

BILL GALVANO
President of the Senate



JOSE R. OLIVA
Speaker of the House



Joint Legislative Auditing Committee

Senator Jeff Brandes, Chair
Representative Jason Fischer, Vice Chair

Meeting Packet
Thursday, February 21, 2019
1:30 p.m. to 3:30 p.m.
110 Senate Office Building

The Florida Legislature
COMMITTEE MEETING AGENDA
JOINT LEGISLATIVE AUDITING COMMITTEE

Senator Jeff Brandes, Chair
Representative Jason Fischer, Vice Chair

MEETING DATE: Thursday, February 21, 2019

TIME: 1:30 p.m. to 3:30 p.m.

PLACE: Room 110, Senate Office Building

MEMBERS:

Senator Dennis Baxley
Senator Tom Lee
Senator Bill Montford
Senator Kevin Rader

Representative Michael Caruso
Representative Chip LaMarca
Representative Sharon Pritchett
Representative Bob Rommel
Representative Jackie Toledo
Representative Patricia Williams

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1. Presentation of the Auditor General's operational audit of the Lee County District School Board, Report Number 2019-026
 2. 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.
 3. The Committee is expected to consider directing the Auditor General to report on the City of Starke's progress in addressing the uncorrected and partially corrected findings reported in Auditor General Report Number 2019-003
 4. Overview of the audits of Lobbying Firm Quarterly Compensation Reports performed in 2018

LEE COUNTY DISTRICT SCHOOL BOARD OPERATIONAL AUDIT

LEGISLATIVE AUDITING COMMITTEE
FEBRUARY 21, 2019



AUTHORITY AND SCOPE

- ❖ We conducted our operational audit pursuant to Section 11.45(2)(f), Florida Statutes.
- ❖ Our audit included transactions, as well as events and conditions, occurring during the 2016-17 fiscal year audit period, and selected District actions taken prior and subsequent thereto.
- ❖ In September 2018, we issued our operational audit report No. 2019-026 with 15 audit findings.



AUDIT FINDINGS

❖ Finding 1 - Impact Fees

District records did not always evidence that impact fee proceeds were used only for authorized purposes, resulting in questioned costs of \$13.6 million.

❖ Finding 2 – Ad Valorem Taxation

Contrary to State law, the District expended ad valorem tax levy proceeds for cleaning and groundskeeping services that did not appear to be allowable uses for the proceeds, resulting in questioned costs totaling \$3.9 million.

AUDIT FINDINGS

- ❖ **Finding 3 – Indoor Air Quality Services**
District controls over indoor air quality (IAQ) services and related payments did not ensure that District records documented:
- Evaluations of the need for the various IAQ services before the District contacted service providers and contracted for the services with related payments totaling \$5.9 million.
 - Cost-benefit considerations to demonstrate the cost-effectiveness of contracting with an IAQ provider for both emergency services and services that did not require immediate attention.
 - Verifications that the personnel who performed the services possessed the contract-required license and certificate qualifications or that the services were performed by the most qualified service provider.
 - The reasonableness and propriety of negotiated contract rates.
 - Prior to payment for the contracted services, the satisfactory receipt of the services performed consistent with the Board-approved contracts.



AUDIT FINDINGS

- ❖ **Finding 3 – Indoor Air Quality Services (cont.)**
Additionally, District IAQ contracts did not contain maximum contract amounts to help the District monitor and limit the services provided and related costs. Also, the District made payments for cleaning services that appeared to be charged at rates for mold remediation rather than room cleaning services, resulting in questioned costs of \$291,126.



AUDIT FINDINGS

❖ Finding 4 – Monitoring of Construction Management Entity Pay Requests

District procedures did not provide, before payments for construction management entity (CME) services, for comparisons of CME pay requests to the subcontractor bids and contracts for the Dunbar High School Remodel (DHSR) and the Bonita Springs High School (BSHS) Projects totaling \$64.4 million.



AUDIT FINDINGS

❖ Finding 5 – Subcontractor Selection

District construction administration procedures for the DHSR and BSHS Projects did not include comparisons of subcontractor bid awards to the CME subcontractor contracts to verify that the CME used a competitive selection process to select subcontractors and that the bid award and contract amounts agreed.

❖ Finding 6 – Subcontractor Licenses

The District did not verify subcontractor licenses before the subcontractors commenced work on the DHSR and BSHS Projects.



AUDIT FINDINGS

- ❖ **Finding 7 – General Conditions Costs**
The District needs to enhance controls over negotiating, monitoring, and documenting the reasonableness of CME general conditions costs.
- ❖ **Finding 8 – School Volunteers**
District records did not always demonstrate that the District performed searches of prospective school volunteer names and information against the applicable registration information regarding sexual predators and sexual offenders.



AUDIT FINDINGS

- ❖ **Finding 9 – Payroll Processing – Time Records**
The District needs to establish a mechanism for noninstructional employees to report time worked and procedures requiring supervisors to document the review and approval of such time.
- ❖ **Finding 10 – Florida Best and Brightest Teacher Scholarship Program**
The District did not always base the eligibility of teachers for Florida Best and Brightest Teacher Scholarship awards on reliable and authentic records.



AUDIT FINDINGS

- ❖ **Finding 11 – School Resource Officer Services**
District controls for monitoring school resource officer service contracts and related payments could be enhanced.
- ❖ **Finding 12 – Purchasing Cards**
District controls over the purchasing card program continue to need improvement.
- ❖ **Finding 13 – Information Technology Risk Assessment**
The District had not developed a comprehensive, written information technology (IT) risk assessment.



AUDIT FINDINGS

❖ Finding 14 – IT User Access Privileges

The existence of some unnecessary IT user access privileges and the lack of documented periodic reviews of access privileges increased the risk that unauthorized disclosure of student social security numbers may occur.

❖ Finding 15 – IT Security Controls – User Authentication, Data Loss Prevention, and Logging and Monitoring of System Activity (*Confidential Finding*)

Certain District IT security controls related to user authentication, data loss prevention, and logging and monitoring of system activity need improvement.

Contact Information



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FLAuditor.gov

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2019-026
September 2018

**LEE COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2016-17 fiscal year, Dr. Gregory Adkins served as Superintendent of the Lee County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Mary Fischer, Chair from 11-22-16, Vice Chair through 11-21-16,	1
Melisa W. Giovannelli from 11-22-16	2
Jeanne S. Dozier through 11-21-16	2
Chris N. Patricca	3
Steven K. Teuber, Chair through 11-21-16	4
Pamela H. LaRiviere	5
Dr. Jane E. Kuckel, Vice Chair from 11-22-16	6
Cathleen O'Daniel Morgan	7

The team leader was Cesar A. Mayorga and the audit was supervised by Deirdre F. Waigand, CPA.

Please address inquiries regarding this report to Micah E. Rodgers, CPA, Audit Manager, by e-mail at micahrodgers@aud.state.fl.us or by telephone at (850) 412-2905.

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LEE COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Lee County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2015-069. Our operational audit disclosed the following:

Finding 1: District records did not always evidence that impact fee proceeds were used only for authorized purposes, resulting in questioned costs of \$13.6 million.

Finding 2: Contrary to State law, the District expended ad valorem tax levy proceeds for cleaning and groundskeeping services that did not appear to be allowable uses for the proceeds, resulting in questioned costs totaling \$3.9 million.

Finding 3: District controls over indoor air quality (IAQ) services and related payments did not ensure that District records documented:

- Evaluations of the need for the various IAQ services before the District contacted service providers and contracted for the services with related payments totaling \$5.9 million.
- Cost-benefit considerations to demonstrate the cost-effectiveness of contracting with an IAQ provider for both emergency services and services that did not require immediate attention.
- Verifications that the personnel who performed the services possessed the contract-required license and certificate qualifications or that the services were performed by the most qualified service provider.
- The reasonableness and propriety of negotiated contract rates.
- Prior to payment for the contracted services, the satisfactory receipt of the services performed consistent with the Board-approved contracts.

Additionally, District IAQ contracts did not contain maximum contract amounts to help the District monitor and limit the services provided and related costs. Also, the District made payments for cleaning services that appeared to be charged at rates for mold remediation rather than room cleaning services, resulting in questioned costs of \$291,126.

Finding 4: District procedures did not provide, before payments for construction management entity (CME) services, for comparisons of CME pay requests to the subcontractor bids and contracts for the Dunbar High School Remodel (DHSR) and the Bonita Springs High School (BSHS) Projects totaling \$64.4 million.

Finding 5: District construction administration procedures for the DHSR and BSHS Projects did not include comparisons of subcontractor bid awards to the CME subcontractor contracts to verify that the CME used a competitive selection process to select subcontractors and that the bid award and contract amounts agreed.

Finding 6: The District did not verify subcontractor licenses before the subcontractors commenced work on the DHSR and BSHS Projects.

Finding 7: The District needs to enhance controls over negotiating, monitoring, and documenting the reasonableness of CME general conditions costs.

Finding 8: District records did not always demonstrate that the District performed searches of prospective school volunteer names and information against the applicable registration information regarding sexual predators and sexual offenders.

Finding 9: The District needs to establish a mechanism for noninstructional employees to report time worked and procedures requiring supervisors to document the review and approval of such time.

Finding 10: The District did not always base the eligibility of teachers for Florida Best and Brightest Teacher Scholarship awards on reliable and authentic records.

Finding 11: The District controls for monitoring school resource officer service contracts and related payments could be enhanced.

Finding 12: District controls over the purchasing card program continue to need improvement.

Finding 13: The District had not developed a comprehensive, written information technology (IT) risk assessment.

Finding 14: The existence of some unnecessary IT user access privileges and the lack of documented periodic reviews of access privileges increased the risk that unauthorized disclosure of student social security numbers may occur.

Finding 15: Certain District IT security controls related to user authentication, data loss prevention, and logging and monitoring of system activity need improvement.

BACKGROUND

The Lee County School District (District) is part of the State system of public education under the general direction of the Florida Department of Education, and is governed by State law and State Board of Education rules. Geographic boundaries of the District correspond with those of Lee County. The governing body of the District is the Lee County District School Board (Board), which is composed of seven elected members. The appointed Superintendent of Schools is the Executive Officer of the Board. During the 2016-17 fiscal year, the District operated 95 elementary, middle, high, and specialized schools; sponsored 21 charter schools; and reported 91,152 unweighted full-time equivalent students.

This operational audit of the District focused on selected processes and administrative activities and included a follow-up on findings noted in our report No. 2015-069. The results of our audit of the District's financial statements and Federal awards for the fiscal year ended June 30, 2017, were presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding 1: Impact Fees

Pursuant to a Lee County (County) ordinance,¹ in November 2001 the District and the County entered into an interlocal agreement to establish certain procedures for the transfer and expenditure of impact fee proceeds. The County ordinance and the interlocal agreement provide that proceeds from the impact fees are for the purpose of capital improvements for new or expanded educational facilities and for debt service for bonds or similar debt instruments issued for capital uses authorized by the agreement. The funds cannot be used for operations and maintenance and must be spent in a manner that benefits the feepayer.

In addition, the County ordinance requires that each fiscal year the School Board present to the County for approval a capital improvements program for educational facilities, which assigns and restricts the expenditure of impact fee funds collected to specific educational facility projects. Further, the County ordinance requires the School Board to submit a report to the County at least every 3 years summarizing all expenditures of funds and demonstrating that all expenditures comply with requirements of the rational nexus test as defined in Florida case law. Specifically, the Florida Supreme Court opined that the “local government must demonstrate a reasonable connection, or rational nexus, between the expenditures of the funds collected and the benefits accruing to the subdivision. In order to satisfy this requirement, the ordinance must specifically earmark the funds collected for use in acquiring capital facilities to benefit the new residents.”²

The District accounts for impact fee activities in the Capital Projects – Impact Fees Fund. For the 2016-17 fiscal year, District impact fee proceeds totaled \$6.7 million and impact fee transfers to other funds and expenditures totaled \$13.6 million and \$41,784, respectively. To determine the propriety of the impact fee uses, we examined District records supporting the impact fee transfers of \$13.6 million to other funds. Our examination disclosed that the transfers did not appear to be for authorized purposes as the \$13.6 million was used to service debt that predated approval of the 2016-17 fiscal year impact fees. Specifically, the impact fee transfers were to District debt service funds for payment of debt service requirements of the Certificate of Participation Series (COPS) 2010A, 2012B, and 2012C, the proceeds of which were used to refund COPS 2002A and 2004A.

In response to our inquiries, District personnel indicated that they believed the impact fee use was allowable under the interlocal agreement using a calculation based on the zone where the impact fee was collected. However, District records did not evidence that use of impact fee proceeds to service debt incurred in previous fiscal years met the rational nexus test by addressing the capital educational needs of future residents of the new residential developments for whom the impact fee proceeds were collected. Consequently, the impact fee transfers totaling \$13.6 million represent questioned costs.

Recommendation: The District should ensure that impact fee proceeds are expended only for authorized purposes. Additionally, the District should either document to the Florida Department

¹ Lee County Ordinance No. 01-21.

² St. Johns County v. Northeast Florida Builders Association, Inc., 583 So. 2d 635 (Fla. 1991).

of Education the allowability of the impact fee transfers totaling \$13.6 million to the debt service funds or restore those funds to the 2016-17 fiscal year Capital Projects - Impact Fees Fund.

Follow-Up to Management’s Response

Management indicated in the written response that COPS “may have a term as long as 30 years, so theoretically the School Board could finance the construction of an impact fee eligible growth school over 30 years.” Notwithstanding this response, the point of our finding is that the transfers from the 2016-17 fiscal year impact fees do not directly relate to the educational infrastructure needs of the residents of the new residential developments that paid the impact fees and, therefore, the fees collected were not used to acquire capital facilities to benefit those residents. Accordingly, we continue to question the allowability of the transfers.

Finding 2: Ad Valorem Taxation

State law³ allows the District to levy ad valorem taxes for capital outlay purposes with specified millage rates subject to certain precedent conditions. In addition, State law⁴ 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 State law,⁵ allowable uses of ad valorem tax levy proceeds include, among other things, funding new construction and remodeling projects and maintenance, renovation, and repair of existing schools to correct deficiencies. The definition of maintenance and repair in State law⁶ specifically excludes custodial (e.g., cleaning services) and groundskeeping functions.

The District accounts for ad valorem tax levy proceeds in the Capital Projects – Local Capital Improvement Fund (LCI Fund). For the 2016-17 fiscal year, District LCI Fund expenditures totaled \$56.5 million and transfers to other funds totaled \$36.5 million. According to District personnel, the Budget Department prepares budgets and monitors budget amendments for each LCI Fund. To help ensure compliance with the restrictions imposed by State law, Operations and Information Systems Department accountants review purchase orders, invoices, and other documented support before LCI Fund disbursements are made.

As part of our audit, we examined District records supporting selected LCI Fund expenditures totaling \$4.8 million and the transfers totaling \$36.5 million to determine their propriety. We found expenditures totaling \$2.7 million to two companies for various cleaning and groundskeeping services that did not appear consistent with allowable uses of ad valorem tax levy proceeds. For example, the cleaning and groundskeeping services performed by the companies included:

- Deep cleaning gymnasiums.
- Room cleaning.

³ Section 1011.71, Florida Statutes.

⁴ Section 200.065(10)(a), Florida Statutes.

⁵ Section 1011.71(2), Florida Statutes.

⁶ Section 1013.01(12), Florida Statutes.

- Wiping down surfaces.
- Maintaining football and physical education fields.
- Laying sod and other grounds improvements.

We extended our procedures to examine available support for the remaining LCI Fund expenditures totaling \$1.6 million to the two companies during the period July 2017 through April 2018 and identified an additional \$1.5 million for similar cleaning and groundskeeping services that did not appear to be authorized by State law. As a result, the District incurred total ad valorem tax levy questioned costs of \$4.2 million.

In response to our inquiry, District personnel indicated that the District notice of tax levy advertisement specifically identified indoor air quality (IAQ) corrections and believed that the use of ad valorem tax levy proceeds for these services were allowable because they were safety to life system corrective measures. Notwithstanding, although we requested, District records, such as air quality test results before and after remediation efforts were performed, were not provided to identify the specific safety risks requiring correction or to demonstrate that the measures taken minimized those risks. The District procurement and payment processes related to the two companies (Company 1 and Company 2) are further discussed in Finding 3.

Absent District records identifying safety risks and the related deficiencies at existing schools requiring correction and evidencing that use of ad valorem tax proceeds minimized such risks and corrected such deficiencies, the District cannot demonstrate that the proceeds were expended only for uses allowed by State law.

Recommendation: The District should enhance procedures to ensure and demonstrate that ad valorem tax levy proceeds are used only for authorized purposes. Such enhancements should include the maintenance of District records to identify applicable safety risks and demonstrate that use of the proceeds minimized such risks. In addition, the District should either document to the Florida Department of Education the allowability of the LCI Fund expenditures totaling \$4.2 million or restore that amount to the LCI Fund.

Follow-Up to Management's Response

Management indicated in the written response that “work was performed to ensure the safety of students and to prevent injuries” and that the District provided evidence that the funds expended for items considered as “cleaning and maintaining grounds met the Safety to Life criteria and are therefore allowable expenses.” Notwithstanding this response, the District records provided did not always tangibly and conclusively demonstrate the existence of State or Federal environmental violations or other safety to life infractions requiring remediation or that any such infractions were successfully remedied by the services. Subsequent to the issuance of our preliminary and tentative findings, the District provided documentation to substantiate the use of ad valorem tax levy proceeds totaling approximately \$300,000. Consequently, expenditures totaling \$3.9 million continue to represent questioned costs of ad valorem tax levy proceeds.

Finding 3: Indoor Air Quality Services

The Legislature has recognized in State law⁷ that fair and open competition is a basic tenet of public procurement and that such competition reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically. In addition, State Board of Education (SBE) rules⁸ require the District to request bids or proposals through the competitive solicitations process from three or more sources for any authorized purchase or contract for services exceeding \$50,000. Effective accountability of the procurement process for contractual services also requires documented:

- Evaluations by qualified personnel to assess why the services are necessary and to demonstrate the public purpose that will be accomplished by such services.
- Consideration of the qualifications of the service providers that respond to the requests.
- Consideration of the anticipated benefits and related costs of the services.
- Selection of the most qualified service provider.
- Assessments to demonstrate the reasonableness and propriety of the negotiated contract rates.

Only after the details of the anticipated benefits and related costs are considered and documented should the District decide which service provider to choose for the services. Such documented considerations help demonstrate the reasonableness of the costs associated with the procured services and promote government transparency. In addition, effective procurement procedures ensure an established maximum contract cost and satisfactory receipt of contracted services prior to payment for the services.

On June 18, 2013, the Board contracted with two companies for certain IAQ services based on per-unit and per-hour measurements⁹ and related rates for the period July 20, 2013, through July 19, 2016, and the contract provided renewal options for two additional 1-year periods. On June 14, 2016, the Board renewed these contracts for the period July 20, 2016, through July 19, 2017, and on June 6, 2017, the contracts were renewed for the period July 20, 2017, through July 19, 2018. Table 1 summarizes the District payments to these two companies for the period July 2016 through April 2018 totaling \$5.9 million.

⁷ Section 287.001, Florida Statutes.

⁸ SBE Rule 6A-1.012(7), Florida Administrative Code.

⁹ A per-unit measurement related to a consultation, sample, analysis, or air handler system and a per-hour measurement related to services such as cleaning and mold remediation.

Table 1
Payments to IAQ Service Providers
July 2016 Through April 2018

Service Category	Payments		
	Company 1	Company 2	Total
A – Consulting/Lab Fees for Samples ^a	\$ -	\$ 126,236	\$ 126,236
B – Corrective/Cleaning Actions ^b	4,427,306	1,338,946	5,766,252
Total	<u>\$4,427,306</u>	<u>\$1,465,182</u>	<u>\$5,892,488</u>

^a Contract services included IAQ-related investigations and corrective action recommendations to resolve IAQ problems; testifying at legal proceedings; and environmental test samples by a licensed general contractor and other individuals licensed and certified in asbestos, lead, and mold assessment and remediation.

^b Contract services included asbestos and lead abatement; heating, ventilating, and air conditioning services; water damage repair; mold remediation; drywall, floor, and ceiling repairs; painting, and cleaning by a licensed general contractor and other individuals licensed and certified in asbestos, lead, and mold assessment and remediation.

Source: District Records.

Our discussions with District personnel disclosed the following sequence of events associated with the District IAQ service procurement and payment processes:

- For several years prior to 2010, the Board contracted with both Company 1 and Company 2 for microbial remediation, asbestos abatement, and lead abatement services and, in 2010, the District solicited a request for qualifications (RFQ) for these services. Company 1 and Company 2 and 8 other companies responded to the RFQ and the District RFQ Evaluation Committee selected and the Board approved contracts with the 3 highest-ranked companies, including Company 1 and Company 2 and another company for a 3-year period that ended July 19, 2013.
- Given the impending culmination of the services and related contracts on July 19, 2013, District personnel documented e-mail and telephone call attempts to 24 companies in December 2012 to evaluate the availability of service providers to continue these services.
- On May 9, 2013, the District posted a public notice on its Procurement Services Web site for an Invitation to Negotiate (ITN) for IAQ services related to environmental consulting, asbestos/lead abatement, microbial remediation, and remodeling and painting at 96 schools and various administrative sites. The ITN requested proposals be submitted by May 24, 2013, for consulting/lab fees for samples (Category A) and for corrective/cleaning actions (Category B).
- To further solicit feedback for the IAQ services, on May 10, 2013, the District e-mailed the ITN Notice to Bidders to 23 of the 24 companies previously contacted in December 2012.
- For emergency service requests, the ITN required the IAQ provider to respond, mobilize personnel and equipment, and be on-site for any location in Lee County within 1 hour from the time of the initial request from the Maintenance's Department designee. On May 21, 2013, the Board added an addendum to the ITN to specify that "due to the 1-hour response time for emergencies, the service location must be in Lee County."
- According to the ITN, responders could provide proposals for either Category A or Category B services or both Category A and Category B services. The ITN also authorized the District to use any combination of the selected service providers and assign all projects in the best interest of the District in relation to cost and schedule.
- According to an ITN addendum, District Maintenance Department personnel would manage selection and use of the service providers on a per-task basis and formulate a work plan that considered service provider expertise and resource availability for each task. Also, District

personnel indicated that, to avoid a conflict of interest, one service provider would typically prepare the work plan and another service provider would do the work.

- The ITN for Category A services required proposals to document that responder personnel possessed a general contractor license; asbestos consultant and contractor licenses; a mold assessor license; a professional engineer certificate; and various certifications related to lead abatement, classification and labeling of chemicals, and remediation, remodeling, painting (RRP).
- The ITN for Category B services required proposals to document that responder personnel possessed a general contractor license; asbestos and lead abatement supervisor certifications; a mold assessor license; a mold remediator license; an RRP certification; and a globally harmonized system of classification and labeling of chemicals certification.
- By the May 24, 2013, proposal deadline, only 2 (Company 1 and Company 2) of the 24 companies had submitted proposals and District personnel indicated another company had submitted a nonresponse. Company 1 submitted a proposal for Category B services only; whereas, Company 2 submitted a proposal for both Category A and B services. The District IAQ ITN Evaluation Committee members ranked the Company 1 proposal an average score of 74.4; whereas, the Committee ranked the Company 2 proposal an average score of 99.4. In addition, the District-negotiated Category B service rates were the same for both companies.

As part of our audit, we requested for examination District records supporting the IAQ service provider selection process and related payments totaling \$5.9 million for the period July 2016 through April 2018 to these two companies. Our procedures disclosed that:

- As noted in Table 1, the Board contracted and paid \$126,236 from July 2016 through April 2018 to Company 2 for Category A services (i.e., IAQ-related lab samples, investigations, corrective action recommendations, and related services). However, according to District personnel, the District had not established procedures that required qualified personnel to timely evaluate and assess why continuance of the services was necessary and to demonstrate the public purpose that would be accomplished by such services. Additionally, in response to our inquiries, District personnel initially indicated that the District maintained the results of the lab samples. However, although we requested, District records were not provided that identified and evaluated IAQ deficiencies to demonstrate the basis for contacting the IAQ service providers in December 2012 or soliciting the ITN in May 2013 and subsequently contracting for the services on June 18, 2013. Absent such records, the District did not document timely and appropriate assessments to demonstrate the necessity and public purpose for continuing these services.
- During the period April 2016 through May 2018, the District had one request that was classified as an emergency. This request was to remediate a high school portable classroom with two leaking windows that had resulted in major rot in the wall paneling. Payments to repair the damage totaled \$25,850. In addition, the District incurred costs totaling over \$1.9 million for IAQ-related repairs associated with damage caused by Hurricane Irma in September 2017. Although we requested, District records were not provided to demonstrate that a cost-benefit analysis had been prepared to consider whether it would have been more cost-effective to separately contract for emergency services with a company within Lee County and contract with a company outside Lee County for other IAQ services that did not require immediate attention. Given the \$5.9 million paid for IAQ services, such an analysis may have provided useful information to the Board in approving the procurement of IAQ services.
- The negotiated rates contained in the Board-approved June 18, 2013, contract and subsequent contract renewals through July 19, 2018, were based on various per-unit and per-hour measurements. While the number of measurements such as air handler systems could be quantified based on the systems installed in District facilities, other measurements, such as the number of consultations, samples, analyses, and cleaning and mold remediation hours, were not fixed to establish a maximum contract amount that could be charged for these services. Without

such records, the ability of the District to monitor and control the IAQ services and related costs was limited.

