying firm’s name to represent the principal she was employed by. As the lobbying firm took appropriate steps to complete the quarterly compensation reports and exclude the erroneous lobbyist, the inconsistent affiliation with the firm is outside the firm’s control.”

Number of Registered Lobbyists: 2⁵; Number of Registered Principals: 7
Audit Firm: Carr, Riggs & Ingram, LLC

4. Solaris Consulting

Per the audit firm: “The owner of Solaris Consulting, David Bishop, failed to provide to the Committee the Independence Statement required by Section 11.40(3)(c), *Florida Statutes*. Committee staff sent multiple reminders to Mr. Bishop, confirmed their receipt, and provided an alternative method to a notarized signature to confirm independence, due to possible concerns related to the impact of COVID-19; however, Mr. Bishop did not respond.”⁶

⁴ An observation is not a finding and is not an indication that the lobbying firm did anything incorrectly. Rather, it provides additional information regarding anomalies found by the audit firms.

⁵ The firm has only one registered lobbyist; however, in error, a second lobbyist associated with the lobbying firm during the registration process. See comment in preceding paragraph.

⁶ Per the Guidelines, pursuant to the requirements of Section 11.40(3)(f), *Florida Statutes*, a schedule must be prepared and included as an appendix to the AUP report that states the name, address, and title, if any, of any individual in the lobbying firm who failed to fully, voluntarily, and promptly participate in the attestation engagement

No exceptions regarding the procedures performed by the audit firm were reported.

Number of Registered Lobbyists: 1; Number of Registered Principals: 1

Audit Firm: Warren Averett

5. Wilson & Associates LLC

Compensation for one principal was understated for one quarter of 2019, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Southern Title	\$0.00	\$1.00-\$9,999.00	Understated

Per the audit firm: “After discussion with the lobbying firm, this error was considered to be unintentional, and the firm took corrective action to have the quarterly report amended to reflect the correct compensation range.” An amended compensation report was filed for this quarter on July 27, 2020.

Per the audit firm: “No contract was provided in regards to the principal, “Florida Home Builders Association,” covering the 2019 calendar year. In discussion with the lobbying firm, best efforts were exerted to obtain a copy of the contract from the former employee registered as the lobbyist for the principal. This has been documented in the performance of the procedures and the contract details have been provided in a memo from the lobbying firm as well as determined in accordance to compensation received and the Decoupling Agreement provided by the lobbying firm. This additional information was provided by the lobbying firm after fieldwork began.”⁷

Number of Registered Lobbyists: 2; Number of Registered Principals: 10

Audit Firm: Carr, Riggs & Ingram, LLC

process, or to provide any reasonable relevant documentation requested by the CPA or CPA firm in the course of conducting the attestation engagement (VI.C.7.).

⁷ No exception would have been reported if this information was provided prior to the audit firm’s fieldwork.

Reports on 2019 Legislative Branch Compensation

(Listed in alphabetical order)

1. Alice M. Vickers

Compensation for the lobbying firm's only legislative branch principal was incorrectly reported for 2019, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm⁸	Result
1st Quarter			
Florida Alliance for Consumer Protection	\$10,000.00-\$19,999.00	\$0.00	Overstated
2nd Quarter			
Florida Alliance for Consumer Protection	\$1.00-\$9,999.00	\$10,000.00-\$19,999.00	Understated
3rd Quarter			
Florida Alliance for Consumer Protection	\$1.00-\$9,999.00	\$0.00	Overstated
4th Quarter			
Florida Alliance for Consumer Protection	\$1.00-\$9,999.00	\$0.00	Overstated

Per the audit firm: "Alice M. Vickers noted that the principal, for which she is the director, received funds in the first quarter, and lobbying for the principal occurred in the first quarter. When asked why the principal, Florida Alliance for Consumer Protection, was included in all quarters, not just quarters in which compensation was received, Alice M. Vickers stated she filled out the compensation reports for at least one dollar out of an abundance of caution as she is the director and lobbyist for Florida Alliance for Consumer Protection."

Per the audit firm: "We noted that Alice M. Vickers was registered as a lobbyist per the *Registered Legislative Branch Lobbyists Directory*. However, during the registration process Ms. Vickers (the Lobbyist) did not associate with Alice M. Vickers (the Lobbying Firm). As a result, the lobbying firm did not populate [in] the *Legislative Branch Lobbying Firm Directory*."