- Company 2 submitted evidence to the District that company personnel possessed all required licenses and certifications for Category A services and most of the licenses and certifications for Category B services. However, District records did not evidence that the District had established procedures to verify, of record, that the IAQ company personnel possessed the required licenses and certifications. In addition, although we requested, District records did not evidence that Company 2 personnel possessed the required mold remediator license for Category B services or that any Company 1 personnel possessed a general contractor license, mold assessor license, lead abatement supervisor certification, or RRP certification. Without documented verifications of the required licenses and certifications, company personnel may not possess the necessary skills to perform the contracted services, including the remediation of mold-contaminated areas.
- District personnel indicated that, for Category B services, the two companies were used on a per-task basis considering provider expertise and resource availability, which resulted in payments totaling \$4.4 million to Company 1 and \$1.3 million to Company 2. However, although we requested, District records were not provided to demonstrate why Company 1, which the District IAQ ITN Evaluation Committee ranked lower than Company 2, provided more IAQ services and was paid significantly more than Company 2.

In response to our inquiries, District personnel referenced the State law¹⁰ that prohibits a company from performing mold remediation (Category B services) to a structure on which the mold assessor's company provided the mold assessment (Category A services). To comply with that law, Company 2 was awarded Category B services unrelated to mold remediation and Company 1 was awarded work based on mold remediation assessments performed by Company 2. In addition, District personnel indicated that requests to provide services on projects were often made by the District IAQ Supervisor while visually inspecting the area of concern and the IAQ Supervisor telephoned the companies to discuss and plan the project scope, company resource availability, and company conflicts limited by State law. Notwithstanding, although we requested, District records were not provided to evidence that Company 2 only performed nonmold remediation services or to correlate the Company 2 mold remediation assessments to the mold remediation services performed by Company 1.

As such, District records did not evidence consideration and selection of the most qualified service provider to perform the services.

- The Board-approved IAQ contracts and subsequent renewals effective July 20, 2013, through July 19, 2018, provided rates for Category A and Category B services. As shown in Table 2, many of the negotiated contract service rates in effect during the 5-year period that ended July 19, 2018, were significantly more than the previously negotiated contract service rates in effect for the 3-year period that ended July 19, 2013.

¹⁰ Section 468.8419, Florida Statutes, prohibits a company from performing mold remediation to a structure on which the mold assessor's company provided a mold assessment within the last 12 months.

Table 2
Examples of Category B Contract Service Rate Increases

Contracted Service	Contract Service Rate in Effect for the		Rate Increase Amount	Rate Increase Percentage
	3-Year period ended July 19, 2013	5-Year Period ended July 19, 2018		
Mold Remediation	\$40 per hour	\$50 per hour	\$10 per hour	25%
Air Handler Systems Cleaning Greater than 10 Tons	\$300 per unit	\$400 per unit	\$100 per unit	33%
Air Handler Systems Cleaning Less than 10 Tons	\$150 per unit	\$275 per unit	\$125 per unit	83%

Source: District Records.

In response to our request, District personnel provided copies of letters, dated in May 2013, to Company 1 and Company 2 that invited the companies to meet separately with the District to enter into price negotiations and requested each company to bring a unit pricing list for each service category. In addition, District personnel provided the negotiation worksheets used to negotiate Category A and Category B service rates with Company 1 and Company 2, which showed contract prices as the base price for negotiation. District personnel also provided the negotiated contract price list for the rates charged for Category A and Category B services.

In response to our inquiries, District personnel indicated that the District believed the Board-approved negotiated contract rates were fair and reasonable because the contract service rate negotiations and related increases covered a 5-year period that ended July 19, 2018. Therefore, the District accommodated the rate increases to ensure the companies would perform the required services. Notwithstanding, although we requested, District personnel could not provide documentation to demonstrate the reasonableness and propriety of the negotiated contract rates. Such documentation could include, for example:

- Comparisons of proposed contract rates to those of similar projects, including similar projects at other school districts.
- Comparisons of proposed contract rates to the service provider personnel compensation rates based on required personnel qualifications.
- Details of the negotiation process with the service provider to ensure the provider limited service costs to the amount established in the District's budget for these services.
- The contract terms provided that certain Category B services would be based on an hourly rate; however, payments to Company 1 totaling \$1,022,050 (23 percent) and payments to Company 2 totaling \$958,280 (72 percent) were supported by individual invoices that showed lump-sum amounts charged for services and did not list the actual number of service hours and rates for the respective service dates. In response to our inquiries, District personnel indicated that the District had notified the companies that all future invoices must include service hours worked and a payment amount based on contract labor categories and hourly rates charged. Without detailed invoices evidencing the number of service hours worked and related hourly rates charged, the District's ability to ensure services and related costs are consistent with the Board-approved contract terms is limited.

- For Category B services, the District paid a total of \$3,405,256 to Company 1 and \$368,106 to Company 2 based on individual invoices that specified the number of service hours worked and related hourly rates charged and the number of air handler units cleaned. Examples of information contained in Company 1 and Company 2 invoices and related District payments are summarized in Tables 3, 4, and 5 for gym, room, and air handler system coil cleanings, respectively.

Table 3
Examples of Gym Cleaning Services and Related Payments
July 2016 Through April 2018

Services at: ^a	Company 1		
	Number of Locations	Number of Hours	Total Payments ^b
Specialized Schools	3	2,540	\$127,000
Elementary School	1	450	22,500
Middle Schools	3	2,820	141,000
High Schools	8	7,366	368,300
Totals	<u>15</u>	<u>13,176</u>	<u>\$658,800</u>

^a Company 2 did not provide gym cleaning services.

^b Payments based on the \$50 per-hour billed rate.

Source: District Records.

Table 4
Examples of Room Cleaning Services and Related Payments
July 2016 Through April 2018

Services at:	Company 1			Company 2		
	Number of Locations	Number of Hours	Total Payments ^a	Number of Locations	Number of Hours	Total Payments ^b
Administrative Sites	2	47	\$ 2,350	-	-	-
Specialized Schools	6	1,214	60,700	1	67	3,015
Elementary Schools	28	6,909	345,450	7	304	13,680
Middle Schools	11	1,683	84,150	1	45	2,025
High Schools	9	3,884	194,200	4	156	7,020
Totals	<u>56</u>	<u>13,737</u>	<u>\$686,850</u>	<u>13</u>	<u>572</u>	<u>\$25,740</u>

^a Payments to Company 1 based on the \$50 per-hour billed rate.

^b Payments to Company 2 based on the \$45 per-hour billed rate.

Source: District Records.

Table 5
Examples of Air Handler System Coil Cleaning Services and Related Payments
July 2016 Through April 2018

Services at:	Company 1				Company 2			
	Number of Locations	Number of Units		Total Payments ^a	Number of Locations	Number of Units		Total Payments ^a
		> 10 Tons	< 10 Tons			> 10 Tons	< 10 Tons	
Administrative Site	1	-	16	\$ 4,400	-	-	-	\$ -
Specialized Schools	8	187	88	99,000	5	53	25	28,075
Elementary Schools	43	777	1,387	692,225	11	123	302	132,250
Middle Schools	8	343	427	254,625	4	55	81	44,275
High Schools	14	880	408	464,200	1	14	-	5,600
Totals	<u>74</u>	<u>2,187</u>	<u>2,326</u>	<u>\$1,514,450</u>	<u>21</u>	<u>245</u>	<u>408</u>	<u>\$210,200</u>

^a Payments to both Company 1 and Company 2 based on the \$400 per-unit billed rate for units greater than 10 tons and the \$275 per-unit billed rate for units less than 10 tons.

Source: District Records.

According to District personnel, District supervisors and assistant supervisors monitor company staff work hours and work completed. However, although we requested, attendance sheets or other time records, such as sign-in and sign-out sheets, maintained or approved by District personnel were not provided to evidence satisfactory receipt of the services invoiced, as well as documented verification of the number of applicable air handler units serviced at each school and administrative site before payments totaling \$3,773,362 were made. Absent District-maintained time records to verify IAQ services rendered and documented verification of air handler units serviced, the District has little assurance that IAQ services were performed as required.

- For Category B general cleaning services (e.g., wiping down surfaces, applying mold and mildew remover and odor neutralizer, and janitorial services), the District was billed by and paid a total of \$2,911,256 to Company 1 based on a negotiated rate of \$50 per hour for mold remediation, instead of the negotiated rate of \$45 per hour for room cleaning all surfaces. In response to our inquiries, District personnel indicated that they matched the services listed on each invoice to the appropriate negotiated contract rates for Company 1. However, although we requested, District records were not provided to evidence the matching process performed by District personnel or the existence of mold and the subsequent mold remediation results to justify paying the \$50 per-hour rate for mold remediation rather than the \$45 per-hour rate for room cleaning services. As such, District records did not evidence the basis for questioned costs totaling \$291,126 that were paid to Company 1.
- For Category A professional consulting fees and various lab samples and analyses, the District paid a total of \$126,236 to Company 2 based on invoiced per-unit amounts. In response to our inquiry, the District IAQ Supervisor indicated that he reviewed the lab sample test results and analyses provided by Company 2, maintained copies of the lab results on his work computer, and that Company 2 also maintained copies of the lab results. District management also indicated that District supervisors and assistant supervisors check projects daily to monitor company staff work hours and related work completed at the project sites. However, although we requested, documentation, such as lab test results to support the per-unit rates invoiced and records identifying the specific project staff who provided the services and their professional qualifications, was not provided to support the Category A amounts invoiced by Company 2.

Absent documentation to evidence effective IAQ service contracting and payment monitoring procedures, there is an increased risk that the services may not serve a public purpose, the services may not be

received consistent with the Board's expectations, the occurrence of any fraud or errors may not be timely detected and resolved, and any related overpayments may not be timely recovered.

Recommendation: The District should document the public purpose served for the IAQ services and related payments. Such documentation should include evaluations of the necessity for the services by qualified personnel unaffiliated with the IAQ service provider procurement and payment processes. The District should also enhance service contracting and payment monitoring procedures to require and ensure that District records be maintained to demonstrate that:

- The District evaluates why services are necessary before contacting service providers and contracting for the services.
- The District considered, through preparation of a cost-benefit analysis, whether it would be more cost-effective to separately contract for emergency services instead of contracting with one service provider for both emergency services and services that do not require immediate attention.
- Personnel who perform the services possess the contract-required license and certificate qualifications.
- The services are performed by the most qualified service provider.
- Negotiated contract rates were reasonable and appropriate for the services and that, prior to payment for the services, District personnel verified that the services were satisfactorily received and performed consistent with the Board-approved contracts.

In addition, the District should require and ensure future contracts contain maximum contract amounts for services. Furthermore, the District should either document to the Florida Department of Education the allowability of the questioned costs totaling \$291,126 for general cleaning services or seek reimbursement from Company 1 for these costs.

Follow-Up to Management's Response

Management indicated in the written response that the demand for IAQ services has existed continuously for years and that the District created documentation that evidenced the need for the services. Management also indicated that the contractors who performed the services possessed the certifications to perform the services and that it was unnecessary for contractors to submit time sheets to justify the work performed. Management further stated that it would have been an ineffective use of taxpayer dollars to publish, negotiate, award and administer separate contracts for emergency and non-emergency services, due to response time requirements that varied minimally.

Notwithstanding this response, although we requested, District records were not provided to demonstrate the continuous need for IAQ services, that the services were always performed by personnel who possessed the required qualifications, or the satisfactory receipt of the services invoiced. Our finding does not suggest that contractors submit time sheets to justify the work performed, rather, the finding indicates that District-maintained time records could provide a means to verify the veracity of the IAQ service hours billed. District records also did not demonstrate that it would be more cost-effective to separately contract with a company within Lee County for emergency IAQ services and contract with a company outside Lee County for other IAQ services. Given the \$5.9 million paid by the District for IAQ services, we continue to believe that a cost-benefit analysis would have provided useful information to the Board in approving the procurement of IAQ services. Consequently, our recommendation stands as presented.

Finding 4: Monitoring of Construction Management Entity Pay Requests

Under the construction management entity (CME) process, contractor profit and overhead are contractually agreed upon, and the CME is responsible for all scheduling and coordination in both the design and construction phases and is generally responsible for the successful, timely, and economical completion of the construction project. The CME may be required to offer a guaranteed maximum price (GMP), which allows for the difference between the actual cost of the project and the GMP amount, or the net cost savings, to be returned to the District. To ensure potential savings in material and labor costs and prevent cost overruns or other impediments to successful completion of GMP contracts, it is important that District personnel verify and ensure that CME pay requests agree with supporting documentation such as subcontractor bids, contracts, and invoices.

During the period July 2014 through June 2017, the District had two major construction projects, the Dunbar High School Remodel (DHSR) and the Bonita Springs High School (BSHS) Projects. The DHSR Project had a total GMP contract price of \$23.7 million and the CME completed the project during that period and the BSHS Project had a total GMP contract price of \$40.7 million and was in progress at June 30, 2017. To evaluate District monitoring controls over CME pay requests, we inquired of District personnel and requested for examination District records supporting selected expenditures totaling \$2.7 million for the DHSR Project, including \$1.4 million paid to the CME for subcontractor services, and selected expenditures totaling \$9.2 million for the BSHS Project, including \$8.2 million paid to the CME for subcontractor services.

In response to our inquiries, District personnel indicated that, upon receipt of a CME pay request, District personnel compared cost lines on the CME pay request schedule of values to subcontractor invoices, verified the mathematical accuracy of the request, and also verified that prior payments were properly accumulated. In addition, the Board contracted with a certified public accounting (CPA) firm to audit the propriety of payments to the CMEs by comparing the CME pay requests to subcontractor contracts after the projects are completed. However, neither District personnel nor the CPA firm compared, before the projects were completed, applicable amounts billed in the CME pay requests to the subcontractor bids and contracts. Also, since the CPA firm services were to be provided after the projects were completed and payments made to the CMEs, the District's ability to recover any overpayment amounts may be limited. Additionally, as further discussed in Finding 7, District records did not evidence comparisons of general conditions costs billed in the CME pay requests to appropriate supporting documentation.

As part of our procedures, we compared the CME services portion of the CME pay requests totaling \$1.3 million for the DHSR Project and \$1 million for the BSHS Project to the respective GMP contract amount. In addition, as noted in Finding 5, the District requested and obtained from the CME certain subcontractor bids and contracts supporting subcontractor services. Our review disclosed that the selected CME pay requests were consistent with available subcontractor bids and contracts; however, our procedures cannot substitute for the District's responsibility to properly monitor CME pay requests.

Absent a documented comparison of each line in the schedule of values for each CME pay request to supporting documentation, there is an increased risk that the District may overpay for services and may not realize maximum cost savings under GMP contracts.

Recommendation: The District should enhance procedures for monitoring CME pay requests to include a documented comparison of the cost items in the CME pay requests to supporting documentation, including, as applicable, subcontractor bids and contracts, before payment is made to the CME.

Follow-Up to Management's Response

Management indicated in the written response that “pursuant to Section 255.078, Florida Statutes, the District retains a minimum of 5% of the construction contract amount until after the project is completed and audited by an external CPA firm and Board approval for the final retainage to be paid to the construction manager.” Notwithstanding the assurances provided by the CPA firm audit and retainage withheld, the point of our finding is that, prior to payment, CME pay requests were not compared to the subcontractor bids and contracts, increasing the risk for overpayments and that maximum cost savings may not be realized.

Finding 5: Subcontractor Selection

The GMP construction contract for the DHSR and BSHS Projects required the CME to solicit bids and award subcontracts, as necessary. In addition, good business practices dictate that District personnel monitor the subcontractor selection process to ensure services are obtained at the lowest cost consistent with acceptable quality and to realize maximum cost savings under the GMP contract.

According to District personnel, District procedures included attendance at the subcontractor bid openings for these two projects; however, although we requested, District records, such as copies of the bid tabulation sheets or other records, were not provided to demonstrate District personnel attendance at the bid openings. In addition, the District did not maintain copies of the subcontractor bids to verify that the bid award and contract amounts agreed.

From the population of 51 subcontractors who provided services totaling \$7.9 million for the DHSR Project and 5 subcontractors who provided services totaling \$8.2 million for the BSHS Project, we requested for examination subcontractor contracts for 19 selected DHSR Project subcontractors totaling \$1.4 million and the 5 BSHS Project subcontractors. District personnel obtained the contracts for 9 subcontractors from the CME and we compared the bid awards listed on the bid tabulation sheets to those contracts and confirmed that the subcontractors were competitively selected and that the bid award and contract amounts agreed. However, the District did not obtain the other 15 subcontractor contracts totaling \$1.2 million and no other records were provided to evidence that the contracts agreed with the bid awards listed on the bid tabulation sheets.

District personnel’s documented attendance at subcontractor bid openings demonstrates District efforts to ensure bids are properly solicited and awarded and that the subcontractors selected by the CME are the best choice and value for the District project. Without documented comparisons of bid awards to subcontractor contracts, the risk increases that subcontractor services may not be obtained at the lowest cost consistent with acceptable quality and the District may not realize maximum cost savings under a GMP contract.

Recommendation: The District should require that District personnel maintain documentation to demonstrate their attendance at all subcontractor bid openings. Additionally, the District should enhance procedures to include a documented comparison of subcontractor bid awards

to subcontractor contracts to verify that the CMEs used a competitive selection process to select subcontractors and that the bid award and contract amounts agree.

Finding 6: Subcontractor Licenses

State law¹¹ provides that a CME must consist of, or contract with, licensed or registered professionals for the specific fields or areas of construction to be performed. State law¹² also establishes certain certification requirements for persons engaged in construction contracting, including licensing requirements for specialty contractors such as electrical, air conditioning, plumbing, and roofing contractors.

District personnel indicated that they did not verify that the subcontractors for the DHSR and BSHS Projects were licensed but, instead, relied on the respective CMEs to verify the subcontractors' licenses. As part of our procedures to determine whether the subcontractors were appropriately licensed for these two projects, we selected 24 subcontractors required to be licensed from the 56 subcontractors engaged by the CMEs and verified through online licensing searches that the subcontractors were properly licensed. However, our procedures do not substitute for the District's responsibility to implement adequate internal controls over subcontractor services.

Timely documented verification that subcontractors are appropriately licensed provides the District additional assurance that the subcontractors who will be working on District facilities meet the qualifications necessary to perform the work for which they are engaged.

Recommendation: The District should maintain documentation to demonstrate the verification of subcontractor licenses before the subcontractors commence work on District facilities.

Finding 7: General Conditions Costs

GMP contracts typically include provisions for general conditions costs that are not directly associated with a particular activity and may include costs relating to labor supervision, temporary offices and utilities, travel expenses, clean-up, permits, and testing. Established policies and procedures that provide appropriate guidance for effectively negotiating, monitoring, and documenting the reasonableness of general conditions costs are essential to ensure that potential cost savings are realized under GMP contracts. For contracts that include general conditions costs, appropriate policies and procedures include, for example:

- Comparing proposed general conditions costs to those of similar projects, including similar projects at other school districts.
- Negotiating with the CME to determine a reasonable amount for total budgeted general conditions costs.
- Verifying that the general conditions costs are supported by detailed documentation, such as CME payroll records and CME-paid invoices, and confirming that the costs comply with the CME GMP contract.

¹¹ Section 1013.45(1)(c), Florida Statutes.

¹² Chapter 489, Florida Statutes.

While the BSHS Project contract did not contain any general conditions cost provisions, the DHSR Project contract amendments included provisions for general conditions costs totaling \$1.4 million and CME pay requests referenced these costs as they were incurred. However, the District had not established policies or procedures for effectively negotiating, monitoring, and documenting the reasonableness of the general conditions costs. Additionally, District records did not document the methodology used and factors considered during the negotiation process to establish the reasonableness of the DHSR Project's general conditions costs and detailed documentation, such as CME payroll records or copies of CME-paid invoices, was not obtained by the District to support the propriety of the general conditions costs billed and paid.

As part of our audit, we requested for examination District records supporting 4 payments to the DHSR Project CME for the general conditions costs. In response to our request, District personnel stated that the CME is paid a flat percentage, or all-inclusive fee based on the GMP, which allows the CME to allocate the composition of the fee as a percentage of square footage. However, neither CME personnel time sheets, CME invoices, or other records were provided to support these costs and District personnel could not explain how the general conditions cost amounts were calculated.

Absent appropriate policies and procedures, the District may be limited in its ability to monitor the reasonableness of general conditions costs and to determine the propriety of pay requests for general conditions costs or to realize cost savings associated with general conditions costs in GMP contracts.

Recommendation: The District should establish policies and procedures for negotiating, monitoring, and documenting the reasonableness of CME general conditions costs. Such policies and procedures should require documentation of the methodology used and factors considered in negotiating general conditions costs, and the receipt and review of sufficiently detailed documentation supporting the general conditions costs included in CME pay requests.

Finding 8: School Volunteers

State law¹³ requires the District, before making any decision to appoint a person to work as a volunteer where children regularly congregate, to conduct a search of that person's name or other identifying information against the registration information regarding sexual predators and sexual offenders through the Dru Sjodin National Sexual Offender Public Website (NSOPW) maintained by the United States Department of Justice. If that site is not available, a search of the registration information regarding sexual predators and sexual offenders (i.e., Florida Sexual Offenders and Predators Database) maintained by the Florida Department of Law Enforcement (FDLE) is required.

Board policies¹⁴ require each prospective volunteer to complete a school volunteer application form and the form is to be filed at the respective school. According to District personnel, a designated employee at each school conducts a search of the applicant's name against the registration information through the NSOPW or the FDLE Florida Sexual Offenders and Predators Database and indicates completion of the search on the form. However, District procedures did not require supervisory review and approval of the forms or independent verification of the school volunteer approval process at the District level to ensure

¹³ Section 943.04351, Florida Statutes.

¹⁴ Board Policy 5.04, *Fingerprinting and Background Screening*.

that the forms were properly completed, verified to the applicable registration information, and retained at the schools.

To determine whether District schools documented appropriate background searches for volunteers, we inquired of District personnel and requested for examination District records supporting 30 selected volunteers from the population of 5,546 school volunteers during the 2016-17 fiscal year. School volunteer application forms were provided for 21 volunteers; however, the forms, or other records to evidence the performance of appropriate searches of volunteer names and information, were not provided for 9 volunteers at the Tice Elementary School. In response to our inquiries regarding records of background searches for these 9 volunteers, District personnel indicated that the school volunteer application forms should have been completed but that the forms could not be located.

As part of our audit, we extended our procedures and determined that none of the 9 selected volunteers were listed as a sexual predator or sexual offender in the NSOPW. However, our procedures cannot substitute for management's responsibility to ensure, and document, that District schools perform the appropriate searches of volunteer names and information in accordance with State law. Absent effective controls to evidence that searches of volunteer names and information are timely and appropriately performed by District school personnel, the District has limited assurance that only volunteers with suitable backgrounds have direct contact with students and the District cannot demonstrate compliance with State law.

Recommendation: The District should ensure that searches of prospective school volunteer names and information are performed against the applicable registration information regarding sexual predators and sexual offenders and that records of such searches are retained. Such efforts should include supervisory review and approval of the forms or independent verification of the school volunteer approval process at the District level.

Finding 9: Payroll Processing – Time Records

Effective internal controls require supervisory review of time worked and leave used by employees to ensure that compensation payments are appropriate and leave balances are accurate. The District pays noninstructional employees (e.g., educational support personnel, administrative and professional employees)¹⁵ on a payroll-by-exception basis whereby the employees are paid on a fixed authorized gross amount for each payroll cycle unless the amount is altered. A payroll-by-exception methodology assumes, absent any payroll action to the contrary, that an employee worked or used available accumulated leave for the required number of hours in the pay period.

During the 2016-17 fiscal year, the District reported salary costs totaling \$178.8 million for 5,443 noninstructional employees. According to District personnel, noninstructional employees are required to record leave used in the leave management system for supervisory approval; however, these employees do not report time worked and neither District electronic nor hard copy records evidenced supervisory review and approval of time worked by these employees.

¹⁵ Administrative personnel include, for example, principals, assistant principals, executive directors, and directors and professional employees include, for example, coordinators, managers, specialists, and supervisors.

In response to our inquiry, District personnel indicated that the Fair Labor Standards Act did not require noninstructional employees to complete a time sheet. Notwithstanding the lack of a Federal requirement, without evidence of documented supervisory review and approval of noninstructional employee time worked, there is limited assurance that the employee services were provided consistent with Board expectations. In addition, without accurate records of supervisory review, there is an increased risk that employees may be incorrectly compensated, employee leave balances may not be accurate, and District records may not be sufficiently detailed in the event of a salary or leave dispute.

Recommendation: The District should establish a mechanism for noninstructional employees to report time worked and also implement procedures requiring supervisors to document the review and approval of such time.

Follow-Up to Management's Response

Management indicated in the written response that noninstructional personnel are required to use the LeeClock electronic sign in/out application. Management also indicated that employee performance is measured by supervisor review of performance and employee output, on a regular basis. Notwithstanding this response, given the District's responsibility to monitor noninstructional employee services and the significant costs totaling \$178.8 million associated with these services for the 2016-17 fiscal year, records of attendance and time worked by these employees, reviewed and approved by applicable supervisors, provide additional assurances that the services provided by the employees and compensated by the District were consistent with Board expectations.

Finding 10: Florida Best and Brightest Teacher Scholarship Program

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program (Program)¹⁶ to reward teachers who achieved high academic standards during their own education. Pursuant to State law, to be eligible for a scholarship, a teacher must have scored at or above the 80th percentile on a college entrance examination based on the national percentile ranks in effect when the teacher took the assessment and have been evaluated as highly effective pursuant to State law¹⁷ in the school year immediately preceding the year in which the scholarship will be awarded, or if the teacher is a first-year teacher who has not been evaluated pursuant to State law, must have scored at or above the 80th percentile on a college entrance examination based on the national percentile ranks in effect when the teacher took the assessment.

To demonstrate eligibility for a scholarship award for District school teachers, District procedures required teachers to submit to the District an official record of his or her college entrance examination score demonstrating that the teacher scored at or above the 80th percentile based on the national percentile ranks in effect when the teacher took the assessment. Pursuant to State law,¹⁸ once a classroom teacher is deemed eligible by the District, the teacher shall remain eligible as long as he or she remains employed by the District as a classroom teacher at the time of the award and receives an annual performance evaluation rating of highly effective. In addition, according to District personnel, charter schools were

¹⁶ Section 1012.731, Florida Statutes.

¹⁷ Section 1012.34, Florida Statutes.

¹⁸ Section 1012.731(3)(b), Florida Statutes.

required to submit to the District a list of teacher names who were determined to be eligible for the scholarship. However, the District had not established procedures to verify that scholarships were only awarded to charter school classroom teachers who provided official documentation of college entrance examination scores at or above the 80th percentile and were evaluated as highly effective based, in part, on student performance.

District personnel are responsible for determining teacher eligibility for scholarship awards and annually submitting the number of eligible teachers to the Florida Department of Education (FDOE). The FDOE disburses scholarship funds to the District for each eligible classroom teacher to receive a scholarship as provided in the applicable General Appropriations Act.

During the 2016-17 fiscal year, the District awarded Program scholarships totaling \$1.1 million for 163 recipients including 147 recipients employed by the District and 16 recipients employed by charter schools. To determine whether the recipients met the eligibility requirements for the scholarships, we requested for examination District records supporting 30 scholarship awards (28 awards to recipients employed by the District and 2 awards to recipients employed by charter schools) totaling \$204,507. We found that:

- 3 District school scholarship recipients received awards totaling \$20,451 based on a temporary examination report from the examination provider, an unofficial score report from the examination provider's Web site, and an unofficial score obtained from a computer screen printout of test scores from the teacher's college, respectively. In response to our inquiry, District personnel indicated that no official examination score reports were on file for the 3 scholarship recipients and 1 of the recipients had also received the scholarship in the prior year. As of January 2018, District personnel had only independently corroborated 1 of the 3 recipients' examination scores with an official score report.
- 2 charter school scholarship recipients received awards totaling \$13,634. Since the District had not established procedures for verifying the eligibility of charter school scholarship recipients, we requested for examination, and the District obtained from the charter schools, documentation that confirmed the 2 charter school classroom teachers scored at or above the 80th percentile on college entrance examinations and were evaluated as highly effective based, in part, on student performance for the 2015-16 fiscal year. However, our procedures do not substitute for the District's responsibility to establish adequate monitoring controls over scholarship recipient eligibility.

Absent effective procedures to limit Program scholarships to District and charter school classroom teachers, as defined in State law, with qualifying college entrance examination scores and highly effective evaluations based, in part, on student performance, there is an increased risk that scholarships will be awarded to ineligible recipients.

Recommendation: The District should enhance procedures to ensure that Program scholarships are awarded to eligible recipients based on qualifying college entrance examination scores reported on reliable and authentic records and highly effective evaluations based, in part, on student performance. Such procedures should include documented verifications of the eligibility of charter school scholarship recipients.

Follow-Up to Management's Response

Management indicated in the written response that "with respect to charter schools, the District does not have access to charter school employee records." However, as the sponsor of the District charter

schools, the District is responsible for monitoring the schools and is not prohibited from requesting and obtaining records to substantiate the eligibility of charter school scholarship recipients. Accordingly, we continue to recommend that the District enhance procedures to ensure that Program scholarships are awarded to eligible recipients.

Finding 11: School Resource Officer Services

Effective contract management ensures that contract provisions establish required services and related service times and compensation for contractual services and that services are satisfactorily received before payment. The Board routinely enters into contracts for services, and internal controls have been designed and implemented that generally ensure payments are consistent with contract terms and conditions.

The District paid \$14 million for contractual services for the period July 1, 2016, through March 22, 2017, and, to determine the propriety of these payments, we examined District records supporting 30 selected payments totaling \$1.2 million related to 30 contracts. One of the selected payments was a \$207,454 payment to the Lee County Sheriff's Office (LCSO) for school resource officer (SRO) services and we expanded our procedures to evaluate District controls for monitoring these services and the related payments.

Pursuant to State law,¹⁹ the Board entered into a \$2.2 million fixed-price contract with the LCSO for SRO services at 46 District schools for the period August 3, 2016, through August 2, 2017. The contract identified the SROs' daily work locations, the hours that the schools are in regular session, and that SRO workdays would correspond with teacher regular workdays. The District paid the contract amount to the LCSO for the contract period based on LCSO invoices. However, District procedures had not been established to require and ensure that school personnel with direct knowledge of the SRO services confirmed receipt of the services set forth in the contract. In response to our inquiries, District personnel indicated that they relied on the LCSO to maintain time records to demonstrate the work efforts of these individuals.

Absent effective procedures requiring, prior to payment, documented confirmation that SRO services were satisfactorily received and complied with the contract provisions, there is an increased risk that overpayments may occur or that the services provided may not be consistent with Board expectations.

Recommendation: The District should establish procedures requiring, prior to payment for services, documented confirmation that SRO services were satisfactorily received and complied with the contract provisions.

Follow-Up to Management's Response

Management stated in the written response that "if there is a responsibility for validating number of hours worked by individual Sheriff staff members, the responsibility would be incumbent on the Lee County Sheriff's Office, not the District." However, the point of our finding is that, since the District paid for the SRO services, it is incumbent on District personnel to document confirmation that the services were

¹⁹ Section 1006.12, Florida Statutes.

received. Without documented confirmation, there is an increased risk that overpayments may occur or that the SRO services may not be satisfactorily received.

Finding 12: Purchasing Cards

The District administers a purchasing card (P-card) program which gives employees the convenience of purchasing items without using the standard purchase order process and expedites low dollar purchases of goods and services. P-card purchases are subject to Board policies and District procedures including the *Lee County Public Schools Purchasing Card Program Policy and Procedure Guide (P-Card Manual)*. According to the *P-Card Manual*, the Finance Department is responsible for administration of the P-card program.

The District *P-Card Manual* requires an employee authorization statement to be signed by the individual cardholder and the principal or department head, establishes requirements for handling the cards of individuals who separate from District employment, limits transactions without approval to \$999.99, and prohibits split transactions to circumvent the P-card single transaction limits. District procedures also require the principal or department head to assign an employee to review and approve P-card purchases.

During the 2016-17 fiscal year, P-card expenditures totaled \$2.7 million and, at June 30, 2017, 531 P-cards were in use. To determine the propriety of P-card expenditures, we examined District records supporting 30 selected P-card expenditures totaling \$87,175. We found that 4 purchases totaling \$10,369 were split into separate transactions to apparently circumvent the single transaction limit. Specifically, we found that District personnel split a:

- \$6,880 transaction into a P-card expenditure of \$886 and 6 P-card expenditures of \$999 each for hotel lodging in October 2016 for several teachers to attend the 2016 Florida Association of Christian Colleges and Schools Conference.
- \$1,290 transaction into two P-card expenditures of \$645 each in January 2017 for science fair lapel pin awards to participating students.
- \$1,150 transaction into P-card expenditures of \$950 and \$200 to pay for office supplies in August 2016.
- \$1,049 transaction into P-card expenditures of \$999 and \$50 for conference fees for a teacher to attend the 2017 Future of Education Technology Conference in January 2017.

In response to our inquiries, District personnel agreed that the office supplies, conference fees, and awards transactions were split transactions that violated District P-card policies and should not have been approved. However, District personnel disagreed that the hotel lodging was a split transaction and stated that the \$999.99 transaction limit was primarily intended to prevent capital assets from being purchased. Notwithstanding this response, the *P-Card Manual* did not provide exemptions from the single transaction limits.

P-card purchases to the same vendor within a short time period that collectively exceed the single transaction limit are indicative of split transactions to circumvent the intent for establishing the transaction limits. Without the effective review of P-card purchases prior to approval, there is an increased risk that unauthorized P-card use or purchases in excess of authorized amounts will occur. A similar finding was noted in our report No. 2015-069.

Recommendation: The District should enhance procedures for the supervisory review and approval of P-card purchases to ensure that P-card program policies and procedures, including those prohibiting split transactions, are adhered to by cardholders.

Finding 13: Information Technology – Risk Assessment

Management of information technology (IT) related risks is a key part of enterprise IT governance. Incorporating an enterprise perspective into day-to-day governance actions helps an entity understand its greatest security risk exposures and determine whether planned controls are appropriate and adequate to secure IT resources from unauthorized disclosure, modification, or destruction. IT risk assessment, including the identification of risks, the evaluation of the likelihood of threats, and the severity of threat impact, helps support management’s decisions in establishing cost-effective measures to mitigate risk and, where appropriate, formally accept residual risk.

According to District personnel, although the District informally considered external and internal risks based on various tests and reviews conducted within selected departments and identified security controls such as selected configuration settings to mitigate these risks, the District had not developed a comprehensive, written IT risk assessment due to lack of time and resources. A comprehensive, written IT risk assessment would consider, in addition to the informal risk assessments, threats and vulnerabilities at the Districtwide, system, and application levels and document the range of risks that the District systems and data may be subject to, including those posed by internal and external users. The District’s Information Systems Department formed an Information Security and Assurance team under the direction of a new Chief Information Officer to address IT-related risks.

The absence of a comprehensive, written IT risk assessment may lessen the District’s assurance that all likely threats and vulnerabilities have been identified, the most significant risks have been addressed, and appropriate decisions have been made regarding which risks to accept and which risks to mitigate through security controls. Similar findings were noted in our report Nos. 2015-069 and 2012-063.

Recommendation: The District should develop a comprehensive, written IT risk assessment to provide a documented basis for managing IT-related risks.

Finding 14: Information Technology – User Access Privileges

The Legislature has recognized in State law²⁰ that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining such information to ensure its confidential status. Effective controls restrict employees from accessing information unnecessary for their assigned job responsibilities and provide for periodic reviews of IT access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

²⁰ Section 119.071(5)(a), Florida Statutes.

Pursuant to State law,²¹ the District identified each student using a Florida education identification number assigned by the FDOE. However, student SSNs are included in the student records maintained within the District management information system (MIS). Student SSNs are maintained in the District MIS to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies²² allow designated District school personnel access to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable State law, State Board of Education rules, and Federal laws and District employees are required to certify that they will comply with these requirements. However, as of October 2017, District personnel indicated that periodic reviews of IT user access privileges to student information had not been performed to help monitor these privileges.

As of October 2017, the District MIS contained SSNs for 221,095 former and 54,979 current District students and 1,100 District employees had access to the student SSNs. As part of our audit, we examined District records supporting 30 selected employees' IT user access privileges to former and current student SSNs. We found that 24 employees, including teachers, support staff, and administrators, did not have a demonstrated need for such access. In addition, according to District personnel, the MIS did not have a mechanism to differentiate access privileges to current student information from access privileges to former student information and the employees who had access to both current and former student information did not always have a demonstrated need for such access.

Subsequent to our inquiry, in December 2017 the District performed and documented a review of IT user access privileges and removed the 24 employees' access privileges to student SSNs. The existence of unnecessary access privileges and the lack of documented, periodic reviews of IT user access privileges increase the risk of unauthorized disclosure of student SSNs and the possibility that sensitive personal information may be used to commit a fraud against District students or others.

Recommendation: The District should ensure that only those employees who have a demonstrated need to access student SSNs have such access. Such efforts should include documented, periodic reviews of IT user access privileges to determine whether such privileges are necessary and ensure the timely removal of any inappropriate or unnecessary access privileges detected.

Finding 15: Information Technology – Security Controls – User Authentication, Data Loss Prevention, and Logging and Monitoring of System Activity

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed that certain District security controls related to user authentication, data loss prevention, and logging and monitoring of system activity need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising District data and IT resources. However, we have notified appropriate District management of the specific issues.

²¹ Section 1008.386, Florida Statutes.

²² Board Policy 4.19, *Student Records*.

Without adequate security controls related to user authentication, data loss prevention, and logging and monitoring of system activity, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Similar findings related to user authentication and data loss prevention were communicated to District management in connection with our report Nos. 2015-069 and 2012-063.

Recommendation: The District should improve IT security controls related to user authentication, data loss prevention, and logging and monitoring of system activity to ensure the continued confidentiality, integrity, and availability of District data and IT resources.

PRIOR AUDIT FOLLOW-UP

Except as noted in Findings 2, 12, 13, and 15 and shown in Table 1, the District had taken corrective actions for findings included in our report No. 2015-069.

**Table 1
Findings Also Noted in Previous Audit Reports**

Finding	2013-14 Fiscal Year	2010-11 Fiscal Year
	Operational Audit Report No. 2015-069, Finding	Operational Audit Report No. 2012-063, Finding
2	4	1
12	2	Not Applicable
13	10	12
15	13	11

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida’s citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from February 2017 to December 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management’s performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management’s control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.

- Determine whether management had taken corrective actions for findings included in our report No. 2015-069.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls, instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the 2016-17 fiscal year audit period, and selected District actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Evaluated District procedures for maintaining and reviewing employee access to IT resources. We examined selected user access privileges to the District enterprise resource planning (ERP) system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employee job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed. Specifically, we:
 - Tested the 5 roles that allowed update access privileges to selected critical ERP system finance application functions resulting in the review of the appropriateness of access privileges granted for 20 accounts.

- Tested the 8 roles that allowed update access privileges to selected critical ERP system HR application functions resulting in the review of the appropriateness of access privileges granted for 87 accounts.
- Reviewed District procedures to prohibit former employee access to electronic data files. We also reviewed selected user access privileges for 30 of the 768 employees who separated from District employment during the audit period to determine whether the access privileges had been timely deactivated.
- Evaluated District security policies and procedures governing the classification, management, and protection of sensitive and confidential information.
- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- Examined selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a comprehensive, written IT risk assessment had been developed to document the District's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Evaluated District procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Evaluated the adequacy of District procedures related to security incident response and reporting.
- Examined Board, committee, and advisory board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2017, to determine whether the total was less than 3 percent of the fund's projected revenues, as specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to determine the ability of the District to make future debt service payments.
- From the population of expenditures totaling \$99.2 million and transfers totaling \$56 million during the audit period from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures totaling \$14.8 million and all transfers to determine compliance with the restrictions imposed on the use of these resources.
- Selected three expenditures totaling \$10,500 from the population of \$11 million total workforce education program funds expenditures for the audit period and examined supporting documentation to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- From the population of 511 industry certifications eligible for performance funding that were attained by students during the 2015-16 and 2016-17 fiscal years, examined 30 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the population of 227,213 contact hours reported for 2,031 adult general education instructional students during the Fall 2016 Semester, examined District records supporting 3,246 reported contact hours for 30 selected students to determine whether the District reported the instructional contact hours in accordance with Florida Department of Education (FDOE) requirements.

- Evaluated District controls based on review of selected records to determine whether the District provided individuals with a written statement as to the purpose for collecting their social security numbers (SSNs). We also evaluated whether District controls appropriately secured and protected the confidentiality of the SSNs collected.
- Examined the District Web site to determine whether the 2016-17 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- Examined District records to determine whether the District established an audit committee and followed prescribed procedures to contract for audit services pursuant to Section 218.391, Florida Statutes, for the 2014-15 and 2015-16 fiscal years.
- Examined supporting documentation to determine whether required internal funds audits for the 2016-17, 2015-16, and 2014-15 fiscal years were timely performed pursuant to SBE Rule 6A-1.087, Florida Administrative Code, and Chapter 8 – School Internal Funds, *Financial and Program Cost Accounting and Reporting for Florida Schools (Red Book)*, and whether the audit reports were presented to the Board.
- Examined District records supporting the payments totaling \$44,544 made during the audit period by the District to its direct-support organization to determine the legal authority of such transactions.
- Determined whether the Board established investment policies and procedures as required by Section 218.415, Florida Statutes, and whether District investments during the audit period complied with those policies and procedures.
- Evaluated severance pay provisions for the two employee contracts to determine whether the severance pay provisions complied with Section 215.425(4), Florida Statutes.
- From the population of compensation payments totaling \$469 million to 11,300 full-time employees during the audit period, examined District records supporting compensation payments totaling \$48,131 to 32 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.
- From the population of 5,082 instructional personnel and 361 school administrators compensated a total of \$322 million during the audit period, examined supporting documentation for 11 selected employees who were paid a total of \$655,040 to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and determined whether a portion of each selected instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- Examined District records related to 20 District employees and 10 contractor workers selected from the population of 13,736 full-time employees and 1,113 contractor workers during the audit period to assess whether District employees and contractor workers who had direct contact with students were subjected to the required fingerprinting and background screenings.
- Examined Board policies, District procedures, and related records for the audit period for school volunteers to determine whether the District searched prospective volunteers' names against the Dru Sjodin National Sexual Offender Public Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes.
- Examined District records supporting the eligibility of:
 - 28 selected District recipients of Florida Best and Brightest Teacher Scholarship Program awards from the population of 147 District teachers who received scholarship awards totaling \$1 million during the audit period.

- 2 selected charter school recipients of Florida Best and Brightest Teacher Scholarship Program awards from the population of 16 charter school teachers who received scholarship awards totaling \$109,071 during the audit period.
- Evaluated Board policies and District procedures to ensure health insurance was provided only to eligible employees, retirees, and dependents and that upon an employee's separation from District employment, insurance benefits were timely canceled as appropriate based on the District's policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- From the population of 619 payments totaling \$72,730 paid to employees for other than travel and payroll payments from July 1, 2016, to April 6, 2017, examined documentation for 30 selected payments totaling \$16,728 to determine whether such payments were reasonable, adequately supported, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- Reviewed District procedures for bidding and purchasing health insurance to determine compliance with Section 112.08, Florida Statutes. We also reviewed procedures for the reasonableness of procedures for acquiring other types of commercial insurance to determine whether the basis for selecting insurance carriers was documented in District records and conformed to good business practices.
- Examined documentation for the two significant construction projects contracts (guaranteed maximum prices totaling \$64.4 million) with construction management entities (CMEs) to determine compliance with District policies and procedures and provisions of State laws and rules. Also, for these projects, we:
 - Examined District records to determine whether the CME was properly selected and the contracts contained the required provisions.
 - Reviewed District procedures for monitoring subcontractor selection and licensure, and examined records to determine whether subcontractors were properly selected and licensed.
 - Examined District records to determine whether the architects were properly selected and adequately insured.
 - Determined whether the District established policies and procedures addressing negotiation and monitoring of general conditions costs.
 - Requested for examination District records supporting two payments to CMEs totaling \$11.9 million to determine whether District procedures for monitoring payments were adequate and payments were sufficiently supported.
 - Examined District records to determine whether projects progressed as planned and were cost effective and consistent with established benchmarks, and whether District records supported that the contractors performed as expected.
- Examined District records to determine the number of issued take-home electronic devices that have the ability to access the Internet and reviewed District policies and procedures to limit students' access to inappropriate Web sites.
- From the population of purchasing card (P-card) transactions totaling \$2.7 million during the audit period, examined documentation supporting 30 selected transactions totaling \$87,175 to determine whether P-cards were administered in accordance with Board policies and District procedures. We also determined whether the District timely canceled the P-cards for the 15 cardholders who separated from District employment during the audit period.
- Evaluated the sufficiency of District procedures to determine whether District charter schools and charter technical career centers were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.

- Examined District records and evaluated construction planning processes for the audit period to determine whether processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Determined whether expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms and Board policies; and applicable vendors were properly selected. From the population of expenditures totaling \$90.8 million from July 2016 through December 2016, we examined documentation relating to 30 selected payments for general expenditures totaling \$342,391.
- From the population of 417 consultant contracts totaling \$14 million during the audit period, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$1.2 million related to 30 contracts to determine whether:
 - The District selected applicable consultants pursuant to competitive selection requirements.
 - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
 - District records documented satisfactory receipt of deliverables before payments were made.
 - The payments complied with contract provisions.
- Determined whether the District used supplemental academic instruction and research-based reading instruction allocations to provide, to the applicable schools, pursuant to Section 1011.62(9), Florida Statutes, an additional hour of intensive reading instruction to students every day, schoolwide during the audit period. Also, we reviewed the District records to determine whether the District appropriately reported to the FDOE, pursuant to the 2016 General Appropriations Act (Chapter 2016-066, Laws of Florida), the funding sources, expenditures, and student outcomes for each participating school.
- Determined whether the District had adequate Virtual Instruction Program (VIP) policies and procedures.
- Examined student records and evaluated District procedures for the audit period to determine whether the District ensured that VIP students were provided with all necessary instructional materials and, for those eligible students who did not already have such resources in their home, computing resources necessary for program participation as required by Section 1002.45(3)(c) and (d), Florida Statutes.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



THE SCHOOL DISTRICT OF LEE COUNTY

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DISTRICT 4
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DISTRICT 6
GREGORY K. ADKINS, Ed. D.
SUPERINTENDENT
ROBERT DODIG, ESQ.
BOARD ATTORNEY

September 17, 2018

The Honorable Sherrill F. Norman, CPA
Auditor General, State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman,

Enclosed is the response to the Preliminary and Tentative Audit Findings and Recommendations on the Operational Audit of the Lee County School Board for the fiscal year ended June 30, 2017.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory K. Adkins".

Gregory K. Adkins, Ed.D.
Superintendent

Enclosures

Cc: Ms. Cathleen O'Daniel Morgan, Board Chair, Lee County
Mr. Gregory J. Blurton, Chief Financial Officer
Ms. Susan Malay, Executive Director of Financial Services
Mr. Mark A. Santiago, Director of Financial Services
Mr. Robert Brown, Director of Internal Audit

VISION: TO BE A WORLD-CLASS SCHOOL SYSTEM

Ms. Sherrill F. Norman
September 17, 2018

Finding No. 1: Impact Fees

Recommendation: The District should ensure that impact fee proceeds are expended only for authorized purposes. Additionally, the District should either document to the Florida Department of Education the allowability of the impact fee transfers totaling \$13.6 million to the debt service funds or restore those funds to the 2016-17 fiscal year Capital Projects - Impact Fees Fund.

Response: The District takes exception to this finding. As substantiated below, the District has expended impact fees only for authorized purposes, and as allowed by law. The school impact fees in question were levied pursuant to Lee County Ordinance No. 01-21, as amended by Ordinances Nos. 13-06 and 15-04, and as may be further amended (the "Impact Fee Ordinance"). The Impact Fee Ordinance is now found in Chapter 2, Article II, Division 6, Section 2-409 of the Land Development Code of Lee County, Florida (the "Land Development Code").

Common law on impact fees in Florida was first enunciated by the Florida Supreme Court in the City of Dunedin v. Builders Association of Pinellas County (1976) case, involving imposition of impact fees for extension of water and sewer lines. While approving the ability of the City to collect such fees previously authorized by ordinance in 1972, the Supreme Court invalidated the ordinance because it failed to sufficiently restrict the use of the impact fees to expansion of the system, as opposed to replacement of existing facilities (which should be paid for by all customers in their monthly rates and charges and not just new customers). The City then adopted a new ordinance curing the prior defect, and obtained approval from the Second District Court of Appeal to expend impact fee moneys collected after the date of correction of the ordinance but paid under protest, on expanding the water and sewer system or paying debt service on its bonds issued in 1974 for the expansion of the system. Dunedin is the source of the "dual rational nexus" test, that is, (i) the impact fee must be reasonably connected to, or have a rational nexus with, the expenditure of the funds and the benefits accruing to new residential (in the case of schools) construction, and (ii) the local government must sufficiently earmark the funds for use in constructing facilities to benefit new users. "Rational nexus" means the local government must demonstrate a reasonable connection between the need for facilities and the growth in population, and a reasonable connection between the expenditure of the funds and the benefits accruing to the population paying the fees. In Dunedin the Supreme Court and the Second District Court of Appeal approved the use of impact fees to pay debt service on outstanding bonds previously issued to expand capacity. The School Board has restricted the use of impact fees collected within a particular attendance zone to make lease payments on impact fee eligible schools, or, according to Duncan Associates on a pro-rata portion of the cost of new administrative facilities serving such zone in accordance with the requirements of Section 2-409 of Division 6 of the Land Development Code, and has met both prongs of the Dunedin test.