Per the audit firm: "No written contracts or agreements are in place. There is no documentation of a verbal agreement. When [we] inquired further, Alice M. Vickers stated she lobbies for only one principal, Florida Alliance for Consumer Protection. She is also the director at Florida Alliance for Consumer Protection. Therefore, there is no written agreement to lobby and no payment terms. As the director, she is authorized to decide compensation for herself as the lobbyist. [We] verified by looking up Florida Alliance for Consumer Protection on sunbiz.org, noting that Alice M. Vickers is listed as the registered agent and president."⁹

Number of Registered Lobbyists: 1; Number of Registered Principals: 1

Audit Firm: CliftonLarsonAllen LLP

⁸ The audit firm did not receive invoices or original receipts as Alice M. Vickers is both the lobbyist and director for the principal. Amounts received in the second quarter per the bank statements agreed to amounts reported by Ms. Vickers in the first quarter.

⁹ No exception would have been reported if this information was provided prior to the audit firm's fieldwork.

2. Ard Shirley & Rudolph PA

Compensation for two principals was incorrectly reported for 2019, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Certified Pest Control Operators Association of Florida	\$1.00-\$9,999.00	\$0.00	Overstated
Farm Share, Inc.	\$1.00-\$9,999.00	\$0.00	Overstated
2nd Quarter			
Farm Share, Inc.	\$0.00	\$1.00-\$9,999.00	Understated

Per the audit firm: “After discussion with the lobbying firm, the errors identified were determined to be unintentional, and the firm took corrective action and amended the quarterly reports accordingly.” On June 19, 2020, the lobbying firm filed amended compensation reports for the first and second quarters.

Per the audit firm: “In discussion with the lobbying firm, Ard Shirley & Rudolph PA, the lobbyist, Milli Jones, was only registered for the first quarter of 2019. Upon further review by the lobbying firm, it was determined that the lobbyist was registered in the second quarter of 2019. Once aware of the unintentional mistake, the lobbying firm took action to amend the quarterly compensation report for quarter 2 and reflect this registration accordingly. The lobbyist did not provide services following the second quarter of 2019.”

Per the audit firm: “In reviewing the contracts and agreements obtained from the lobbying firm, the written statement documenting the verbal agreement between the lobbying firm and the principal, “Farm Share, Inc.” was prepared by the lobbying firm. However, this documentation was received after fieldwork began, as indicated by the date provided with the documentation of the verbal agreement. In accordance with JLAC AUP Guidelines, this has been reported as a finding.”¹⁰

*Number of Registered Lobbyists: 2; Number of Registered Principals: 11
Audit Firm: Carr, Riggs & Ingram, LLC*

¹⁰ No exception would have been reported if this information was provided prior to the audit firm’s fieldwork.

3. Conforme Nappi, P.A.

Compensation for one principal was incorrectly reported for one quarter of 2019, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
3rd Quarter			
Visibly	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated

On May 20, 2020, the lobbying firm filed an amended compensation report for the third quarter reflecting the correct range of compensation for this principal.

*Number of Registered Lobbyists: 1; Number of Registered Principals: 2
Audit Firm: Carroll and Company, CPAs*

4. Greenberg Traurig PA

Compensation for one principal was incorrectly reported for one quarter of 2019, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Amica Mutual Insurance Company	\$0.00	\$1.00-\$9,999.00	Understated

On December 15, 2020, the lobbying firm filed an amended compensation report for the first quarter reflecting the correct range of compensation for this principal.

In addition, one observation was reported.¹¹ Quarterly compensation reports filed for all four quarters in 2019 list the following duplicate principals:

- Guy Carpenter & Company LLC and Guy Carpenter & Company, LLC
- Web.com and Web.com Group, Inc.

Per the audit firm, "In each case, compensation was consistently reported under only one of the principal names each quarter, therefore compensation was not duplicated."

*Number of Registered Lobbyists: 10; Number of Registered Principals: 117
Audit Firm: Carroll and Company, CPAs*

¹¹ An observation is not a finding and is not an indication that the lobbying firm did anything incorrectly. Rather, it provides additional information regarding anomalies found by the audit firms.

5. Schale Communications

Compensation for two principals was incorrectly reported for 2019, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
AT&T	\$1.00-\$9,999.00	\$10,000.00-\$19,999.00	Understated
3rd Quarter			
Florida Hospital Association	\$1.00-\$9,999.00	\$0.00	Overstated

Per the audit firm: For the fourth quarter, “the lobbying firm did not correctly report The Advocacy Group at Cardenas Partners as the Prime Contractor Firm for the principals AT&T and Walt Disney Parks and Resorts, U.S.”