The Impact Fee Ordinance was initially adopted in November 2001, and is now embodied as Division 6 of the Land Development Code. With certain exceptions, such as "communities for older persons", commercial buildings, mobile home parks, communities providing mitigation of school impacts and other properties described in Section 2-412 of the Land Development Code, Section 2-405 requires payment of fees and Section 2-409 requires segregation of impact fees collected and expenditure only for capital improvements for educational facilities. The District has been divided into three "School Choice Zones" since the 2005-2006 school year, with a trust account for each service area, into which impact fees are deposited. The impact fees are to be used for the acquisition of school sites or the provision of facilities which will substantially benefit the residents of the school choice area, in accordance with a capital improvements program that has been approved by the Board of County Commissioners. So long as the School Board maintains a school choice system where noncharter school students must attend a school within the zone, then all funds must be spent within the zones where they are collected. Fees collected within one zone may

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be expended for capital improvements within another zone only if it can be demonstrated that the improvement will benefit the feepayers in the original school choice zone. Examples include magnet schools and administrative facilities. The current Impact Fee Study was prepared by Duncan Associates in January 2018. The study is updated every three years, to ensure that impact fees do not exceed reasonably anticipated costs associated with needed capital improvements. Duncan has been involved with the County since initiation of the education impact fee in 2001.

Section 2-409 of the Land Development Code specifically addresses bonding (or issuance of COP's), as was involved in Dunedin. It provides: "Funds may be used or pledged in the course of bonding or other lawful financing techniques, so long as the proceeds raised thereby are used for the purpose of capital improvements for educational facilities. If these funds or pledge of funds are combined with other revenue sources in a dual or multipurpose bond issue or other revenue raising device, the proceeds raised thereby must be divided and segregated such that the amount of the proceeds reserved for educational facility purposes bears the same ratio to the total funds collected that the school impact fee funds used or pledged bear to the total funds used or pledged."

Questions have been raised whether the School Board may use educational impact fees in future years to make basic lease payments under its Master Lease Program which are then used to pay principal and interest on Certificates of Participation ("COP's) issued in previous years. By law, COP's may have a term as long as 30 years, so theoretically the School Board could finance the construction of an impact fee eligible growth school over 30 years. Lease payments are appropriated annually by the School Board, so it never obligates itself to make payments for more than a year at a time. The 1991 Master Lease provides that lease payments can be made from "current or other funds authorized by law and appropriated for such purpose by the School Board". Although capital outlay millage is the primary source, any other funds that are legally available may be used. Impact fees are one of those sources. Other projects that are ineligible for impact fees can be and have been included in the same COP financing but have been and will continue to be paid from other legally available sources such as capital outlay millage. Facilities financed from the Series 2002A and 2004A COP's were new elementary, middle, high and K-8 schools providing expanded capacity for future residents and are impact fee eligible. Other facilities in the same COP issues were administrative in nature and must be paid from capital outlay millage.

Finding No. 2: Ad Valorem Taxation

Recommendation: The District should enhance procedures to ensure and demonstrate that advalorem tax levy proceeds are used only for authorized purposes. Such enhancements should include the maintenance of District records to identify applicable safety risks and demonstrate that use of the proceeds minimized such risks. In addition, the District should either document to the Florida Department of Education the allowability of the LCI Fund expenditures totaling \$4.3 million or restore that amount to the LCI Fund.

Response: The District takes exception to this finding. The District has provided evidence that demonstrates funds expended meet requirements of the law and are allowable expenses. The short version of the Audit Finding makes it appear, incorrectly, that the District spent \$4.2 million to clean and maintain grounds. The District has provided documentation that the items considered by the State as cleaning and maintaining grounds met the Safety to Life criteria and are therefore allowable expenses. In addition, the State is questioning services related to mold remediation and indoor air quality as not allowable expenditures. Within Florida Statute 468.84, "Mold-related services licensing program; legislative purpose" we find legislation stating the nature of mold related services are required in the interest of public safety and welfare:

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The Legislature finds it necessary in the interest of the public safety and welfare, to prevent damage to real and personal property, to avert economic injury to the residents of this state, and to regulate persons and companies that hold themselves out to the public as qualified to perform mold-related services.

Florida Statute 1011.71 (2)(g) allows "Payment of costs directly related to complying with state and federal environmental statutes, rules, and regulations governing school facilities". Mold remediation is a service required by statute to be supported to maintain public safety, and therefore is allowable and an authorized purpose.

It should also be noted that during the initial audit and original exit conference on October 2, 2017, this finding was not identified through sampling of expenses.

A standard audit practice is to consider a 10% sampling of data as reasonable. According to the Public Company Accounting Oversight Board Under AS 2315: Audit Sampling number .34 (please see below) for a low level control risk a tolerable rate of 5 percent would be reasonable but if a high risk level is desired then 10 percent would be reasonable.

".34 The auditor should determine the maximum rate of deviations from the prescribed control that he would be willing to accept without altering his planned assessed level of control risk. This is the *tolerable rate*. In determining the tolerable rate, the auditor should consider (a) the planned assessed level of control risk, and (b) the degree of assurance desired by the evidential matter in the sample. For example, if the auditor plans to assess control risk at a low level, and he desires a high degree of assurance from the evidential matter provided by the sample for tests of controls (*i.e.*, not perform other tests of controls for the assertion), he might decide that a tolerable rate of 5 percent or possibly less would be reasonable. If the auditor either plans to assess control risk at a higher level, or he desires assurance from other tests of controls along with that provided by the sample (such as inquiries of appropriate entity personnel or observation of the application of the policy or procedure), the auditor might decide that a tolerable rate of 10 percent or more is reasonable."

District Staff pulled a sampling of over 11% of the items directly related to the items in question from this finding. Our percentage of sampling is even higher than the highest amount recommended by the best practice sampling method. In the District's sampling, we identified one item totaling \$10,956 that could possibly be questionable due to its description: repairing uneven turf on the football field at Fort Myers High School. However the work was performed to ensure the safety of students and to prevent injuries, all within Safety to Life criteria, and thus allowable. All other items clearly fall within Florida Statute 1011.71 (2)(g) "Payment of costs directly related to complying with state and federal environmental statutes, rules, and regulations governing school facilities".

The chart below represents the sampling and the columns are as follows:

- "Purpose" = Information provided by auditors
- "Facility Name" = District Facility where work was completed
- "Supplemental Work Description" = Description of work completed and reason

After the initial and second exit conference on July 23, 2018, this finding has been adjusted again to add additional items regarding previous year's findings in Fiscal Years 2013-14 and 2010-11, implying that these are the same findings as in past years. The only similarity is that it is in regards to Ad Valorem taxes which is approximately 90% of the capital budget and where the majority of the capital expenditures occur. In the previous years the finding was related to transfers to the general fund to cover capital expenses, and in

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2010-11 a portion of the amount identified in the finding was found to be allowable by the State. Then in 2013-14 the State identified the same finding and refused to accept the response that the State had previously accepted.

Company	Invoice #	Purpose	Amount	Facility Name	Supplemental Work Description
American Mgmt Resource Corp	18837	Cleaning Services	\$ 525	Diplomat ES	Per request of school, removal of hazardous materials such as paint from 2008 and fertilizer.
American Mgmt Resource Corp	18838	Elevator Pit	\$ 775	Bayshore ES	Per request of school proper removal of hazardous materials (hydraulic/elevator oil) 2 inches deep at the bottom of the elevator pit.
American Mgmt Resource Corp	18839	Assistant Principal's Office, adjoining office, and auditorium	\$ 4,395	The Alva School	Per request from school, mold smell from AP and adjoining office areas needs to be checked.
American Mgmt Resource Corp	18842	Cleaning of Kitchen freezer and exterior wall area	\$ 1,155	Mariner Middle	Per request from school, check for microbial growth. Teacher has placed complaint.
American Mgmt Resource Corp	18847	Clean Auto Shop Area	\$ 885	South Fort Myers HS	Per request of school, mold/mildew drywall needs to be replaced & repainted due to restroom water leaks.
American Mgmt Resource Corp	18848	Clean exterior Mechanical Area	\$ 1,475	Support Services	Remedial work after drywall demolition work has been completed.
American Mgmt Resource Corp	18849	Janitorial Mitigation and Cleaning	\$ 405	Lee County Public Education Center	Proper wipe down and remediation after fire.
American Mgmt Resource Corp	18851	Janitorial Mitigation and Cleaning	\$ 1,350	Fort Myers HS	Microbial growth wipe down.
American Mgmt Resource Corp	18852	Janitorial Mitigation and Cleaning	\$ 1,305	Skyline ES	Per request of school, removal of indoor air quality dehumidification equipment.
American Mgmt Resource Corp	18853	Janitorial Mitigation and Cleaning	\$ 720	Island Coast HS	Per request of school, remediation of microbial growth along baseboards due to water issues in custodial closet.
American Mgmt Resource Corp	18857	Janitorial Mitigation and Cleaning	\$ 9,675	Allen Park ES	HVAC duct and register cleaning to improve air quality.
American Mgmt Resource Corp	19228	Wipe Down	\$ 315	Three Oaks MS	Per request of school, check for microbial growth in HVAC duct work. Teacher has placed complaint about headaches.
American Mgmt Resource Corp	19229	Wipe Down	\$ 1,440	Patriot ES	Microbial growth wipe down.
American Mgmt Resource Corp	19230	Wipe Down construction debris dust in Auditorium and first floor office	\$ 900	The Alva School	Per request of school, microbial growth wipe down is needed in the teachers office in girls locker room.
American Mgmt Resource Corp	19236	Wipe down Bldg 3, room 23	\$ 1,800	North Fort Myers HS	Per request of school, microbial growth remediation needed in room 116.
American Mgmt Resource Corp	19410	Cleaning and Disposal of Liquid and Sludge Waste	\$ 2,237	Support Services	Oil tank remediation.
American Mgmt Resource Corp	19688	Cleaning Activities	\$ 1,460	Fort Myers HS	Indoor air quality remediation needed in 4 rooms and in HVAC units.

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Company	Invoice #	Purpose	Amount	Facility Name	Supplemental Work Description
American Mgmt Resource Corp	17364	Install culvert & swale	\$ 8,790	Hector A. Cafferata, Jr. ES	Per request of school, installation of drain in ditch culvert is needed between Cape Coral Technical College & Hector A. Cafferata, Jr. ES for storm water management and to reduce flooding between both locations.
American Mgmt Resource Corp	17368	Remove rock & regrade to allow positive flow away from basin; loosen soil for installation of sod & replace w/Bahia	\$ 9,210	Heights ES	Front parts of PE fields need leveling and areas prepped for sodding in order to improve drainage and to permit water to flow correctly to designated areas that will prevent flooding in student occupied areas.
American Mgmt Resource Corp	17369	Remove rock & fill materials from rear activity area-additionally grade outdoor activity area level, loosen soil for installation of sod & replace w/Bahia	\$ 14,220	Heights ES	Rear parts of PE fields need leveling and areas prepped for sodding in order to improve drainage and to permit water to flow correctly to designated areas that will prevent flooding in student occupied areas.
American Mgmt Resource Corp	17304	Bad Odor	\$ 3,225	Villas ES	Per request of school, classroom remediation needed due to strong fowl musty odor in classroom.
American Mgmt Resource Corp	17495	Unidentified Growth	\$ 1,875	Edison Park ES	Deep cleaning for unidentified growth throughout boys and girls restroom.
American Mgmt Resource Corp	17496	Cleaning/wipe down of Gym	\$ 22,500	Estero HS	Full gym remediation.
American Mgmt Resource Corp	17497	Cleaning/wipe down of Gym	\$ 7,560	Estero HS	Full gym remediation.
American Mgmt Resource Corp	17499	Cleaning of Woodshop	\$ 4,500	Estero HS	Remediation of rodent fecal matter.
American Mgmt Resource Corp	17318	Cleaning Services	\$ 6,600	Edison Park ES	Deep cleaning for unidentified growth throughout boys and girls restroom. IAQ Dept Supervisor recommends exhaust fan system to be installed to purge possible gas exposure causing unidentified green growth.
American Mgmt Resource Corp	17319	Cleaning Services	\$ 4,125	Fort Myers Technical College	Full remedial wipe of suspect growth in DF and adjacent rooms.
American Mgmt Resource Corp	17326	Moisture gym/locker room	\$ 300	The Alva School	Microbial growth in girls locker room due to lack of dehumidification. Wipe down necessary.
American Mgmt Resource Corp	18177A	Provide Cleaning Services	\$ 3,173	Cypress Lake HS	Full remediation of suspect growth.
American Mgmt Resource Corp	18177	Cooling Tower - Chemical pick up & Florescent light bulb removal	\$ 525	Three Oaks MS	Hazardous material/chemical pick-up in cooling tower area.
American Mgmt Resource Corp	18327	Janitorial Cleaning of Restrooms	\$ 1,785	Edison Park ES	Deep cleaning for unidentified growth throughout boys and girls restroom. IAQ Dept Supervisor recommends exhaust fan system to be installed to purge possible gas exposure causing unidentified green growth.
American Mgmt Resource Corp	18330	Cleaning Reception Area	\$ 615	Littleton ES	Suspect growth noticed by staff. Full remedial wipe ordered.
American Mgmt Resource Corp	18417	Clean and Wipe Down	\$ 1,470	Lehigh ES	Full remedial wipe down due to leak from HVAC unit.
American Mgmt Resource Corp	18426	Cleaning due to roof leak	\$ 443	Estero HS	Multiple roof leaks. Partial remedial wipe down ordered.

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Company	Invoice #	Purpose	Amount	Facility Name	Supplemental Work Description
American Mgmt Resource Corp	18545	Administrative Office Cleaning	\$ 2,595	Success Academy	Blower wheel was dirty and caused particulate matter to be distributed throughout the classrooms. Recommended blower wheel remediation and partial class wipe down.
American Mgmt Resource Corp	18546	Clean & Empty Storage Container	\$ 2,955	Success Academy	Full remediation of said furniture.
American Mgmt Resource Corp	18646	Work throughout campus exterior	\$ 26,280	Fort Myers Technical College	Asbestos abatement.
American Mgmt Resource Corp	17531	Clean outflows within retention ditch in front of school,	\$ 2,700	The Alva School	Clean-out of all ditches and culverts to prevent future flooding of auditorium.
American Mgmt Resource Corp	17531	Remove unsuitable fill in PE field in several locations & install clean fill, grade, & sod	\$ 7,240	The Alva School	Fill and regrade PE areas to prevent trip hazards.
American Mgmt Resource Corp	17759	Remove existing grass & plants from window covers-install floritam sod, mulch & new planting	\$ 4,360	Success Academy	Removal of grass recommended to prevent water intrusion to interior parts of campus.
American Mgmt Resource Corp	17802	Remove existing planter by office, install sod in the area	\$ 4,175	Skyline ES	Remove planter and install sod to prevent water intrusion to interior parts of campus.
American Mgmt Resource Corp	17685	Remove evasive exotic vegetation, treat affected area 2/herbicides	\$ 4,100	Harns Marsh ES	Removal of all exotic plants, within wetland and adjoining areas, according to SFWMD requirements.
American Mgmt Resource Corp	18127	Labor & sod to repair field damaged from construction truck ruts and potholes	\$ 43,964	Fort Myers HS	Fill and regrade baseball infield areas to prevent trip hazards.
American Mgmt Resource Corp	17791	Clear out & prep grounds for storage area	\$ 3,900	Riverdale HS	Clear out area for grounds storage area.
American Mgmt Resource Corp	17788	Provide maintenance to football field, mow 3 times a week, add 87 lbs. top choice, 3 applications of fertilizer & add needed sod	\$ 10,956	Fort Myers HS	Maintain football field after new turf is installed.
American Mgmt Resource Corp	18121	Remove existing mulch from planter in courtyard & install crushed rock	\$ 2,164	Villas ES	Mulch and planters removed to prevent water intrusion into building interior.
American Mgmt Resource Corp	18102	Remove existing materials from courtyard and grade-install #57 stone in this area	\$ 3,854	The Alva School	Regrade courtyard area to prevent water from flooding adjacent buildings.
American Mgmt Resource Corp	18128	Remove existing mulch & plants from planter, dig out planter to clear drainage and replace with mulch	\$ 8,560	Skyline ES	Mulch and planters removed to prevent water intrusion into building interior.
American Mgmt Resource Corp	18234	Remove exotic vegetation	\$ 14,775	Heights ES	Removal of all exotic plants, within wetland and adjoining areas, according SFWMD requirements.
American Mgmt Resource Corp	18706	Remove exotic vegetation	\$ 7,250	Heights ES	Removal of all exotic plants, within wetland and adjoining areas, according to SFWMD requirements.
American Mgmt Resource Corp	18415	Install rock planters and sod	\$ 3,480	The Sanibel School	Drainage improvements in order to keep water from intruding into building.

Company	Invoice #	Purpose	Amount	Facility Name	Supplemental Work Description
American Mgmt Resource Corp	18570	Remove existing soil & vegetation to allow construction of new access point into school.	\$ 10,593	Treeline ES	Work necessary to improve storm water drainage for new access point.
American Mgmt Resource Corp	18703	Install crushed rock in garden area	\$ 3,036	Villas ES	Drainage improvement to aid and assist water flow.
American Mgmt Resource Corp	18668	Clean out East Retention pond, regrade & lay Bahia mix grass seed	\$ 11,600	Fort Myers HS	Clean-out west retention pond and regrade areas for ample water storage and proper drainage.
American Mgmt Resource Corp	18668	Clean out West Retention pond, regrade & lay Bahia mix grass seed	\$ 8,420	Fort Myers HS	Clean-out east retention pond and regrade areas for ample water storage and proper drainage.
American Mgmt Resource Corp	18702	Clear and Clean Retention Pond, regrade & lay Bahia mix grass seed	\$ 5,985	Ida S. Baker HS	Clean out retention ponds to improve drainage and water flow to designated areas.
American Mgmt Resource Corp	18719	Clear and Clean Retention Pond, regrade & lay Bahia mix grass seed	\$ 6,055	Ida S. Baker HS	Clean out retention ponds to improve drainage and water flow to designated areas.
American Mgmt Resource Corp	18947	New sod on PE Field	\$ 18,640	Diplomat ES	Grade and install new sod to prevent trip hazards.
American Mgmt Resource Corp	18748	Remove 6x6 area around old conduits	\$ 5,630	The Alva School	Removal of floor section to identify water intrusion source underneath gym floor.
American Mgmt Resource Corp	18949	Remove existing dead sod and replace with new Bahia sod-install a mulch border and install plants on ground cover.	\$ 7,320	Dunbar HS	Regrade and re-sod to improve drainage.
American Mgmt Resource Corp	19699	Ground Improvements	\$ 11,630	Orangewood ES	Redirection of stormwater run-off per adjacent property complaints.
American Mgmt Resource Corp	19698	PE Field Improvements	\$ 4,382	Gulf MS	Regrade and install new sod to prevent trip hazards.

Finding No. 3: Indoor Air Quality Services

Recommendation:

The District should document the public purpose served for the IAQ services and related payments. Such documentation should include evaluations of the necessity for the services by qualified personnel unaffiliated with the IAQ service provider procurement and payment processes. The District should also enhance service contracting and payment monitoring procedures to require and ensure that District records be maintained to demonstrate that:

- The District evaluates why services are necessary before contacting service providers and contracting for the services.
- The District considered, through preparation of a cost-benefit analysis, whether it would be more cost-effective to separately contract for emergency services instead of contracting with one service provider for both emergency services and services that do not require immediate attention.
- Personnel who perform the services possess the contract-required license and certificate qualifications.
- The services are performed by the most qualified service provider.

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- Negotiated contract rates were reasonable and appropriate for the services and that, prior to payment for the services, District personnel verified that the services were satisfactorily received and performed consistent with the Board-approved contracts.
- In addition, the District should require and ensure future contracts contain maximum contract amounts for services. Furthermore, the District should either document to the Florida Department of Education the allowability of the questioned costs totaling \$291,126 for general cleaning services or seek reimbursement from Company 1 for these costs.

Response: The District takes exception to this finding. Lee County is located in Southwest Florida where humidity and moisture are at very high levels year round. The District and the public are keenly aware of the District's responsibility to provide students and staff with educational spaces that are safe and healthy, including free of air pollutants and mold. With over 13,200,000 square feet of facilities, and 43 of our campuses with buildings between 42 – 103 years old, the demand for IAQ services has existed continuously for years. In the most recent decade, decreased funding for capital projects including emergency and preventative maintenance for roofs and HVAC systems has been a contributing factor for the ongoing need for IAQ services. In 2013 as the 2010 contract for IAQ services neared expiration, the District was proactive, evaluating the need for continued service, and competitively awarding an on-demand contract with prenegotiated rates in advance of the need for service - a best practice that locked in fixed rates for the 5-year contract duration. The contract scope required contractors to respond to emergencies within one hour; and to respond to non-emergency situations in four hours; reflecting the urgent nature of all IAQ services. The School Board publicly approved the contract and base year expenditure in 2013 and the Board publicly approved each subsequent years' expenditures for IAQ services for each remaining contract period, with a not-to-exceed annual cost each time. This information, coupled with the detailed information regarding the competitive solicitation process described by the State in its' audit, reveal the District's documented need for IAQ services; the proper execution of a public, competitive solicitation process to acquire services; and public approval by the Board of a not to exceed contract amount for each contract year. Additionally, it would have been an ineffective use of taxpayer dollars to publish, negotiate, award and administer separate contracts for emergency and non-emergency services, due to response time requirements that varied minimally.

In addition to the State's summary of the IAQ Services contract, which provides ample evidence of the District's compliance with competitive purchasing rules and regulations, the District provides the following information that further demonstrates the District's execution of best practices in public purchasing and project execution.

The District conducted planning and created documentation that evidenced the need for IAQ Services and a plan to procure the services, in advance of the release of a competitive solicitation for services, which replaced an expiring contract for similar services.

- In February 2013, as a result of discussions between the District IAQ team and Procurement staff regarding the need for continued IAQ services and the most economical method to procure them, it was determined to pursue an Invitation to Negotiate as the preferred solicitation method. This decision was documented in the document titled "7103SM Justification of ITN in lieu of Bid."
- An evaluation committee meeting was held on May 9, 2013, at 9:00 am with the District Indoor Air Quality Supervisor and staff, and Procurement staff. Past services utilized, and the need, type, and quantity of continued services was further discussed and documented, in advance of the solicitation publication. The meeting minutes were previously provided to the State. In the District's opinion, District IAQ subject matter

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experts who oversee IAQ projects are the best resources to determine the need for continued IAQ services in District facilities. They did so, and the analysis was documented.

- A review by the evaluation committee of the historical and continued need for IAQ services revealed future service costs would exceed \$25,000. School Board policy required competitive solicitations for services in excess of \$25,000 annually, so staff proceeded with developing the requirements for IAQ services. The requirements were formally documented in Invitation to Negotiate #137103SM and released to the public. As stated in the ITN:

Some examples of requirements include providing IAQ related investigation, defining work scope, testifying in legal proceedings, environmental test samples, asbestos abatement, lead abatement, HVAC services, water damage repair, mold remediation, drywall repair, floor and ceiling repairs, painting and general cleaning at approximately 106 facilities including schools and administrative sites

As demonstrated with the 18 certifications received from the two contracted firms and their staff, personnel who performed the services possessed the industry standard certifications to perform the services.

Contract Category A work required 13 total certifications

- One contractor submitted 13 of the 13 requested certifications for Category A
- Another contractor did not submit a proposal to perform work in Category A

Contract Category B required 6 total certifications

- One contractor submitted 6 of 6 certifications for Category B
- One contractor submitted 5 of 6 certifications for Category B and has since submitted to the District the 6th certification

Based on their qualifications, the two awarded contractors were both deemed qualified to perform the services requested. During the contract price negotiation process, the District intentionally negotiated identical rates with both contractors, so that either qualified contractor could perform requested services, based on District demand and contractor resource availability – without having to evaluate cost each time. The awarded contractors had also provided fixed rate services under the prior District contract. The District deemed it fair and reasonable to increase rates one time over an 8 year period, to equate to less than the annual average increase of 4-5% annually used by other government entities. Failure to accommodate rate increases for eight years would result in decreased competition and the possibility that no Contractors would be willing to perform the required services. In addition, during negotiations the District targeted lower rate increases for services used most frequently.

Based on the annual spend from 2010 through 2017, the negotiation strategies to control cost increases were successful. Although the number of district buildings increased with the addition of new schools, and buildings aged and realized increased opportunities to require air quality service, the annual expenditures for the contract in the 8 year period grew only moderately **including** the support of the Hurricane Irma aftermath – which is a 7% increase from the prior contract to the current contract.

In addition, during the new contract planning process, the District made the focused decision to convert the price structure for services from linear foot to labor hours in an attempt to control costs. The spreadsheet previously provided to the State was created by the evaluation team based on estimated labor hours to perform

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the linear foot work. Converting from linear foot to hourly labor rates was anticipated to control the overall contract costs.

After the contract was awarded to two businesses, the evaluation for services occurred as each situation presented itself – on a case-by-case basis, and in consideration of the need for services in Category A or B. When a problem or suspected problem was reported by school officials, the District process, as documented in the IAQ Process Document, was executed. District Maintenance Staff contacted contractors for service, and monitored each project as the contractors performed their service.

The District agrees that some invoices for IAQ services were submitted for a total project cost, and did not include a breakdown of the project cost by hourly rate. The District has formally notified both firms, in writing, that all future invoices are required to contain a breakdown of services provided. The District respectfully disagrees that timesheets for contractors are required to be submitted to the District to justify work performed. Projects are supervised by District staff, who also review invoices to validate level of effort. The District requested the State to provide evidence that it is a best practice for contractors to submit their timesheets to the government when providing services, or that any other district follows this practice. We have not received these items.

Finding No. 4: Monitoring of Construction Management Entity Pay Requests

Recommendation: The District should enhance procedures for monitoring CME pay requests to include a documented comparison of the cost items in the CME pay requests to supporting documentation, including, as applicable, GMP contracts and subcontractor bids and contracts, before payment is made to the CME.

Response: The District takes exception to this finding. The District consistently reviews monthly payment applications from CME line item values as stipulated in the GMP, submitted for approval by the District following the competitive bidding process. The GMP line item values are the basis of the monthly payment application submission. The District reviews subcontract competitive bids with the CME prior to GMP creation, and prior to CME contracting with subcontractor entities. District Facility Engineers field verify actual monthly work progress in conjunction with Project Architects and Engineers, to verify accuracy of CME payment applications against the District approved GMP. The District utilized the AIA billing system (Document G702: Application and Certificate for Payment) which requires the construction manager to provide information according to the status of the total dollar amount of work completed during the construction project, the sum of any previous payments, descriptions of any change orders, the amount of any retainage, and the sum of the requested payment. The information contained in the document is certified by the project architect and then reviewed by District Staff using the "Checklist for Payment Application" prior to a multi-signature approval.

The statement that the District's ability to recover overpayment amounts is limited because the CPA firm services are provided after projects are completed and payments are made to the CME's is misleading. Pursuant to Section 255.078, Florida Statutes, the District retains a minimum of 5% of the construction contract amount until after the project is completed and audited by an external CPA firm and Board Approved for the final retainage to be paid to the construction manager. Should the audit find any overpayments, the District reserves the right to recover via the retained funds.

The District has updated the "Checklist for Payment Application" for all construction projects to document a thorough review of CME pay applications to ensure all billing is performed in accordance to the schedule of values in contracts and the contractors/subcontractors are submitting all required paperwork, including bids, prior to making payment. The District has also engaged with an external legal consultant to develop a CME contract template that provides for open and transparent general conditions reporting.

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Additional note: The District previously received communication from the auditor on October 9, 2017, stating this particular finding would be removed as a result of reviewing the project audit reports performed by an external CPA for the projects in question.

Finding No. 5: Subcontractor Selection

Recommendation: The District should require that District personnel maintain documentation to demonstrate their attendance at all subcontractor bid openings. Additionally, the District should enhance procedures to include a documented comparison of subcontractor bid awards to subcontractor contracts to verify that the CMEs used a competitive selection process to select subcontractors and that the bid award and contract amounts agree.

Response: The District agrees in part with the finding. While the District acknowledges copies of CME subcontracts were not maintained in file, it does not negate the fact that the subcontract work scope was in fact publicly advertised and competitively bid. The CME opens all bids with the District staff in presence during the bid openings. The CME compiles and qualifies all bids, and provides a GMP submission to the District for approval (lowest qualified bids are used). The District does not review subcontracts engaged between the CME and Subcontractors, as the only legal binding document is the GMP engaged between the District and CME. Contractual language in the District CME contract stipulates that line items within the GMP are not guaranteed, and allows for CME to adjust GMP lines as needed. However the GMP is fixed and cannot be increased without District approved change order process. Following are documented examples of this requirement, extracted from the Bonita Springs High School and Dunbar contracts:

Bonita Springs High School Contract Section 5.3 – Construction Phase

“For each line item in the GMP Amendment, Construction Manager shall develop and maintain a written report which identifies and explains all variances and deviations from the bid amount originally submitted for that line item, to the final line item price incorporated into the GMP. Notwithstanding the foregoing the Construction Manager and Owner agree that the amounts of any particular line items in the schedule of values is not guaranteed.”

Dunbar High School Contract Section 5.3 – Construction Phase

“Notwithstanding the foregoing the Construction Manager and Owner agree that the amounts of any particular line items in the schedule of values is not guaranteed. The final cost of any particular line item may be more or less than the amount set forth in such line item in the schedule of values. Thus, the amounts set forth for particular line items are not guaranteed, but Construction Manager guarantees that in no event shall the Construction Management Fee and the total Cost of the Work exceed the GMP, as the GMP may be adjusted pursuant to the terms herein for Change Orders and Construction Change Directives.”

The current District practice, adopted in 2018, requires staff to maintain an attendance sheet for all subcontractor bid openings that clearly states the time, date, and location of the opening as well as the printed names, signatures, contact information, and represented entity for all attendees including District staff. District staff will also be required to sign all bid tabulation sheets during subcontractor bid openings on future projects. Current practice also requires staff to obtain and record, after the bid opening, all associated bid documents and subcontractor contracts in order to verify, in the form of a report, that the construction manager used a competitive selection process to select subcontractors and ensure services are obtained at the lowest cost consistent with acceptable quality and that maximum cost savings under the GMP contracts are realized.

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Additional note: The District previously received communication from the auditor on October 9, 2017, stating this particular finding would be removed as a result of reviewing the project audit reports performed by an external CPA for the projects in question.

Finding No. 6: Subcontractor Licenses

Recommendation: The District should maintain documentation to demonstrate the verification of subcontractor licenses before the subcontractors commence work on District facilities.

Response: The District agrees in part with this finding. The District has consistently held the construction manager responsible for maintaining documentation verifying subcontractor licenses before commencing work. To strengthen oversight, the current District practice contractually requires construction managers provide staff with a list of valid and current subcontractor licenses as an attachment to the GMP prior to the execution of the contract.

Finding No. 7: General Conditions Costs

Recommendation: The District should establish policies and procedures for negotiating, monitoring, and documenting the reasonableness of general conditions costs. Such policies and procedures should require documentation of the methodology used and factors considered in negotiating general conditions costs, and the receipt and review of sufficiently detailed documentation supporting the general conditions costs included in CME pay requests.

Response: The District agrees with this finding. Current District CME contracts, developed in consultation with an external legal professional, no longer include general conditions within an all-inclusive construction management fee as negotiated in previous projects. General conditions are now listed as line items within the contract to enable external CPA review for accuracy and costing. Current policy for negotiating contract general conditions is based on best practice and consultation with peer Districts. The District acknowledges that such an action may result in higher projects costs due to the additional auditing services not necessary in the previous practice of construction management fees inclusive of general conditions.

Additional note: The District previously received communication from the auditor on October 9, 2017, stating this particular finding would be removed as a result of reviewing the project audit reports performed by an external CPA for the projects in question.

Finding No. 8: School Volunteers

Recommendation: The District should ensure that searches of prospective school volunteer names and information are performed against the applicable registration information regarding sexual predators and sexual offenders and that records of such searches are retained. Such efforts should include supervisory review and approval of the forms or independent verification of the school volunteer approval process at the District level.

Response: The District agrees with this finding. The District understands the severity and importance of supervising volunteers in our schools. Each school is responsible to submit volunteers for an FDLE Sexual Predator background screening. This background screening is required and must be completed and documented annually for each volunteer (including returning volunteers) and approved by the Principal before volunteers participate on school campuses. The school Principal has the final decision to accept or deny volunteers. Volunteer applications and screenings are kept on file at individual schools. Volunteers are required to login/logout for identification purposes and to wear their volunteer name badge while on campus. The District commits to educating Principals annually, at the start of the school year, of the requirements to be followed

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regarding background checks for all volunteers; and to conduct periodic audits to ensure background checks are conducted as required.

On Monday, August 20, 2018, Principals attended a webinar on this subject, which was recorded to be accessible to Principals and District Staff throughout the year.

Finding No. 9: Payroll Processing – Time Records

Recommendation: The District should establish a mechanism for non-instructional and exempt employees to report time worked and also implement procedures requiring supervisors to document the review and approval of such time.

Response: The District takes exception to this finding. As stated in response to an inquiry during the audit, the District shared that non-instructional personnel are required to use the *LeeClock* electronic sign in/out application. In addition, the prior response stated that many locations also use a paper sign in/out book. The Fair Labor Standards Act does not require exempt employees to report time, as they are paid on a salary basis. The performance of exempt employees is measured by supervisor review of performance and employee output, on a regular basis. Board approved job descriptions are in place for exempt employee positions and define the expectations of the positions. Written evaluations for exempt employees are captured in the performance evaluation.

Finding No. 10: Florida Best and Brightest Teacher Scholarship Program

Recommendation: The District should enhance procedures to ensure that Program scholarships are awarded to eligible recipients based on qualifying college entrance examination scores reported on reliable and authentic records and highly effective evaluations based, in part, on student performance. Such procedures should include documented verifications of the eligibility of charter school scholarship recipients.

Response: The District takes exception to this finding. The State of Florida's Best and Brightest Scholarship Program has been amended by the Legislature each year since its inception. Constant changes have placed a burden on staff responsible for administering the program both at the Florida Department of Education (FLDOE) and at the District. The statutory language is ambiguous and vague. The District has contacted FLDOE on numerous occasions for guidance from FLDOE, since the language is minimal and does not provide the District with clear direction on how to ensure compliance with the statutory language. The District has made a continuous effort to formalize and continuously improve procedures, now that the program has been extended to be a multi-year program. The District has identified steps that need to be taken to ensure the collection of reliable and authentic records. The District has engaged key-stakeholders and is working to address procedural challenges that have come about as the result of the ambiguous statutory language and the delay in feedback from the State. With respect to charter schools, the District does not have access to charter school employee records. Therefore we request the charter schools validate their lists based on their employee performance data in advance of sending the lists to the District (in about December) and before funds are disbursed (approximately in March).

Finding No. 11: School Resource Officer Services

Recommendation: The District should establish procedures requiring, prior to payment for services, documented confirmation that SRO services were satisfactorily received and complied with the contract provisions.

Response: The District takes exception to this finding. The District collaborates with the Lee County Sheriff's Office to include School Resource Officers as part of the District's security program. Interlocal agreements

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capture the contractual requirements for this service. District Administrators at each location review the performance of the assigned Sheriffs on a regular basis. In the event unsatisfactory performance is received, the District would communicate the issue to the Sheriff's Youth Services Supervisors. Performance is not measured by hours on site, rather by fulfillment of contractual obligations. If there is a responsibility for validating number of hours worked by individual Sheriff staff members, the responsibility would be incumbent on the Lee County Sheriff's Office, not the District.

Finding No. 12: Purchasing Cards

Recommendation: The District should enhance procedures for the supervisory review and approval of P-card purchases to ensure that P-card program policies and procedures, including those prohibiting split transactions, are adhered to by cardholders.

Response: The District agrees in part with this finding. The \$999.99 P-Card limit is for one single item. The current P-Card Policy states that charges for purchases shall not be split to stay within the SINGLE ITEM purchase limit. The reason for the P-Card limit is to ensure Capital items valued at \$1000 or more are ordered through the PeopleSoft system to ensure asset tagging. In addition, the current P-Card Policy allows travel related expenses to be purchased via P-Card in amounts not to exceed \$4,999.99. Because travel is often scheduled for multiple staff members to attend a training session, it is more efficient to consolidate purchases for travel expenses into fewer transactions.

Finding No. 13: Information Technology - Risk Assessment

Recommendation: The District should develop a comprehensive, written IT risk assessment to provide a documented basis for managing IT-related risks.

Response: The District agrees with this finding and is already in the process of developing a comprehensive risk assessment and mitigation program to include a combination of binary risk analysis tools and an adaptation of the Factor Analysis of Information Risk (FAIR) model. The District engaged the services of United Data Technologies to perform a comprehensive security and risk assessment. We are in the process of reviewing their findings and recommendations and developing an action plan based upon the report. We engage Microsoft to perform an Active Directory review (ADRAP) biannually to review account security and policy management.

Finding No. 14: Information Technology – User Access Privileges

Recommendation: The District should ensure that only those employees who have a demonstrated need to access student SSNs have such access. Such efforts should include documented, periodic reviews of IT user access privileges to determine whether such privileges are necessary and ensure the timely removal of any inappropriate or unnecessary access privileges detected.

Response: The District agrees with this finding, and is in the process of implementing a periodic review process to ensure that access to SSNs via the student information system (SIS) are reviewed and access no longer needed is terminated in a timely basis.

Finding No. 15: Information Technology – Security Controls – User Authentication, Data Loss Prevention, and Logging and Monitoring of System Activity

Recommendation: The District should improve IT security controls related to user authentication, data loss prevention, and logging and monitoring of system activity to ensure the continued confidentiality, integrity, and availability of District data and IT resources.

Ms. Sherrill F. Norman
September 17, 2018

Response: The District agrees with the finding related to log analysis tools and has submitted a FY19 budget request for those solutions.

The District does not agree with the finding related to the number of unsuccessful login attempts, as the policy was designed with specific goals in mind, while allowing for mitigation of the risks for which the finding is targeted.

Actions Taken by Lee County School Board in response to FY17 Operational Audit

Finding #	Repeat Finding?	Finding Category	
1		Impact Fees	The District has expended impact fees only for authorized purposes, and as allowed by law. The school impact fees in question were levied pursuant to Lee County Ordinance No. 01-21, as amended by Ordinances Nos. 13-06 and 15-04, and as may be further amended (the "Impact Fee Ordinance"). The Impact Fee Ordinance is now found in Chapter 2, Article II, Division 6, Section 2-409 of the Land Development Code of Lee County, Florida (the "Land Development Code").
2	X	Ad Valorem Taxation	Mandated contractors to use the appropriate terms on invoices (e.g. remediation not cleaning) when treating with mold biocides Provided evidence that demonstrates funds expended meet requirements of the law and are allowable expenses Provided documentation that the items considered by the State as cleaning and maintaining grounds met the Safety to Life criteria and are therefore allowable expenses, in compliance with Florida Statute 1011.71 (2)(g)
3		Validate contracted services	Established requirement for vendor invoices to contain cost breakdown of services, hourly rates, and number of hours Continue to document the need for service in advance of solicitaitons Continue to validate contractor licenses pre and during contracts
4		Construction - validate subcontractor pay	Updated written procedures requiring enhanced monitoring of CME pay requests including: - Require comparisons of bids and contracts to the CME pay requests before payment - Require 2 staff to validate compliance prior to payment authorization Hired external legal consultant with construction expertise to revise the CME contract including general conditions Continue process authorizing District to recover costs through retainage process in compliance with Section 255.078, Florida Statute with minimum of 5% is retained until after the project is completed and audited by an external CPA
5		Construction - validate subcontractor bid processes	Implemented new subcontractor management process to increase oversight of CM's subcontractor bid and payment processes including: District attendance at subcontractor bid openings is required and documented District maintains copies of bids received by CM during CME bid openings District verifies the CM used a competitive selection process to select subcontractors and ensure services are obtained at the lowest cost consistent with acceptable quality and that maximum cost savings under the GMP contracts are realized. Documentation is retained in the District's project file. CME compiles and qualifies all bids, and provides a GMP submission to the District for approval
6		Construction - verify subcontractor licenses	Documented new process - requires CME's to verify and provide District staff with a list of valid and current subcontractor/suppliers licenses as an attachment to the GMP prior to the execution of their contract.
7		Construction - improve CME general conditions	Developed new contract format, with input from hired legal consultant, that no longer includes general conditions within an all-inclusive construction management fee as negotiated in previous projects. General conditions are now listed as line items within the contract to enable external CPA review for accuracy and costing. New documented procedure for negotiating contract general conditions is based on best practice and consultation with peer Districts New requirements may result in higher projects costs due to the additional auditing services

Finding #	Repeat Finding?	Finding Category	
8		School volunteer background checks	August 20, 2018, all Principals attended a webinar on the requirements for conducting volunteer background checks. The meeting was recorded and is accessible to Principals and District Staff throughout the year
9		Reporting Employee time worked	Continue utilizing LeeClock and sign in logs and allow Administrators access to these records
10		Best & BrightestScholarship Management	Identified and documented and require actions to ensure the collection of reliable and authentic records Continue efforts to obtain clarifying language from legislature Documented procedural challenges to that have come about as the result of the ambiguous statutory language and the delay in feedback from the State. Continue to require charter schools to validate their awardees based on their employee performance data in advance of application and prior to award
11		SRO monitoring	Continue collaboration with Lee County Sheriff's Office to include School Resource Officers as part of the District's security program Continue to leverage Interlocal agreements that capture contract requirements Continue to require District Administrators to regularly review the performance of the assigned Sheriffs Escalate unsatisfactory performance, if it occurs, to Sheriff's Youth Services Supervisors
12	X	Pcard controls	Updated the P-Card Purchasing Policy to more clearly reflect requirements for single item purchases and purchasing thresholds Updated Policy to require P-Card holders to annually review and sign P-Card rules and regulations
13	X	IT Risk Assessment	Phase 1 - completed in 2018 - hired a consultant to conduct comprehensive security IT security and risk assessments biannually Ongoing - assessments are reviewed with staff and consultant and action plans are prioritized
14		IT user access	Developed daily alert system to notify staff of employment status changes and for access permissions to be changed in systems that contain student SSNs Conducting quarterly audits of the alert system to ensure compliance
15	X	IT Security	Phase 1 complete - implemented Splunk's log analysis system to escalate significant events for staff review Phase 2 - in progress - additional log analysis for more District systems will be implemented in Q3/FY19

2 Three Peat: Introductory Information

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

Action available to the Committee is to request: (1) a written status update from entities with audit findings that have been reported in three or more audit reports (See Tab 2A and 2B), or (2) officials to appear before the Committee to explain their progress in correcting these audit findings (See Tab 2D).

Tab	Material
2	<p>Introductory Information</p> <ul style="list-style-type: none"> • Overview: Failure to Correct Audit Findings – Educational Entities and Local Governments • Directory of Schedules for Repeat Audit Findings
2A	<p>Schedules for Educational Entities <i>(Detailed analysis regarding audit findings that have been reported to the Committee and recommended action)</i></p> <ul style="list-style-type: none"> • State College and Universities • District School Boards • Charter Schools <p><i>Note: The green background used for some charter school 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.</i></p>
2B	<p>Schedules for Local Governmental Entities <i>(Detailed analysis regarding audit findings that have been reported to the Committee and recommended action)</i></p> <ul style="list-style-type: none"> • County Constitutional Officers • Municipalities • Special Districts <p><i>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.</i></p>
2C	Notifications received from the Auditor General
2D	Consideration of requiring certain officials to appear before the Committee

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., respectively¹ [*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 such action shall begin, and the directive must be received by the Department of Revenue and the

¹ As revised by SB 1720 (2013) (Ch. 2013-51, L.O.F.), effective July 1, 2013.

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 the provisions of 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 for the past six years. The Auditor General is required by law to conduct audits of state universities, Florida College System institutions, and district school boards.² 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 2012-13 fiscal year through the 2016-17 fiscal year, as reported to the Committee by November 28, 2018:

Type of Entity	Number of Entities with Repeat ³ Audit Findings During Last Five Fiscal Years (Total Number of Repeat Findings)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Colleges	6 (6)	0 (0)	6 (7)	2 (2)	4 (4)
Universities	4 (5)	2 (2)	2 (3)	1 (2)	2 (2)
District School Boards	43 (114)	35 (93)	31 (67)	24 (46)	17 (23)
Charter Schools	23 (34)	20 (21)	15 (17)	11 (11)	13 (13)
County Offices ⁴	84 (151)	77 (123)	68 (119)	64 (104)	19 (52)
Municipalities ⁵	146 (370)	134 (294)	117 (228)	110 (237)	91 (180)
Special Districts ⁶	154 (268)	138 (217)	131 (202)	115 (195)	92 (153)
Total	460 (948)	406 (750)	370 (643)	327 (597)	261 (427)

Recent Committee Action

Based on notifications received related to audit reports for the 2015-16 fiscal year, the Committee took action against 196 of the entities noted above during the meeting on December 7, 2017. 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 374 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 February 2019

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' 2016-17 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 2016-17 fiscal year, or earlier.

²All 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.

³ 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.

⁴ 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).

⁵ There are currently 411 municipalities in Florida. The Town of Hastings dissolved on February 28, 2018.

⁶ As of November 28, 2018, there are 1,722 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

State University or College	County	Schedule
University of South Florida	Pinellas, Hillsborough, Manatee, Sarasota	1
University of North Florida	Duval	1
Miami Dade College	Miami-Dade	1
Valencia College	Orange	1
Hillsborough Community College	Hillsborough	1
Northwest Florida State College	Okaloosa	1

District School Boards

District School Board	Schedule	District School Board	Schedule
Bradford	2	Lake	2
Clay	2	Leon	2
Franklin	2	Manatee	2
Gadsden	2	Marion	2
Gilchrist	2	Monroe	2
Hamilton	2	Pinellas	2
Hernando	2	Putnam	2
Hillsborough	2	Seminole	2
Jefferson	2		

Charter Schools

<i>Charter School</i>	<i>County</i>	<i>Schedule(s)</i>
Academy of Environmental Science	Citrus	4
Bay Haven Charter Academy Elementary School	Bay	4
Bay Haven Charter Academy Middle School	Bay	4
Bridgeprep Academy of Hollywood Hills	Broward	3
Bridgeprep Academy of Tampa	Hillsborough	3
Jacqueline Harris Preparatory Academy	Escambia	3
James Madison Preparatory Charter High School (3)	Madison	3
North Bay Haven Charter Career Academy	Bay	4
North Bay Haven Charter Elementary School	Bay	4
North Bay Haven Charter Middle School	Bay	4
Reading Edge Academy, Inc.	Volusia	3
Samsula Academy	Volusia	3
Student Leadership Academy of Venice, Inc.	Sarasota	3

Counties

County	County Office	Schedule(s)
Bradford	Sheriff	5
Calhoun	Sheriff	6
	Supervisor of Elections	6
Franklin	Board of County Commissioners	6
	Clerk of the Circuit Court	6
	Property Appraiser	6
	Sheriff	6
	Supervisor of Elections	6
	Tax Collector	6
Glades	Board of County Commissioners	6
Gulf	Sheriff	6
Hardee	Sheriff	5
Hillsborough	Clerk of the Circuit Court	5
Holmes	Board of County Commissioners	6
	Clerk of the Circuit Court	6
	Property Appraiser	6
	Sheriff	6
	Supervisor of Elections	6
	Tax Collector	5, 6
Jackson	Board of County Commissioners	6
	Property Appraiser	6
	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
Liberty	Sheriff	5
Madison	Board of County Commissioners	5
	Tax Collector	6
Miami-Dade	Board of County Commissioners	5
Okaloosa	Board of County Commissioners	5
Pasco	Property Appraiser	5
Putnam	Clerk of the Circuit Court	5
Sumter	Sheriff	5
Walton	Board of County Commissioners	5
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>
Alford, Town of	Jackson	7, 8
Arcadia, City of	DeSoto	7
Archer, City of	Alachua	7, 8
Atlantic Beach, City of	Duval	7
Bell, Town of	Gilchrist	8
Blountstown, City of	Calhoun	8
Bonifay, City of	Holmes	8
Bradenton Beach, City of	Manatee	7
Branford, Town of	Suwannee	8
Bronson, Town of	Levy	7, 8
Bunnell, City of	Flagler	7
Bushnell, City of	Sumter	7, 8
Callaway, City of	Bay	7
Campbellton, Town of	Jackson	8
Carrabelle, City of	Franklin	7, 8
Cedar Key, City of	Levy	7
Center Hill, City of	Sumter	7
Chiefland, City of	Levy	7
Clewiston, City of	Hendry	8
Coleman, City of	Sumter	8
Cottondale, City of	Jackson	7, 8
Dade City, City of	Pasco	7, 8
Deerfield Beach, City of	Broward	7
Dunnellon, City of	Marion	7
Eatonville, Town of	Orange	7
El Portal, Village of	Miami-Dade	7
Fanning Springs, City of	Gilchrist/Levy	8
Fort Meade, City of	Polk	7
Fort White, Town of	Columbia	8
Freeport, City of	Walton	7
Glen St. Mary, Town of	Baker	8
Graceville, City of	Jackson	7, 8
Grand Ridge, Town of	Jackson	8
Greensboro, Town of	Gadsden	8
Greenville, Town of	Madison	7, 8
Greenwood, Town of	Jackson	8
Gulf Breeze, City of	Santa Rosa	7
Hallandale Beach, City of	Broward	7
Hawthorne, City of	Alachua	7
Hialeah, City of	Miami-Dade	7
High Springs, City of	Alachua	7
Hilliard, Town of	Nassau	8
Horseshoe Beach, Town of	Dixie	8
Howey-in-the-Hills, Town of	Lake	8
Interlachen, Town of	Putnam	8
Jacob City, City of	Jackson	8