Per the lobbying firm: “I don’t know anyone who enjoys finding out they are going through an audit, but I wanted to take the time to thank Kathleen Brothers for helping me navigate the process, which was made even more interesting due to the challenges caused by COVID-19.

In the process we did discover a few errors, which I have corrected on my reports. None of these errors were intentional, and in most cases, were related to my decision to migrate my company’s government relations work to a larger firm. That being said, I do appreciate the process, which has given me a clearer understanding of how I can tighten up my own internal processes, and for that, I am grateful for Kathleen’s guidance throughout the exercise.”

On June 25, 2020, the lobbying firm filed amended compensation reports for the first and third quarters reflecting the correct range of compensation for AT&T and the Florida Hospital Association.

On July 9, 2020, the lobbying firm filed an amended compensation report for the fourth quarter listing The Advocacy Group at Cardenas Partners as the Prime Contractor Firm for the principals AT&T and Walt Disney Parks Resorts, U.S.

*Number of Registered Lobbyists: 1; Number of Registered Principals: 5
Audit Firm: Carroll and Company, CPAs*

6. Schoolhouse Consulting Group Inc

Compensation for one principal was incorrectly reported for all quarters of 2019, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
School Board of Collier County	\$0.00	\$10,000.00-\$19,999.00	Understated
2nd Quarter			
School Board of Collier County	\$1.00-\$9,999.00	\$0.00	Overstated
3rd Quarter			
School Board of Collier County	\$1.00-\$9,999.00	\$10,000.00-\$19,999.00	Understated
4th Quarter			
School Board of Collier County	\$1.00-\$9,999.00	\$10,000.00-\$19,999.00	Understated

Per the audit firm: “After discussion with the lobbying firm, these errors were determined to be unintentional, and the firm took corrective action to have the quarterly reports amended to reflect the correct compensation ranges.” On June 19, 2020, the lobbying firm filed amended compensation reports for the first and second quarters. On June 16, 2020, the lobbying firm filed amended compensation reports for the third and fourth quarters.

*Number of Registered Lobbyists: 1; Number of Registered Principals: 7
Audit Firm: Carr, Riggs & Ingram, LLC*

7. Shabbir Safdar

Per the audit firm: “The Lobbyist, Shabbir Safdar, is employed by The Safdar Group, which is the entity that contracted with the Principle, The Partnership for Safe Medicines. Under Joint Rule One, the party contracting with the Principle for lobbying and which has employees, owners, etc. who are lobbyists, are lobbying firms. Accordingly, The Safdar Group should be identified as the Lobbying Firm with the Lobbyist Registration Office for 2019, rather than Shabbir Safdar individually.”

*Number of Registered Lobbyists: 1; Number of Registered Principals: 1
Audit Firm: Carroll and Company, CPAs*

8. Singleton Consulting LLC

Per the audit firm: “RMJ identified that the appropriate Change of Address Forms were not properly completed by the Lobbying firm during 2019 although the business address did change during 2019.”

*Number of Registered Lobbyists: 1; Number of Registered Principals: 3
Audit Firm: RMJ Financial*

9. Sunrise Consulting Group

Per the audit firm: “The lobbying firm registration and quarterly compensation reports for 2019 reflect the principal Lake Sumter State College. However, the firm contracts with, and received payments from, Lake-Sumter State College Foundation, Inc., which is a separate entity.”

Compensation for six principals was incorrectly reported during 2019, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Lake Sumter State College (should have been listed as Lake-Sumter State College Foundation, Inc.)	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
3rd Quarter			
City of Inverness	\$1.00-\$9,999.00	\$0.00	Overstated
Pasco County Schools	Not listed on report	\$1.00-\$9,999.00	Not reported
Southern Alliance for Clean Energy	\$1.00-\$9,999.00	\$10,000.00-\$19,999.00	Understated
4th Quarter			
Hernando County School Board	\$1.00-\$9,999.00	\$10,000.00-\$19,999.00	Understated
Seven Diamonds, LLC	\$1.00-\$9,999.00	\$10,000.00-\$19,999.00	Understated

On July 27, 2020, the lobbying firm filed an amended compensation report for the first quarter. On July 24, 2020, the lobbying firm filed amended compensation reports for the third and fourth quarters. The amended reports reflected the correct legislative branch lobbying compensation for these six principals.

Number of Registered Lobbyists: 2; Number of Registered Principals: 21

Audit Firm: Carroll and Company, CPAs