Municipality	County	Schedule(s)
Jennings, Town of	Hamilton	8
Keystone Heights, City of	Clay	8
LaBelle, City of	Hendry	8
Lake Helen, City of	Volusia	7
Lake Placid, Town of	Highlands	7
Lawtey, City of	Bradford	7
Macclenny, City of	Baker	8
Madison, City of	Madison	8
Malone, Town of	Jackson	8
Mayo, Town of	Lafayette	8
Medley, Town of	Miami-Dade	7, 8
Miami, City of	Miami-Dade	7
Midway, City of	Gadsden	7, 8
Moore Haven, City of	Glades	8
Mulberry, City of	Polk	7
North Miami Beach, City of	Miami-Dade	7
Oak Hill, City of	Volusia	7, 8
Oakland, Town of	Orange	7
Orchid, Town of	Indian River	8
Otter Creek, Town of	Levy	8
Palm Bay, City of	Brevard	7
Panama City, City of	Bay	7, 8
Panama City Beach, City of	Bay	8
Parker, City of	Bay	8
Paxton, City of	Walton	8
Penney Farms, Town of	Clay	8
Pierson, Town of	Volusia	7, 8
Pomona Park, Town of	Putnam	8
Reddick, Town of	Marion	7
San Antonio, City of	Pasco	7
Sneads, Town of	Jackson	7, 8
South Daytona, City of	Volusia	7
South Palm Beach, Town of	Palm Beach	7
St. Cloud, City of	Osceola	7
St. Lucie Village, Town of	St. Lucie	8
St. Marks, City of	Wakulla	8
Tallahassee, City of	Leon	7
Temple Terrace, City of	Hillsborough	7
Trenton, City of	Gilchrist	8
Virginia Gardens, Village of	Miami-Dade	7
Wausau, Town of	Washington	7, 8
Webster, City of	Sumter	7, 8
West Park, City of	Broward	7
Wewahitchka, City of	Gulf	8
Windermere, Town of	Orange	8

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
Arborwood Community Development District	Lee	9
Aucilla Area Solid Waste Administration	Dixie, Jefferson, Madison, Taylor	10
Avalon Beach/Mulat Fire Protection District	Santa Rosa	9
Baker County Development Commission	Baker	10
Baker County Hospital District	Baker	10
Beach Mosquito Control District	Bay	10
Buckeye Park Community Development District	Manatee	9
Cedar Key Special Water and Sewer District	Levy	10
CFM Community Development District	Lee	9
Chapel Creek Community Development District	Pasco	9
Children's Services Council of Okeechobee County	Okeechobee	10
City Center Community Development District	Polk	9
City-County Public Works Authority	Glades	10
Concorde Estates Community Development District	Osceola	9
Connerton West Community Development District	Pasco	9
Coquina Water Control District	Okeechobee County	9
Creekside Community Development District	St. Lucie	9
The Crossings at Fleming Island Community Development District	Clay	9
Daytona Beach Racing and Recreational Facilities District	Volusia	9
Deer Run Community Development District	Flagler	9
Durbin Crossing Community Development District	St. Johns	9
Escambia-Pensacola Human Relations Commission	Escambia	10
Fellsmere Water Control District	Indian River	10
Fiddler's Creek Community Development District	Collier	9
Fiddler's Creek Community Development District 2	Collier	9
Florida Keys Mosquito Control District	Monroe	9
Gilchrist Soil and Water Conservation District	Gilchrist	10
Gramercy Farms Community Development District	Osceola	9
Hendry-LaBelle Recreation Board	Hendry	10
Heritage Harbour Market Place Community Development District	Manatee	9
Heritage Isles Community Development District	Hillsborough	9
Holmes Creek Soil and Water Conservation District	Holmes	9, 10
Holt Fire District	Okaloosa	9, 10
Indian River Farms Water Control District	Indian River	10
Indigo Community Development District	Volusia	9
Jackson Soil and Water Conservation District	Jackson	9, 10
Julington Creek Plantation Community Development District	St. Johns	9
Lake Shore Hospital Authority	Columbia	10
Lakeside Plantation Community Development District	Sarasota	9
Levy Soil and Water Conservation District	Levy	10
Madeira Community Development District	St. Johns	9

Special District	County	Schedule(s)
Madison County Health and Hospital District	Madison	9
Madison County Soil and Water Conservation District	Madison	9
Magnolia West Community Development District	Clay	9
Marion County Law Library	Marion	10
Meadow Pointe IV Community Development District	Pasco	9
Mediterranea Community Development District	Palm Beach	9
Middle Village Community Development District	Clay	9
Midtown Miami Community Development District	Miami-Dade	9
Montecito Community Development District	Brevard	9
Moore Haven Mosquito Control District	Glades	10
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
Overoaks Community Development District	Osceola	9
Palm River Community Development District	Hillsborough	9
Parker Road Community Development District	Alachua	9
Port St. Joe Port Authority	Gulf	9
Portofino Isles Community Development District	St. Lucie	9
Portofino Landings Community Development District	St. Lucie	9
Portofino Vista Community Development District	Osceola	9
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 Central Regional Wastewater Treatment and Disposal Board	Palm Beach	9
South Florida Water Management District	Broward	9
South Seminole and North Orange County Wastewater Transmission Authority	Orange, Seminole	10
St. Johns Improvement District	Indian River	9
Sterling Hill Community Development District	Hernando	9
Stevens Plantation Community Development District	Osceola	9
Suwannee County Conservation District	Suwannee	10
Taylor Coastal Water and Sewer District	Taylor	10
Tern Bay Community Development District	Charlotte	9
Tolomato Community Development District	Duval	9
Trails Community Development District	Duval	9
Treeline Preserve Community Development District	Lee	9
Tri-County Airport Authority	Holmes	9, 10
Viera Stewardship District	Brevard	9
Villa Vizcaya Community Development District	St. Lucie	9
Waterford Estates Community Development District	Charlotte	9
Waterstone Community Development District	St. Lucie	9
West Villages Improvement District	Sarasota	9
Westridge Community Development District	Polk	9

<i>Special District</i>	<i>County</i>	<i>Schedule(s)</i>
Westside Community Development District	Osceola	9
The Woodlands Community Development District	Sarasota	9
Zephyr Ridge Community Development District	Pasco	9

2A Three Peat: Educational
Entities

State Universities and Colleges

Failed to Take Full Corrective Action in Response to a Recommendation Included in the
2016-17 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?
Miami Dade College	<p><u>AG Report No 2018-209 (Finding #10 - Adult General Education)</u>: The College over-reported instructional contact hours for certain students enrolled in adult general education classes. The auditors recommend that the College strengthen controls to ensure instructional contact hours for adult general education classes are accurately reported to the Florida Department of Education (FDOE). The auditors further recommend that the College determine to what extent the adult general education hours were misreported for the 2016-17 fiscal year and contact the FDOE for proper resolution of the misreported hours. (See PDF Page 17)</p>	N/A	N/A	N/A	Yes
Valencia College	<p><u>AG Report No 2018-199 (Finding #10 - Timely Deactivation of Use Access Privileges)</u>: Review of the network access privileges of 226 former College employees who had access privileges to certain critical applications, such as finance and human resources applications, disclosed that the user access privileges for 147 of these former employees remained active for a week to 221 days after the users' respective employment separation dates. The auditors recommend that the College continue efforts to ensure that network access privileges are promptly deactivated when users separate from College employment. (See PDF Page 13)</p>	N/A	N/A	N/A	Yes

State Universities and Colleges

Failed to Take Full Corrective Action in Response to a Recommendation Included in the
2016-17 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>Hillsborough Community College</p>	<p><u>AG Report No 2018-160 (Finding #4 - Adult General Education)</u>: The College over-reported instructional contact hours for certain students enrolled in adult general education classes because College personnel did not appropriately convert daily attendance to contact hours. The auditors recommend that the College continue to strengthen controls to ensure the instructional contact hours for adult general education classes are accurately reported to the Florida Department of Education (FDOE). The auditors further recommend that the College continue efforts to determine to what extent adult general education hours were misreported and obtain appropriate resolution from the FDOE regarding the misreported hours (See PDF Page 7)</p>	<p>N/A</p>	<p>2017 (FY 2014-15)</p>	<p>Subsequent to the audit, the College implemented a series of steps aimed at improving the recording and reporting of instructional contact hours to include daily attendance tracking, weekly reviews of attendance records, and a mid-term assessment of section hours. This finding was based on a single incorrect date being entered into the tracking system for a single student (i.e., the year was entered 2025 instead of 2015). To further prevent instances like this, the Reporting Coordinator and the Education Director have implemented new data integrity procedures to include both a review of student withdrawal dates and total section hours for the term prior to submitting associated reports to the State of Florida.</p>	<p>Yes</p>
<p>Northwest Florida State College</p>	<p><u>AG Report No 2018-108 (Finding #4 - Contractual Services)</u>: College controls over the procurement of and payment for contractual services continue to need improvement. The auditors recommend that the College enhance procedures to document, before services are provided, approval of the services and related hourly rates and, before payment, the dates the services were satisfactorily received. (See PDF Pages 5-6)</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>Yes</p>
<p>University of South Florida</p>	<p><u>AG Report No 2018-105 (Finding #2 - Severance Payments)</u>: The University made severance payments that exceeded the limits established in State law. 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>N/A</p>	<p>N/A</p>	<p>Yes</p>

State Universities and Colleges

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University of North Florida	AG Report No 2018-130 (Finding #6 - Information Technology Security Controls - User Authentication): University information technology (IT) security controls related to user authentication continue to need improvement. Specific details of the issues were not disclosed in the audit report to avoid the possibility of compromising University data and IT resources; however, appropriate University management was notified of the specific issues. The auditors recommend that the University improve IT security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of University data and IT resources. (PDF Page 10)	N/A	N/A	N/A	Yes

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.

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Bradford	<p><u>AG Report No. 2018-029 (#5 - Information Technology - Disaster Recovery Plan):</u> The District's disaster recovery plan did not include identification of an alternative processing facility to be used in the event of a disaster. District personnel indicated that, due to the enterprise resource planning (ERP) software and equipment in use, the District has not been able identify and contract with an alternative processing facility with compatible software and hardware capabilities. District personnel also indicated that the District plans to migrate from its ERP software and contract for an alternative processing facility by June 30, 2018. The auditors recommend that the District continue efforts to develop a comprehensive, written disaster recovery plan, including identifying and contracting for an alternative processing facility. The auditors further recommend that the District test the plan at least annually. (See PDF Page 7)</p>	N/A	2017 (2014-15)	The Disaster Recovery Plan has been completely rewritten. The District has focused on providing clear lines of communication, as well as clear action plans for the identified incidents. [Note: The District's response included a copy of the Disaster Recovery Plan as an attachment.]	Yes
Clay	<p><u>CPA Firm FY 2016-17 (#2017-4 - Information Technology (IT) Controls):</u> While the District did make limited efforts during the current fiscal year on the recommendations relating to IT controls in the prior year audit report, the auditors noted opportunities for the District to improve and strengthen the control environment and the quality and integrity of information generated by the IT systems. The auditors recommend that: (1) the Disaster Recovery Plan be updated to include test plans to provide reasonable assurance to management that systems and data can be recovered to meet required business objectives; (2) management document policies and procedures for key IT control areas to include, but not limited to, IT security (e.g., network monitoring, user access provisioning, physical access) and change management (e.g., patching, configuration); (3) the Incident Response Plan be completed and approved, and include, as a component of the plan, training on how incidents are to be handed and resolved ; and (4) a periodic review of user access privileges be performed to ensure an appropriate separation of duties is maintained and the user's access is necessary. (See PDF Page 87)</p>	N/A	2017 (2014-15)	Corrective action was taken during the 2015-2016 school year. Corrective action included weekly review via internal reports identifying access privileges to all employees and adjustments made accordingly.	Yes

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Franklin	<p><u>AG Report No. 2018-180 (#7 - Virtual Instruction Program Policies and Procedures)</u>: During the 2016-17 fiscal year, the District enrolled ten full-time virtual instruction program (VIP) students. Board policies address various VIP requirements, such as compliance with statutory requirements, student eligibility, and parental notification, that provide a basis for administering the District VIP. However, the policies did not address mandatory provisions in VIP provider contracts, instructional materials, or providing computer equipment and Internet access to eligible students. The auditors recommend that, to promote compliance and enhance the effectiveness of VIP operations and related activities, the District VIP policies and procedures be revised to be more comprehensive. (See PDF Pages 10-11)</p>	N/A	N/A	N/A	Yes
Gadsden	<p><u>AG Report No. 2018-124 (#2017-002 - Financial Reporting)</u>: District financial reporting procedures for pension expenses and related liabilities and capital assets need improvement. Audit adjustments necessary to ensure the financial statement amounts were properly reported were accepted by District personnel. The auditors recommend that the District improve procedures to ensure that financial statement account balances and transactions are properly reported. (See PDF Page 76)</p>	SD	2018 (2015-16)	<p>The District continues to improve its financial reporting procedures to ensure that financial statement account balances and transaction and the Schedule of Expenditures of Federal Awards expenditure amounts are properly reported. The School Board has made the correct reporting of financial transactions and account balances with the subsequent statements a top priority. Financial workshops dedicated to financial issues precede every regular monthly School Board meeting. The Finance Department has been reorganized with more direct oversight by the Superintendent, and the District is converting from utilizing two different types of software for payroll and finance functions to one unified software system. As part of the software conversion process, the District is working on desk manuals for the varied and essential payroll and finance functions. Due to the size of the District, often only one person performs integral tasks and thus documentation and cross-training are underway to maintain the cyclical work required by payroll and finance functions. Significant improvements have been made in the verification of account balances and transactions. The District will seek extensive review of future financial statements in order to ensure accuracy.</p>	Yes

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Gilchrist	<p>AG Report No. 2018-140 (#2017-001 - Information Technology - Access Privileges): District records and inquiries with District personnel disclosed that District management periodically reviewed assigned IT access privileges. However, an inadequate separation of duties continued to exist in that the Director of Finance, who had primary responsibility for monitoring District financial activities, such as reviewing and approving payroll and other expenditure transactions, also served as District security administrator and, thereby, had full update capability to computer files. While the District had certain compensating controls in place, such as documented bank account reconciliations prepared by an employee other than the Director of Finance and review and approval of monthly expenditures by the Superintendent and the School Board, the existence of unnecessary or inappropriate IT access privileges increases the risk that errors or fraud may occur and not be timely detected. The auditors recommend that District management ensure that assigned IT access privileges restrict employees from performing incompatible functions by transferring the security administrator responsibilities to an employee other than the Director of Finance. (See PDF Pages 70-71)</p>	SD	2018 (2015-16)	<p>Since the audit was released, the District has restricted access privileges of the three employees that had systemwide access to all areas of the software system dealing with the business (Finance and Human Resources). The District has assigned these employees to security groups, which allow the employees to perform their day-to-day job duties while restricting the employees from areas of the system that are not part of their daily activities. The auditor recommended that security administrator responsibilities be transferred to an employee other than the Director of Finance. In the corrective action plan, the District stated that the security administration responsibilities would be transferred to the Instructional Technology Coordinator. The District instead has transferred the security administration responsibilities to the Finance Officer for Accounting.</p>	Yes

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Hamilton	<p><u>AG Report No. 2018-164 (#8 - Compensation and Salary Schedules)</u>: The instructional personnel salary schedule provided for additional responsibilities differentiated pay, such as for sponsoring classes, directing bands, and coaching athletics, and the school administrator salary schedule indicated that the Superintendent could place an administrator in any level of classification justified. However, contrary to State law, District records did not evidence instructional personnel differentiated pay based on school demographics, critical shortage areas, and level of job performance difficulties. Additionally, District records did not evidence school administrator differentiated pay based on additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties. The auditors recommend that the Board establish a documented process for identifying the instructional personnel and school administrators entitled to differentiated pay using the factors prescribed in State law and adopt salary schedules that specify the differentiated pay based on those factors. (See PDF Pages 9-10)</p>	N/A	2017 (2014-15)	<p>The Board established and implemented a salary schedule which provides annual salary adjustments based upon performance as determined under Section 1012.34, Florida Statutes. The District personnel continue to work with the Hamilton County Education Association (the Union) to establish additional differentiated pay factors for salary supplements as required under Section 1012.22, Florida Statutes. Certain items of note that have delayed action include the reality that all schools in the District qualify as Title 1 eligible schools and that , beginning in fiscal year 2017-18, all elementary schools in the District will be combined into one new elementary school. Negotiations with the Union are scheduled to occur later in the fiscal year and District personnel will address these issues and the need to identify District-specific critical teacher shortage areas for differentiated pay.</p>	Yes
	<p><u>AG Report No. 2018-164 (#12 - Logging and Monitoring of Network Security Events)</u>: Certain District IT security controls related to logging and monitoring of network security events needed improvement. Specific details of the issues were 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 such details. The auditors recommend that, to ensure continue confidentiality, integrity, and availability of District data and IT resources, the District improve security controls related to logging and monitoring of security events. (See PDF Page 14)</p>	N/A	2017 (2014-15)	<p>The District has made the requested changes to the Data Loss Prevention plan and continues to refine and improve logging and security monitoring. The District is also reviewing proposals from outside security companies to provide logging and security monitoring.</p>	Yes

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Hernando	<p>CPA Firm FY 2016-17 (#2017-1 - Inventory of Capital Assets): During their review of the capital asset records and discussion with management, the auditors noted that an inventory of capital assets should be performed that reconciles all capital assets in the subsidiary ledger with capital assets on hand. Additionally, the auditors recommend that a schedule of approved construction projects in process be maintained to further reconcile records with responsible departments to monitor costs to date and completion of costs for future capitalization. Also, during their review of the capital asset audit area, the auditors noted discrepancies of the information provided and in the 2017 fiscal year that an invoice for construction costs of approximately \$900,000 was never submitted for payment from the department responsible for the approval of construction invoices. The auditors recommend that the departments responsible for the safeguarding of capital assets and recordkeeping perform additional reviews and reconciliations of the physical locations of the capital assets, including the documentation of the procedures to ensure that the inventory records and the financial records are in agreement. These additional procedures should provide for improvement in financial reporting, timely payment, and monitoring of construction and capital assets. (See PDF Page 149)</p>	SD	2018 (2015-16)	The District has developed and implemented written procedures that document additional reviews to properly reflect the assignment of fixed assets. District Warehouse and Property Control staff have been trained on the new inventory procedures to ensure the completeness and accuracy of reporting inventory. Also, the Manager of Warehouse will participate in bookkeeper trainings throughout the year to review property control and fixed asset procedures. Districtwide inventory of fixed assets will be conducted periodically throughout the school year, and upon completion Technology Information Services (TIS) will run a missing property report by site location. Sites with missing property will receive a copy of this report and will be required to provide any missing documentation to the Property Control Department within ten working days upon receipt of the report. TIS has established security controls within the current Enterprise Resource Software system to require the approval of the Manager of Warehouse for any purchases with the acquisition cost of more than \$1,000 to ensure that all fixed asset purchases will be properly labeled and recorded into inventory.	Yes
Hillsborough	<p>AG Report No. 2018-173 (#9 - Virtual Instruction Options): District records evidenced that the District provided at least three full-time options for all grade levels but did not offer students in kindergarten through grade 5 the opportunity to participate in part-time virtual instruction. The auditors recommend that the District ensure that all students are offered three part-time and full-time virtual instruction options as required by State law. (See PDF Pages 13-14)</p>	N/A	N/A	N/A	Yes

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Jefferson	<p><u>AG Report No. 2018-177 (#2017-001 - Bank Account Reconciliations)</u>: District procedures did not effectively provide for timely bank account reconciliations. During the 2016-17 fiscal year, District procedures did not provide for reconciliations of bank account balances to general ledger cash account balances. In August 2017, a certified public accounting (CPA) firm was contracted to prepare the District's bank account reconciliations for all 12 months of the 2016-17 fiscal year and to propose necessary general ledger adjusting entries. As of October 2017, the CPA firm had reconciled the bank account and cash book balances and prepared reconciliations for all 12 months of the 2016-17 fiscal year. The CPA firm proposed several necessary general ledger adjusting entries that the District made for unrecorded transactions. The auditors recommend that the District enhance procedures to ensure that timely bank account reconciliations and general ledger journal entries are performed. (See PDF Pages 66-67)</p>	N/A	2018 (2015-16)	<p>The District has implemented procedures to correct this deficiency to the best of its ability, given certain constraints:</p> <p>(1) The District has communicated its concerns regarding the inability to achieve a traditional separation of duties because of limited personnel.</p> <p>(2) Bank reconciliations did not progress, as desired, due to other priorities – a mandated focus on budget improvement, the schools' consolidation, and the charter implementation. In June 2017, the District lost all District staff along with all of their institutional knowledge. In spite of these factors, the District has made modest progress as it consolidated seven active bank accounts down to three for improved control, and bank reconciliation of one of the three remaining accounts. The District will complete reconciling the remaining two accounts, and it will follow a newly established monthly process to prevent similar findings in the future. While the District does not have a Chief Financial Officer or any financial personnel on staff, it is working with the Department of Education to contract with a qualified consultant to provide assistance and oversight in the maintenance and preparation of District budgetary and financial records.</p> <p>(3) The District will continue its efforts to process adjustments and to record entries in a proper and timely manner; however, it is crucial to the process that the District receive qualified consulting assistance to maintain and prepare its budgetary and financial records.</p> <p>(4) At fiscal year-end June 30, 2017, the District did not have any unresolved balance differences. Going forward, the District will make every effort to enter adjustments and reconcile accounts in order to identify and correct ledger to balance differences in a timely manner.</p>	Yes

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Jefferson (continued)	AG Report No. 2018-177 (#2017-002 - Budgetary Controls and Financial Condition): District controls over the budgetary process continued to be deficient. These deficient controls contributed to the low District General Fund total assigned and unassigned fund balance of \$36,587 at June 30, 2017, or 0.5 percent of total General Fund revenues, which may not be sufficient to address normal contingencies. On August 10, 2016, the Commissioner of Education declared that the District was in a state of financial emergency and approved a three-member Financial Emergency Board to provide support and financial oversight to the District. The auditors recommend that the School Board, in conjunction with the Financial Emergency Board, the Superintendent, and the charter school organization selected to manage District school operations, should enhance budgetary procedures by closely monitoring District activities to improve the fund balance maintained in the General Fund. (See PDF Pages 67-69)	N/A	2018 (2015-16)	While the District did not achieve a three percent unassigned fund balance at year-end, it did, however, make considerable gains. The District will continue to monitor expenditures for additional improvement in the unassigned fund balance and to improve processes for budget amendments. Of significant note, the District does not have a Chief Financial Officer or any financial personnel on staff, but has been working with the Department of Education to contract with a qualified consultant to provide assistance and oversight in the maintenance and preparation of the District's budgetary and financial records.	Yes
Lake	AG Report No. 2018-200 (#8 - Information Technology - Security Controls - Data Loss Prevention): The District had not implemented a comprehensive data loss prevention program. While the District's Information and Instructional Technology Services Department had developed a draft data loss prevention plan document, it had not been presented to the Board for approval. The auditors recommend that the District develop a comprehensive data loss prevention program including written policies and procedures regarding the monitoring, transmitting, copying, downloading, and printing of confidential and sensitive data, and present it to the Board for approval. (See PDF Pages 11-12)	N/A	2016 (2013-14)	The security, confidentiality, integrity, and availability of data and IT resources is of paramount importance, and the District did not question the reported items except as it related to the specific controls related to user authentication. We presented and implemented an alternative plan and for the 2014-15 Audit, this matter was reviewed and not included in the audit report.	Yes

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Leon	<p><u>AG Report No. 2018-067 (#3 - Contracted Services Payments)</u>: Audit procedures disclosed that the District had not established procedures to ensure that District personnel with direct knowledge of the school resource officer (SRO) services, insurance consulting services, and legal consulting services documented satisfactory receipt of the services before payments were made. As a result, although requested, District records were not provided to demonstrate District personnel with such knowledge confirmed satisfactory receipt of these services. Additionally, while the legal consulting services contract established a total maximum payment amount and staff hourly rates, neither the contract nor other District records established the basis for the payments totaling \$9,464 related to the contract. The auditors recommend that the District enhance procedures to ensure that District records always establish the basis for contracted services payments and evidence satisfactory receipt of contracted services before payments are made. (See PDF Pages 7-8)</p>	N/A	N/A	N/A	Yes
	<p><u>AG Report No. 2018-067 (#5 - Tangible Personal Property)</u>: As of December 2016, District personnel had performed the 2015-16 fiscal year annual physical inventories at 103 of the District's 109 cost centers within the past 12 months. However, annual physical inventories had not been completed at the other 6 cost centers, which included one school and five administrative sites. Subsequent to audit inquiry, annual physical inventories were completed by August 2017 for the 6 cost centers. The auditors recommend that the District continue efforts to ensure that an annual physical inventory of tangible personal property is timely performed. (See PDF Pages 9-10)</p>	N/A	N/A	N/A	Yes

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Leon (Continued)	<p><u>AG Report No. 2018-067 (#6 - Internal Audit Function)</u>: Examination of District records disclosed that the District's Audit Committee approved the Department of Internal Auditing (Department) work plan for the 2016-17 fiscal year that identified, for example, audit activities associated with the Extended Day Enrichment Program (Program) and capital asset records and related procedures, and monitoring activities associated with District charter schools, summer camps, and purchasing card (P-card) transactions. According to District personnel, the Department did no audit work during the 2016-17 fiscal year related to the Program and capital asset records, nor did the Department perform monitoring activities associated with District charter schools, summer camps, and P-card transactions. Also, while the Department issued internal audit reports to certain schools during the 2016-17 fiscal year and, in November 2017, presented a written annual report to the District's Audit Committee, the Department did not document any communications with the Superintendent or the Board regarding the progress or the results of Department audit activities. In addition, the audit work plan did not establish a time frame for completing these activities. The auditors recommend that the Department strive to timely perform audit activities included in the approved work plan and document compliance with Board policy, including the documented presentation of the annual report to the Superintendent and the Board regarding the progress or the results of Department audit activities. Further, the auditors recommend that, to help promote the timely completion of the Department's audit activities and prompt corrective actions for any noted deficiencies, the Audit Committee consider establishing time frames for these activities. Alternatively, if the Board intends for the Department to operate differently than the manner prescribed by established policy, Board action should be taken to clearly set forth how the Department should operate and report. (See PDF Pages 10-11)</p>	N/A	N/A	N/A	Yes

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Manatee	CPA Firm FY 2016-17 (#2017-002 - Bank Reconciliations): Bank account reconciliations for December 2016 through June 2017 were not completed until November 2017. The auditors recommend that the District evaluate its controls over cash to ensure that the District completes its bank reconciliations in a timely manner. (See PDF Page 198)	N/A	2018 (2015-16)	The District implemented a bank reconciliation schedule in 2017 to ensure a goal of reconciliation within 15 working days of the prior month's end. Subsequent to the fiscal year 2015-16 audit, the District experienced multiple technical issues relating to the current Enterprise Resource Planning system (ERP) and related financial systems, which directly affected timely bank reconciliation of the District's concentration account. The District is near completion of the replacement of the existing "extinct" and unsupported ERP solution. Additionally, the District experienced an IT system failure related to a payroll run in December 2016, which resulted in a data loss inhibiting bank reconciliations for the concentration banking account. All other District accounts were reconciled in a timely manner. The District had no resources available in house to recover the system error. A consultant was engaged in July 2017 to assist with recovery and work was completed in September 2017. All bank reconciliations related to the fiscal year ending June 30, 2017, were completed by November 20, 2017, and fiscal year to date bank reconciliations were completed for July 2017 through September 2017 by December 15, 2017. Reconciliations for October 2017 through January 2018 were completed timely and are up to date. The District's bank reconciliations schedule is now in compliance.	Yes

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Manatee (Continued)	<p><u>CPA Firm FY 2016-17 (#2017-01 - Information Technology Assessment)</u>: During the assessment of the District's Information Technology (IT) operations and controls, the auditors noted several areas which could improve the District's IT processes. The areas for improvement were controls over physical security, network core, public-facing servers, wireless networks, workstation/device security, anti-malware, active directory, applications, patch management, Disaster Recovery/Business Continuity Plan, and backup and recovery. Specific details of the observations were not disclosed in the audit report to avoid the possibility of compromising District information; however, appropriate District personnel were notified of the specific findings. The auditors recommend that the District evaluate the IT issues noted and implement cost-effective procedures to ensure the continued security of the District's IT environment. (See PDF Page 197)</p>	N/A	2018 (2015-16)	The District has made significant progress towards both user authentication and data loss prevention. To improve authentication, in the summer of 2017 the District decreased the password change interval for staff by 1/3 and increased minimum password age for staff. To improve data loss prevention, the District created a Data Loss Prevention Program that includes a NEOLA Information Security Policy which was approved by the School Board in February 2018, and wrote draft administrative guidelines that are anticipated to be finalized and approved by April 30, 2018.	Yes
Marion	<p><u>AG Report No. 2018-184 (#7 - Information Technology Security Controls - Data Loss Prevention)</u>: District information technology (IT) security controls related to data loss prevention 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 and data loss prevention, this risk is increased that the confidentiality, integrity, and availability of District data and information technology resources may be compromised. The auditors recommend that the District improve IT security controls related to data loss prevention to ensure the continued confidentiality, integrity and availability of District data and IT resources. (See PDF Page 9)</p>	N/A	N/A	N/A	Yes

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Monroe	<p>AG Report No. 2018-183 (#7 - Information Technology User Access Privileges - Student Social Security Numbers): The District identifies each student using a Florida education identification number obtained from the Florida Department of Education (FDOE). However, student social security numbers (SSNs) were maintained within the District management information system to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure. The District performed reviews of information technology (IT) user access privileges to monitor certain access privileges; however, these reviews did not extend to access privileges to student SSNs. Examination of District records disclosed that a total of 114 District employees, such as school administrators, teachers, paraprofessionals, IT personnel, and other administrative and support personnel, had access to student SSNs. Examination of District records supporting the IT access privileges and other records supporting the employee functions of these employees found that 52 of the 114 employees did not need access to current or former student SSNs to perform their job responsibilities. In response to audit inquiry, District personnel agreed that the access was unnecessary and, in August 2017, removed the IT access privileges to student SSNs for the 52 employees. In October 2017, the District also removed the IT access privileges to former student SSNs for the other 62 employees. The auditors recommend that the District continue efforts to ensure that only those employees who have a demonstrated need to access student SSNs have such access. In addition, the auditors recommend that the District document the basis for maintaining former student SSNs and, if that information is unnecessarily maintained, the District should purge that information from District records. (See PDF Pages 9-10)</p>	N/A	N/A	N/A	Yes

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Pinellas	<p><u>AG Report No. 2018-075 (#2017-001 - Nonmajor Federal Program: Child Nutrition Cluster)</u>: The District did not always comply with Federal regulations by documenting food service director review and approval of Child Nutrition Cluster (CNC) salaries and benefits expenditures and the propriety of these expenditures, resulting in questioned costs totaling \$117,278. The auditors recommend that the District establish procedures to document food service director review and approval of CNC salaries and benefits expenditures to accurately reflect the work performed for the CNC, and support the distribution of CNC employee salaries and benefits among specific activities or cost objectives. In addition, the auditors recommend that the District provide documentation to the grantor (Department of Agriculture and Consumer Services) supporting the allowability of the questioned costs, totaling \$117,278, or restore this amount to the CNC. (See PDF Page 164)</p>	N/A	N/A	N/A	Yes
	<p><u>AG Report No. 2018-156 (#5 - Inventories)</u>: Examination of District inventory records and discussions with District personnel disclosed that controls over the District Maintenance, Warehouse, and Transportation Department inventories continued to need improvement. Specifically, the auditors found that: (1) certain employees in all three departments had unrestricted access to the respective department's inventories and maintained perpetual inventory records over the inventories; (2) certain of the employees in all three departments with unrestricted access to the respective department's inventories had the authority to approve purchase requisitions; and (3) District records did not always demonstrate supervisory review and approval of inventory record adjustments. The auditors recommend that the District provide for an appropriate separation of duties over the District's Maintenance, Warehouse, and Transportation Department inventories, and timely supervisory approval of perpetual inventory adjustments. (See PDF Pages 8-9)</p>	N/A	2016 (2013-14)	This finding has been corrected.	Yes

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?
Putnam	<p>AG Report No. 2018-149 (#2017-001 - Child Nutrition Cluster (CNC); Title I Grants to Local Educational Agencies (Title I); and Special Education Cluster (SEC) - Allowable Costs/Cost Principles): The District charged Federal programs \$478,042 for health insurance premiums of employees who did not participate in the District health insurance program (CNC: \$267,255; Title I: \$140,082; and SEC: \$70,705). According to District personnel, employee benefits costs for employee insurance programs were recorded in the District's general ledger without respect to the specific insurance program selected by each employee. In addition, District records indicated that the Chief Financial Officer prepared a calculation that identified differences between the employee insurance program costs charged to Federal programs and the costs based on the specific insurance program selected by each employee. However, because the Federal grantors had not provided a resolution to the prior year questioned costs, corrective action had not been taken. District personnel also indicated that corrective action will include a documented supervisory verification and reconciliation process to ensure that employee insurance benefit costs are based on the specific insurance program selected by each employee. The auditors recommend that the District should implement procedures to ensure that the costs charged to Federal programs for employee insurance benefits are consistent with the costs of those benefits. Also, the auditors recommend that the District document to the respective grantors (Department of Agriculture and Consumer Services and Department of Education) the allowability of questioned costs of \$478,042 (including \$30,186 in indirect costs) or restore these moneys to the appropriate Federal programs. (See PDF Pages 80-82)</p>	SD	N/A	N/A	Yes

District School Boards

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Seminole	AG Report No. 2018-128 (#3 - Information Technology - Security Controls - User Authentication): 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 5)	N/A	2016 (2013-14)	The identified areas of weakness were addressed immediately after notification by the auditors. A process has been established and documented to mitigate potential exposure in the future.	Yes

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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Broward	Bridgeprep Academy of Hollywood Hills	#2017-1 - Total fund balance deficit: Although the School improved its overall financial position, it had a total fund balance deficit of \$134,677 at fiscal year-end. The auditors stated that the School needs to 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 Page 32; also see Revised Management Letter, PDF Page 2)	N/A	N/A	N/A	Yes
Escambia	Jacqueline Harris Preparatory Academy	#2017-001 - Transparency: The Academy's website did not present the programs available at the Academy, the names of service providers, the Academy's annual budget, the minutes of governing board meetings, or the annual independent fiscal audit, as required by Section 1002.33(9)(p), Florida Statutes. (See PDF Page 30)	N/A	N/A	N/A	Yes
Hillsborough	Bridgeprep Academy of Tampa	#2017-1 - Total Fund Balance Deficit: The School experienced a positive change in both net position and fund balance. However, a deficit in total fund balance (\$25,836) remained at fiscal year-end due to the large deficit in the prior years because of significant start-up costs in the School's first two years of operations. The auditors stated that the School needs to continue to increase enrollment and properly budget its expected expenditures and capital acquisitions for the following school year. (See PDF Page 33; also see Revised Management Letter, PDF Page 2)	N/A	N/A	N/A	Yes
Madison	James Madison Preparatory Charter High School (3)	#2015-01 - Cash receipts do not tie to general ledger: The auditors noted several instances of cash receipts not matching the deposits in the bank statement and general ledger entry for lunch cash receipts and receipts of various Agency funds. The auditors recommend that personnel performing bank reconciliations review receipts pertaining to the deposits in the bank statement and ensure bank deposits are made within five days of receipt as required. (See PDF Page 39)	SD	N/A	N/A	Yes

Charter Schools

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Sarasota	Student Leadership Academy of Venice, Inc.	#2017-01 - Budget: Audit procedures disclosed that the final amended budget did not provide adequate resources to fund all expenditures. Actual expenditures exceeded final budgeted expenditures in the amount of \$95,459. The auditors recommend that the School amend the budget throughout the year and subsequent to year end, to ensure that expenditures do not exceed appropriations as the budget serves as the Board's authorization to incur costs. (See PDF Page 45)	N/A	N/A	N/A	Yes
Volusia	Reading Edge Academy, Inc.	#2017-1 - Ensure Proper Coding of Activity in the General Ledger Accounts: The auditors noted a number of errors or inconsistencies in the coding of transactions in the general ledger accounts. 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, and a monthly review of the general ledger activity to determine if the postings were recorded in the proper accounts. In addition, although some improvement was noted, the auditors continue to recommend that the account distribution be documented on each invoice or other supporting documentation to enable anyone to ascertain the proper accounts are being coded and to facilitate their traceability. (See PDF Page 22)	N/A	N/A	N/A	Yes

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Volusia	Samsula Academy	#2017-1 - Ensure Proper Coding of Activity in the General Ledger Accounts: The auditors noted a number of errors or inconsistencies in the coding of transactions in the general ledger accounts. 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, and a monthly review of the general ledger activity to determine if the postings were recorded in the proper accounts. In addition, although some improvement was noted, the auditors continue to recommend that the account distribution be documented on each invoice or other supporting documentation to enable anyone to ascertain the proper accounts are being coded and to facilitate their traceability. (See PDF Pages 21-22)	SD	N/A	N/A	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.

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Bay	Bay Haven Charter Academy Elementary School	#2017-001 - Adjustments to Financial Statements: 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. While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, they recommend striving to reduce the number of adjustments needed as much as possible. (See PDF Pages 45-46)	MW	2017 (2014-15)	Management does not consider it practical or economically feasible for the School to invest in the substantial resources that would be required for it to produce financial statements that require no proposed audit adjustments; the costs for correction would outweigh benefits of corrective action. The School is trying to maintain the accounting records in a manner that reduces the number of proposed adjusting journal entries by the auditors to a minimum.	No
	Bay Haven Charter Academy Middle School	#2017-001 - Adjustments to Financial Statements: 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. While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, they recommend striving to reduce the number of adjustments needed as much as possible. (See PDF Pages 44-45)	MW	2017 (2014-15)	Management does not consider it practical or economically feasible for the School to invest in the substantial resources that would be required for it to produce financial statements that require no proposed audit adjustments; the costs for correction would outweigh benefits of corrective action. The School is trying to maintain the accounting records in a manner that reduces the number of proposed adjusting journal entries by the auditors to a minimum.	No

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

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 Career Academy	#2017-001 - <u>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. While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, they recommend striving to reduce the number of adjustments needed as much as possible. (See PDF Pages 44-45)	MW	2017 (2014-15)	Management does not consider it practical or economically feasible for the School to invest in the substantial resources that would be required for it to produce financial statements that require no proposed audit adjustments; the costs for correction would outweigh benefits of corrective action. The School is trying to maintain the accounting records in a manner that reduces the number of proposed adjusting journal entries by the auditors to a minimum.	No
	North Bay Haven Charter Academy Elementary School	#2017-001 - <u>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. While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, they recommend striving to reduce the number of adjustments needed as much as possible. (See PDF Pages 46-47)	MW	2017 (2014-15)	Management does not consider it practical or economically feasible for the School to invest in the substantial resources that would be required for it to produce financial statements that require no proposed audit adjustments; the costs for correction would outweigh benefits of corrective action. The School is trying to maintain the accounting records in a manner that reduces the number of proposed adjusting journal entries by the auditors to a minimum.	No

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

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 Middle School	#2017-001 - <u>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. While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, they recommend striving to reduce the number of adjustments needed as much as possible. (See PDF Pages 44-45)	MW	2017 (2014-15)	Management does not consider it practical or economically feasible for the School to invest in the substantial resources that would be required for it to produce financial statements that require no proposed audit adjustments; the costs for correction would outweigh benefits of corrective action. The School is trying to maintain the accounting records in a manner that reduces the number of proposed adjusting journal entries by the auditors to a minimum.	No
Citrus	Academy of Environmental Science	#2013-1 - <u>Lack of Segregation of Incompatible Duties for Financial Transactions</u> : For internal account activity accounted for in the fiduciary fund, the employee who maintains 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, they think it is important that the School is made aware of the condition. (See PDF Page 31)	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:

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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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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?
Bradford County	Sheriff	<u>ML 2015-02 - Evidence Deposits</u> : Certain cash held as evidence was deposited into one of the Sheriff's bank accounts for safekeeping. The cash evidence that was deposited into the bank account was not specifically identified in the records by case and/or defendant name so that it could be properly tracked and accounted for. The auditors recommend that written policies be established to account for the receipt and tracking of all evidence deposits received and disbursed and that appropriate employees be properly trained in these policies. The auditors also recommend that all cash evidence held be specifically identified by case and/or defendant name so that it can be properly tracked and accounted for. (See PDF Page 157)	N/A	N/A	N/A	Yes
		<u>ML 2015-01 - Inmate Welfare Fund</u> : The Inmate Welfare Fund had a fund balance of over \$466,000. Section 951.23(9)(d), Florida Statutes, states that profits from the commissary shall be used for overall inmate welfare, and an inmate welfare fund committee shall recommend what expenditures are to be made. Activities of the committee shall be reviewed by the officer in charge who shall have final authority on expenditures. The auditors recommend that the provisions of Section 951.23(9)(d), Florida Statutes, be followed in regard to the expenditures of funds from the Inmate Welfare Fund. (See PDF Page 156)	N/A	N/A	N/A	Yes

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Hardee County	Sheriff	<u>2017-001 - Material Financial Statement Adjustments:</u> Adjustments for excess fees and expenditures related to the radio tower were not posted correctly in the general ledger during the close-out process at fiscal year-end; therefore, material audit adjustments were necessary. The auditors recommend that the Sheriff's Office develop a year-end closing procedure to calculate and record all adjustments necessary in order for the financial statements to be in accordance with U.S. generally accepted accounting principles. (See PDF Page 177)	MW	N/A	N/A	Yes
Hillsborough County	Clerk of the Circuit Court	<u>2017-01 - Article V Compliance:</u> System-generated reports are used to populate the data entered into the "Timeliness Quarterly Report Form for CCOC" (the "Form"), a report that is required to be sent to the Florida Clerk of Court Operations Corporation (the "CCOC"). The auditors noted two instances in which keying errors resulted in a 1,000 docket entry overstatement of docket entries opened within 3 business days and 4,000 docket entry overstatement of total docket entries for the current fiscal year. This is a variance of less than 0.5% of total docket entries reported to the COCC for Timeliness Measure #2. The auditors recommend that the Clerk continue to improve the process for the accurate reporting of the Form by implementing a dual level of review of the Form, in which a comparison is made between the supporting schedules and the reported figures, prior to submission to the CCOC. (See PDF Page 301)	N/A	N/A	N/A	Yes

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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. 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 251)	SD	2018 (FY 2015-16)	After evaluating the constraints of the Security user group limitation (password level) and the high volume of other passwords that are mandatorily changed via the state software applications, the Tax Collector will remain with the current password determinations.	Yes
Liberty County	Sheriff	<u>2016-IC-02 – General Accounting Records</u> : The Sheriff's office deposited fee income into inmate welfare revenue and made numerous transfers from the inmate welfare account into the operating account of the Sheriff's general fund, without proper documentation of the purpose of the transfers. The auditors recommend that the Sheriff's Office review Chapter 944, Florida Statutes, and set up procedures to post activity of both funds to enable the documentation of compliance with the statutory requirements. (See PDF Page 169)	MW	2018 (FY 2015-16)	The Sheriff's Office is diligently working on correcting this finding, which is from the prior administration. This finding should be cleared up for the FY 2016-17 audit and the FY 2017-18 audit. The Sheriff is committed to making the necessary changes to make the office compliant with the appropriate documentation for all funds.	Yes
Madison County	Board of County Commissioners	<u>2017-001 - Timeliness of Accounts Receivable Reconciliations</u> : Reconciliations were not performed on a regular basis regarding accounts receivable in the Emergency Medical Services fund. Failure to reconcile differences on a monthly basis caused significant delay in the timeliness of accurate accounting information, leaving management unaware of differences until year-end. The auditors recommend that accounts receivable be reconciled and reviewed monthly and all unusual items be promptly investigated and adjusted with adequate explanations. (See PDF Page 95)	SD	N/A	N/A	Yes

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Miami-Dade County	Board of County Commissioners	<u>2017-001 - Self-Insurance Fund Deficit</u> : The County's self-insurance fund had an accumulated deficit of approximately \$205.9 million as of fiscal year-end, although the balance was reduced by approximately \$34.8 million from the previous fiscal year. The rates established to charge each participating fund and/or departments of the County were not sufficient to reimburse the costs of operating the self-insurance fund. The auditors recommend that the County review its risk financing program rates charged to user funds and/or departments to cover the risk financing program current costs and to fund the accumulated deficit. Additional detail is provided in the audit report. (See PDF Page 345)	N/A	2018 (FY 2015-16)	The overall deficit is mainly attributed to the "Incurred But Not Reported" (IBNR) Liability in the Worker's Compensation sub-fund. The IBNR is estimated annually by a professional actuary. Worker's Compensation rates are reviewed and set annually as part of the County's budget process with the goal to budget sufficient funds to cover costs and to reduce the fund deficit. The County adjusted the FY 2017-18 rates and proposed FY 2018-19 rates because of two Florida Supreme Court rulings that had the potential of negatively impacting the worker's compensation fund. As a result, the County expects to generate an additional \$40 million of contributions to the fund.	Yes
		<u>2017-002 - 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 adjust the password minimum length, password history, and password expiration settings to meet minimum requirements as stated in the ITD Information Security Policy. (See PDF Page 346)	N/A	2018 (FY 2015-16)	The County has completed implementation of password configuration settings designed to align with the requirements contained within the ITD Information Security Policy. All employee user accounts not in compliance with the policy have had their passwords reset and are in compliance as of February 26, 2018.	Yes

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Okaloosa County	Board of County Commissioners	<u>2017-2 - Public Works and Facility Maintenance Inventory</u> : The inventory is not counted and reconciled on a routine basis to perpetual inventory records. Also, inventory has also not been physically recorded in the general ledger as its value was assumed to be immaterial. Costs are allocated to projects based on work order systems, but the value of any residual inventory has not been captured in the accounting records. The auditors recommend that management evaluate the current design of the system of internal control and personnel available to ensure key controls are in place for the assertions outlined in the audit finding. (See PDF Page 257)	N/A	N/A	N/A	Yes
Pasco County	Property Appraiser	<u>PA-ML-2015-001 - Reconciliation of Cast Accounts</u> : Management prepared reconciliations of cash accounts during the fiscal year; however, multiple reconciliations during the fiscal year contained large unreconciled differences. The auditor recommends that the Property Appraiser review its existing processes to determine whether they can be enhanced to allow for reconciliations to be performed on a timely basis throughout the fiscal year. (See PDF Page 366)	N/A	N/A	N/A	Yes
Putnam County	Clerk of the Circuit Court	<u>2017-001 - 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 Civil Circuit Probate and Criminal Circuit. The auditors recommend that the Office continue to pursue the goal of meeting the performance standards for which it has the ability to control. (See PDF Page 201)	N/A	N/A	N/A	Yes

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Sumter County	Sheriff	<u>2017-001 - 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 177)	MW	N/A	N/A	Yes
Walton County	Board of County Commissioners	<u>2015-01 - Planning and Development Services Division (Planning) - Controls over Fee Assessment, Billing and Collections - Preservation Buyout Fees:</u> In March 2016, the Planning and Development Services Division (Planning) implemented a policy requiring a secondary review of the Recreation Plat Fee calculation. During FY 2016-17, Planning collected the Recreation Plat Fee for fifteen developments and incorrectly calculated the fee for one of the fifteen. The error was caused by insufficient supporting documentation provided to the reviewer of the calculation. The plat included two parcels of land. However, the calculation and supporting documentation for the recreation plat fee only included one parcel. The remaining parcel of land was incorrectly excluded. The incorrect calculation led to an under billing of \$9,066, and the incorrect calculation was paid as billed. The auditors recommend that the department document and systematically review and monitor its policies and procedures to ensure fees mandated by the Walton County Land Development Code are properly assessed, billed and collected. This should include providing the reviewer of the calculation with the original development order. (See PDF Page 224)	MW	N/A	N/A	Yes

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

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Walton County (Continued)	Board of County Commissioners (Continued)	<p><u>2015-02 - Emergency Medical Services (EMS) Billing and Receivables</u>: The County has no formal collections or adjustment policy related to delinquent EMS billings and has no documented processes in place to monitor or review EMS billings issued by its third-party service provider. The auditors recommend that internal controls be implemented over the billing of EMS services and the resolution of delinquent accounts receivable to help ensure that the County is compensated in accordance with County Ordinance 2013-81. Also, the auditors recommend that internal controls include a secondary review of billing by County personnel to determine whether amounts billed are in accordance with County Ordinance 2013-81. Furthermore, the auditors recommend the County request that its third-party service provider obtain a Service Organization Controls (SOC) Report, an internal controls report on the services provided by a service organization that would provide valuable information to the County to assess the financial and informational risks associated with the services provided by the service organization. A SOC report, among other benefits, would help the County assess the risk of an unauthorized party obtaining a customer's personal information. In addition, the County should perform a review of over billings to determine whether they have any liability to repay collected fees. (See PDF Page 225)</p>	SD	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. [Note: Also refers to finding as #BCC1997-01] (See PDF Page 92)	MW	2018 (FY 2015-16)	The County had designated an employee to take an inventory of all County-owned property and has made some progress in this area. Establishing such records, while not impossible, is a very significant undertaking for a small rural county with limited resources and has required much time and effort. Nonetheless, the County is committed to seeing this project to its completion and asks for some patience in this matter. The finding is expected to remain until the work in this area is completed.	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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Calhoun County	Sheriff	<u>2004-002 - Need for Segregation of Duties:</u> There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in 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 a 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 log into the bank's website and review the original bank statement. (See PDF Page 150)	SD	2017 (FY 2014-15)	The Sheriff's Office is a small agency with limited funding. The Sheriff is involved in monitoring finances. The Sheriff will continue to monitor and review bank statements each month in order to provide a measure of assurance of proper accountability.	No
	Supervisor of Elections	<u>2004-001 - Need for Segregation of Duties:</u> There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of 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 size of the office it is difficult to achieve ideal separation of duties; however, the Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for the weaknesses and to provide checks and balances. (See PDF Page 199)	SD	2017 (FY 2014-15)	With the financial pressures and lack of funding, the cost/benefit ratio is far too great for this office to employ more personnel. The office currently has two employees and the person responsible for completing bank reconciliations each month does not process checks/payments nor has check signing authority. The Supervisor of Elections will continue to initiate controls to mitigate the lack of segregation of duties and the office is currently working to identify specific areas to help alleviate this comment. Appropriate safeguards are in place to deter fraud and abuse from taking place.	No

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Franklin County	Board of County Commissioners	<u>2017-001 - Inadequate Design of Internal Controls:</u> There is an inadequate design of internal controls over the preparation of the financial statements being audited. The auditors assist with the preparation of the financial statements. (See PDF Page 86)	MW	2017 (FY 2014-15)	At this time, the benefits derived from investing in the resources required for the County to prepare its own financial statements do not outweigh the cost of those resources.	No
	Clerk of the Circuit Court	<u>2017-001 - Lack of 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 proper segregation of duties in the Clerk's Office. The auditors recommend that, in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties. (See PDF Page 119)	MW	2017 (FY 2014-15)	Due to the small number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to continue to accomplish a more effective internal procedure with more oversight.	No
	Property Appraiser	<u>2017-001 - Financial Reporting:</u> There is an inadequate design of internal control over the preparation of the financial statements being audited. The auditors assist with the preparation of the financial statements. (See PDF Page 204)	MW	2017 (FY 2014-15)	At this time, the benefits derived from investing in the resources required for the Property Appraiser's Office to prepare its own financial statements do not outweigh the cost of those resources.	No
	Sheriff	<u>2017-03 - Financial Reporting:</u> There is an inadequate design of internal controls over the preparation of the financial statements being audited. The auditors assist with the preparation of the financial statements. (See PDF Page 150)	MW	2017 (FY 2014-15)	In the near future, the benefits derived from investing in the resources necessary for the Sheriff's Office to prepare its own financial statements do not outweigh the cost of those resources.	No
		<u>2017-02 - General Accounting Records:</u> Significant adjustments to the financial statements were made in order for the financial statements to conform to generally accepted accounting principles. (See PDF Page 150)	MW	2017 (FY 2014-15)	In the near future, the benefits derived from investing in the resources necessary for the Sheriff's Office to implement an effective internal control system do not outweigh the cost of those resources.	No

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Franklin County (Continued)	Sheriff (Continued)	<u>2017-01 - Lack of 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 proper segregation of duties in the office. The auditors recommend that, in the absence of the ability to hire additional employees, mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties. (See PDF Page 150)	MW	2017 (FY 2014-15)	Due to small number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to continue to accomplish a more effective internal procedure with more oversight.	No
	Supervisor of Elections	<u>2017-002 - Financial Reporting:</u> There is an inadequate design of internal controls over the preparation of the financial statements being audited The auditors assist with the preparation of the financial statements. (See PDF Page 228)	MW	2017 (FY 2014-15)	Staff does not possess the expertise to prepare the financial statements in their entirety. The office relies on the expertise of the auditors to assist with the preparation of the financial statements. At this time the Supervisor of Elections does not feel the benefit derived would outweigh the additional cost to the taxpayers to provide the resources required to prepare the financial statements.	No
		<u>2017-001 - Lack of 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 proper segregation of duties in the office. The auditors recommend that, in the absence of the ability to hire additional employees, mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties. (See PDF Page 228)	MW	2017 (FY 2014-15)	Due to small number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to continue to accomplish a more effective internal procedure with more oversight.	No

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Franklin County (Continued)	Tax Collector	<u>2017-002 - Financial Reporting:</u> There is an inadequate design of internal controls over the preparation of the financial statements being audited. The auditors assist with the preparation of the financial statements. (See PDF Page 179)	MW	2017 (FY 2014-15)	The auditors assist with the preparation of the financial statements. The Tax Collector does not feel that in the near future benefits derived from the costly investing in the resources necessary to prepare the financial statement would outweigh the cost of those resources.	No
		<u>2017-001 - Lack of 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 proper segregation of duties in the office. The auditors recommend that, in the absence of the ability to hire additional employees, mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties. (See PDF Page 179)	MW	2017 (FY 2014-15)	Due to the small number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to continue to accomplish a more effective Internal procedure with more oversight.	No
Glades County	Board of County Commissioners	<u>2010-001 - 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, and 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 87)	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. There are a limited number of personnel in the Finance Office; however, the Clerk's Office is diligently working to improve policies and procedures.	No

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Gulf County	Sheriff	<u>2017-001 - Lack of 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. Proper segregation of accounting and administrative duties includes the requirement that no single person has: (1) the ability to authorize transactions, (2) access to assets, and (3) the ability to record financial transactions. The limited number of employees within the office precludes proper segregation of duties. The auditors recommend that, in the absence of the ability to hire additional employees, mitigating procedures, including additional oversight with regard to certain duties, be performed regularly to mitigate the risks caused by this lack of segregation of duties. (See PDF Page 188)	MW	2017 (FY 2014-15)	This finding cannot be fully corrected due to the limited staff and limited resources. The Sheriff's office will continue to attempt to mitigate the issue by reassigning staff duties and additional management oversight.	No
Holmes County	Board of County Commissioners	<u>2010-001 - Financial Statement Preparation Knowledge:</u> The auditors' assistance was necessary to prepare the financial statements including note disclosures in accordance with generally accepted accounting principles. The auditors recommend that County personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the financial statements. (See PDF Page 98)	MW	2017 (FY 2014-15)	This County is a small rural entity with limited resources. This finding will not be resolved until economic growth comes to this rural area and brings the revenue increase that is necessary. Funds are not available to create a position for an in-house certified public accountant.	No

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Holmes County (Continued)	Clerk of the Circuit Court	<u>2010-01 - Financial Statement Preparation Knowledge:</u> Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Clerk's office from being able to prepare financial statements and note disclosures as required by those standards. The auditors recommend that the Clerks' 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 138)	MW	2017 (FY 2014-15)	The Clerk's office has limited staff of 2 FTEs in the finance department. The current budget does not allow for additional positions with increased educational requirements with higher pay rates nor to create a position for an in-house certified public accountant.	No
	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 audit report addresses some steps that should be taken, including to limit some of the responsibilities of the Chief Deputy. (See PDF Page 163)	MW	2017 (FY 2014-15)	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. The response includes specific information relating to compensating controls implemented by this office.	No

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

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Holmes County (Continued)	Property Appraiser (Continued)	<u>2010-01 - Financial Statement Preparation Knowledge:</u> Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Property Appraiser's office from being able to prepare financial statements and note disclosures as required by those standards. The auditors recommend that the Property Appraiser's 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)	Due to limited staff and resources of a small entity, for the foreseeable future the office will continue to rely on the external auditor in the preparation of the annual financial statements.	No
	Sheriff	<u>2010-02 - Financial Statement Preparation Knowledge:</u> Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Sheriff's office from being able to prepare financial statements and note disclosures as required by those standards. The auditors recommend that the Sheriff's 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 (GAAP). (See PDF Page 222)	MW	2017 (FY 2014-15)	Due to limited staff and limited resource this finding may never be fully resolved. The Sheriff's Office will strive toward personnel training to adhere to the standards of preparing the financial statements, including the notes in accordance with GAAP.	No

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Holmes County (Continued)	Sheriff (Continued)	2010-01 - Segregation of Duties: 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 audit report provides some recommendations for steps that should be taken, including limiting some of the responsibilities of the Finance Director. (See PDF Page 221)	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
	Supervisor of Elections	2010-01 - Financial Statement Preparation Knowledge: Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Supervisor of Election's office from being able to prepare financial statements and note disclosures as required by those standards. The auditors recommend that the 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 188)	MW	2017 (FY 2014-15)	The office does not have funds available to pay the salary for an in-house CPA. The Supervisor of Elections does not foresee being able to resolve this finding, but will strive to maintain excellence even though limited staff and funding are available.	No

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

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Holmes County (Continued)	Tax Collector	<u>2010-01 - Financial Statement Preparation Knowledge:</u> Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Tax Collector's office from being able to prepare financial statements and note disclosures as required by those standards. The auditors recommend that the Tax Collector's 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 250)	MW	2017 (FY 2014-15)	The Tax Collector acknowledges this finding and will continue to seek opportunities to improve familiarity with Governmental Accounting and Financial Accounting Standards. However, the Tax Collector also acknowledges the difficulty presented by the staffing constraints and limited resources of the small office and, therefore, receives assistance from the auditors.	No
Jackson County	Board of County Commissioners	<u>2006-01 - Fire & Rescue:</u> There is a lack of segregation of duties between employees who have recordkeeping responsibilities related to the receipt of payments and posting of payments in the Fire and Rescue Department. The possibility exists that unintentional or intentional errors could occur and not be promptly detected. The auditors recommend that a better separation of duties be established. (See PDF Page 117)	N/A	2017 (FY 2014-15)	Due to limited clerical staff the separation of duties noted will always be present when one of the two employees are on approved leave. It will not be cost effective for an additional clerical position to be filled on those rare occasions. Appropriate layers of review are in place to mitigate any risk associated with the limited personnel.	No

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Jackson County (Continued)	Property Appraiser	<u>PA2006-01 - Need for Segregation of Duties:</u> There is a lack of segregation of duties between employees who have record keeping responsibility and custody of Property Appraiser's assets. The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected. The size of the Property Appraiser's administrative staff makes it difficult to achieve ideal segregation of duties. The Property Appraiser should be aware of this internal control weakness and continue to separate record keeping duties from custody of assets as much as possible. The auditors also recommend that management require mandatory vacations of at least one week in duration for financial personnel and recommend that their duties be assigned to other personnel while on vacation. (See PDF Page 176)	SD	2017 (FY 2014-15)	This is a small office, and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties and prepare the financial statements without assistance. The response includes compensating controls implemented by the office.	No
	Sheriff	<u>SH2006-01 - Need for Segregation of Duties:</u> There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of the Sheriff office'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 206)	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 66)	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> Clerk of Courts personnel's 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 the Clerk of Court's 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> Property Appraiser personnel's 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's 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 198)	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> Sheriff personnel's 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's 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 138)	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> Supervisor of Elections personnel's 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 226)	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> Tax Collector personnel's 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's 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 169)	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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Madison County	Tax Collector	<u>TC 2017-001 - 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 within certain offices precludes ideal segregation of duties. 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 158)	SD	2017 (FY 2014-15)	The Tax Collectors' office is so small and with the workload at times, one employee cannot be designated to only having access to the financial part of the office and not serve customers when needed. Since all collections and transactions are confined to one office setting, no one clerk works independently; therefore, the Clerk feels the system for collections, depositing and reporting of monies is adequate.	No
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 in 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 Property Appraiser should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide appropriate checks and balances. (See PDF Page 164)	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

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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?
Washington County (Continued)	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 in 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 Sheriff should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide checks and balances. (See PDF Page 194)	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
	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 in 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 Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide checks and balances. (See PDF Page 220)	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

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Washington County (Continued)	Tax Collector	TC2003-003 - Need for Segregation of Duties: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in 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 Tax Collector should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide appropriate checks and balances. (See PDF Page 248)	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

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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Town of Alford	Jackson County	<u>2010-001 - Other Post-Employment Benefits</u> : The Town did not implement GASB Statement 45 or obtain the actuarial report necessary to determine the amounts to report in the financial statements. The auditors recommend that an actuarial study and all other items necessary to implement GASB Statement 45 be performed. (See PDF Page 56)	MW	2018 (FY 2015-16)	The clerk will seek updated guidance in the future regarding the post-employment benefits reporting. It is the Town's understanding that the State of Florida now issues a report for each member regarding these benefits and reporting, but the Town has not utilized this information.	Yes
		<u>2011-001 - Accounts Receivable - Collections</u> : The Town does not always implement cut off and subsequent collection procedures on delinquent accounts in a timely manner. Bond covenants require the Town to administer collection procedures on all accounts. The auditors recommend that the Town follow procedures for delinquent accounts. (See PDF Page 56)	MW	2018 (FY 2015-16)	Significant progress has been made towards the collections of accounts receivable in the past couple of years. The Town has a large number of rentals and a high rate of turnover for these rentals and due to the Town billing actual usage and the billing schedule, it is possible for the renters to leave without notification and there being two months bills due. The Town instituted an eighty dollar fee to help cover this possible loss. The Town Council will continue to follow-up to insure that proper procedures for delinquent accounts are being followed, as well as individual circumstances being taken into consideration.	Yes
City of Arcadia	DeSoto County	<u>2017-001 - Bank Reconciliations</u> : The City is working through staffing constraints and software implementation in the Finance Department, which has caused a backlog in the reconciliation process. For the current fiscal year, the City has resolved several cash posting issues; however, an unreconciled difference continues to exist. The auditors recommend that the City consistently implement internal control processes requiring that all reconciliations be reviewed and approved by an individual not responsible for the preparation of the item. (See PDF Page 93)	MW	N/A	N/A	Yes

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City of Arcadia (Continued)	DeSoto County (Continued)	<u>2017-002 - Account Reconciliations and Audit Adjustments:</u> Several balance sheet accounts are not reconciled on a monthly basis. Accounts including certain grant and derived tax revenues and receivables, accounts and retainage payable, interfund balances, and accrued liabilities did not reconcile to supporting documentation. Material adjustments to correct errors in the City's financial statements were identified during the audit. The auditors recommend that reconciliations be prepared monthly by a staff member and reviewed by a member of management and management evaluate revenue transactions to ensure revenue is recognized in accordance with Generally Accepted Accounting Principles. Additional details are provided in the audit report. (See PDF Page 94)	MW	N/A	N/A	Yes
City of Archer	Alachua County	<u>2014-4 - Fuel Purchases:</u> The original receipts for fuel purchases were not retained in the files, and there was no control in practice to test for the reasonableness of the charges. The auditors again recommend that these procedures be implemented by the City. (See PDF Page 63)	N/A	2018 (FY 2015-16)	The City had developed and implemented appropriate policies for full accountability of credit and fuel purchasing cards which includes a monitoring system for fuel to help identify theft in the City's purchasing procedures. These procedures were approved by the City Commission and were to be immediately implemented. The City now also tracks purchases via spreadsheet to keep track of unusual miles for gas usage.	Yes
		<u>2015-9 - Customer Deposits:</u> The total number of customer deposits in the general ledger did not agree with the customer deposit totals in the water system totals report. The auditors again recommend that this difference be investigated and reconciled to reflect accurate deposits on hand. (See PDF Page 63)	N/A	N/A	N/A	Yes

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City of Archer (Continued)	Alachua County (Continued)	<u>2014-1 - Utility Billings:</u> In prior and current years, multiple instances were found in current and prior years where meter readings reflected unreasonably high water usage. These erroneous charges were apparently not adjusted in the billing system nor were the computed amounts billed or collected from the customers. During the current year, the City retained the audit firm to perform a comprehensive analysis of the utility customer accounts to identify all incorrect balances. The analysis was performed, and the audit firm provided the City with a report of required corrections. At the time of the audit, these corrections have not yet been entered into the utility billing system. Once entered and properly maintained, this longstanding finding should be fully corrected. The auditors recommend that the City perform a reasonableness test on the monthly utility billings and verify all out-of-range billings and take corrective action prior to mailing utility bills. The auditors also recommend that the City reconcile revenue totals in the monthly billing to payments with corresponding entries in the general ledger revenue accounts. (See PDF Page 63)	N/A	2018 (FY 2015-16)	The City has hired a CPA firm to review each account balance and make adjustments to remove erroneous charges. In addition, the City Manager is monitoring monthly water usage prior to water bills being sent out.	Yes
City of Atlantic Beach	Duval County	<u>15-1 - Financial Close and Reporting:</u> Several adjustments were required by the auditors during the audit process, including entries to adjust beginning fund balance, accrue unrecorded receivables and liabilities, and reverse prior year accruals. The auditors recommend that the City's finance department evaluate the monthly and yearly financial close and reporting process. In addition, the auditors recommend that the finance department perform variance analysis throughout the year over major balance sheet and income statement accounts in order to identify and correct any errors in a timely manner. (See PDF Page 88)	MW	N/A	N/A	Yes

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City of Bradenton Beach	Manatee County	<u>2015-01 - Year End Adjustments</u> : Adjustments were required to correctly reflect the City's financial position and results of operations at the end of the year. The auditors recommend that the City put controls in place to improve the year-end process which should require all balance sheet accounts to be reconciled, and that all transactions are posted to the correct period. The auditors further stated that a financial closing checklist and independent review would improve the process. (See PDF Page 39)	N/A	N/A	N/A	Yes
Town of Bronson	Levy County	<u>ML 2009-4 - Water and Sewer Fund</u> : The Town's water and sewer fund has not been able to operate self-sufficiently under the current rate structure and has recorded operating losses for the last several years. The auditors recommend that the Town continue to increase the water and sewer rates to a level that will recover all operating expenses and eliminate future operating losses. (See PDF Page 39)	N/A	2018 (FY 2015-16)	The Town has adopted a motion to separate the Water and Sewer accounts into two separate funds. This will allow more accurate record keeping of income and expenses. In addition, the Town has developed a plan and adopted a motion to increase sewer rates, which started in 2017. The second increase will be in 2018, and for one additional year, in order for the Water and Sewer departments to operate more effectively. The Town Council will continue to evaluate both Water and Sewer rates and increase accordingly with the help of Rural Water Rate Studies.	Yes

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Town of Bronson (Continued)	Levy County (Continued)	<u>2015-1 - Significant Audit Adjustments:</u> Preliminary working trial balance did not include the required closing entries, including but not limited to the accrual and reversal of balance sheet accounts for the General Fund and the Water and Sewer Fund. Several significant audit adjusting entries were provided to the Town to post to the accounting records of the General Fund and the Water and Sewer Fund during the fiscal year ended September 30, 2017. The auditors recommend that the Town review the causes of audit adjustments proposed and determine what changes should be made to its system of internal control over financial reporting. The auditors also recommend that the Town consider assistance from an outside consultant to assist in the year-end close out process and additional accounting education and training for Town staff. (See PDF Page 33)	MW	N/A	N/A	Yes
City of Bunnell	Flagler County	<u>2015-001 - Human Resource Testing Exceptions:</u> During a prior audit, the auditors noted in the detail audit human resource testing that, out of the 40 employees tested, one employee had an incorrect resignation date recorded in the City's system, 4 employees did not have approved personnel action forms (PAF) in their file related to the pay period tested, 3 employees were missing the proper approval on their PAFs, 1 manual time sheet had extra overtime hours recorded and was improperly approved by the department head, and 8 employees were paid outside of their assigned pay grades. Maintaining current and accurate personnel files is an important control for employee data, as well as for other compliance with employment laws and regulations. Additional details are provided in the audit report. The auditors recommend that the City periodically review the personnel files for completeness. The auditors also recommend that management obtain a better understanding of how hours are recorded and they perform a thorough review of employees' time before approving it. (See PDF Page 67)	N/A	N/A	N/A	Yes

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City of Bushnell	Sumter County	<p><u>2014-1 - Interfund Borrowings with the Wastewater Fund:</u> As of fiscal year-end, the Wastewater fund owes the Electric and Water fund approximately \$1,660,908 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 Fund and an interfund short-term loan from the Electric Fund 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. Although in the current year the Wastewater fund showed improvement in operations and was able to pay the Electric fund approximately \$297,261 on the interfund short-term loan, the likelihood of the 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	2018 (FY 2015-16)	<p>In FY 2016-17, the Wastewater Fund showed significant improvement in operations, primarily due to keeping expenses within a conservative budget amount. This coupled with the refinancing of debt, enabled the Wastewater Fund to pay the Electric Fund on the interfund short-term loan. Staff will be requesting authorization from the Council to conduct another independent Wastewater rate study with the upcoming budget year to re-evaluate the rate structure. Additional details provided in audit report.</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, although the City slightly improved the net position of the fund by increased sales in the current year, the fund is still incurring an operating loss. 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. (See PDF Page 120)	N/A	2018 (FY 2015-16)	The Wastewater Fund (Fund) showed a net operating loss after depreciation in FY 2015-16; however, the Fund's net position continues to improve. 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 continue to 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. The City refinanced and paid off a large bond issuance that was held in the US Department of Agriculture in FY 2016-17. Additional details provided in audit report.	Yes

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City of Callaway	Bay County	<u>2017-002 - Monthly Closing Process:</u> The City's monthly closing process, including preparation and review of bank reconciliations and reconciliation of other material account balances, has not always been completed timely. During FY 2016-17, progress was made in completing the month-end close process in a timely manner. However, a formal close-out process has not been implemented. The City's accounting policy manual, in tandem with a properly designed system of internal controls, requires certain control activities, such as reconciliations to be accomplished timely. This allows for timely review and detection and correction of errors to ensure the accuracy of monthly reports of operating results and financial position. Not having essential month-end closing procedures performed timely increases the risk that misstatements will not be detected and corrected timely. Timely closing also allows the production of reports for management's and the City commission's review and use in financial decision making. The auditors recommend that the development and implementation of a formal closing schedule which indicates who is responsible for performing each procedure and when each procedure be completed. In addition, the auditors recommend that the Commission be kept abreast of the progress and, if the deadlines cannot be met on a consistent basis, the reasons identified. (See PDF Page 82)	SD	2018 (FY 2015-16)	The monthly closing process and bank reconciliations have been caught up as January 2017. All bank accounts are reconciled monthly and copies of the bank statements are provided to the City Manager for review. In addition, the accountant revised the monthly Financial Statement Report in July 2017 to include more detailed information by fund.	Yes
City of Carrabelle	Franklin County	<u>2017-007 - 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. The auditors recommend that the City maintain a level of expenditures within the adopted budget. (See PDF Page 56)	N/A	2018 (FY 2015-16)	The City intends to adopt a final budget at fiscal year-end 2017 to include final fund equities. The City anticipates this finding to be removed by 2018 Audit.	Yes

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City of Carrabelle (Continued)	Franklin County (Continued)	<u>2017-008 - 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)	N/A	2018 (FY 2015-16)	The City intends to adopt a final budget at fiscal year-end 2017 to include final fund equities. The City anticipates this finding to be removed by 2018 Audit.	Yes
		<u>2017-009 - Budget Adoption</u> : Florida law requires that at a minimum the adopted budget must show, for each fund, budgeted revenues and expenditures by organizational unit which are at least at the level of detail required for the annual financial report. The auditors noted during the audit that a budget was not adopted for the port and airport fund. Failure to prepare the budget diminishes the City's ability to regulate expenditures. The auditors recommend that the City develop a policy to adopt a budget for all funds. (See PDF Page 56)	N/A	2018 (FY 2015-16)	The City had adopted and will continue to adopt a budget for the Special Revenue Fund (Port and Airport) and believes this finding will be resolved in the next Audit. The City has also designated a five-member Airport Advisory Board to assist with this process.	Yes
		<u>2017-005 - 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)	N/A	2018 (FY 2015-16)	The City continues to make payments to the Community Redevelopment Agency to clear this finding.	Yes

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City of Carrabelle (Continued)	Franklin County (Continued)	<u>2017-003 - 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)	N/A	2018 (FY 2015-16)	The City has completed a complete inventory of vehicles and property with the assistance of the Florida League of Cities and anticipates this finding will be removed in the next audit.	Yes
		<u>2017-011 - 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)	N/A	2018 (FY 2015-16)	Due to limited resources and staff, the City is seeking grant funding to assist in this process. Until funding is acquired this finding will remain.	Yes
		<u>2017-010 - 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 57)	N/A	2018 (FY 2015-16)	Due to limited resources and staff, the City is seeking grant funding to assist in this process. Until funding is acquired this finding will remain.	Yes

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City of Carrabelle (Continued)	Franklin County (Continued)	<u>2017-004 - Sales Tax</u> : The City is not collecting sales tax on rentals. Although the City is tax exempt from paying sales tax on the purchases, each sale, admission, storage, or rental in Florida is subject to sales tax, unless the transaction is exempt. The auditors recommend that the City register with the State of Florida to collect and remit sales tax on all non-exempt rental charges. (See PDF Page 52)	N/A	N/A	N/A	Yes
City of Cedar Key	Levy County	<u>ML 2015-1 - 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 \$395,061 on January 9, 2018, to retire the debt service principal and interest that was due. During the 2016-17 fiscal year, the CKCRA budgeted and paid 100% of the tax increment revenues for debt service payments under the Note. (See PDF Page 47)	N/A	N/A	N/A	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 90)	SD	N/A	N/A	Yes
		<u>2015-03 - Payroll Tax Compliance and Financial Statement Liabilities:</u> The City was not in compliance with Federal Payroll Tax guidelines. The City's payroll tax setup in its accounting software was not properly staged. Taxable and Nontaxable payroll items were computed incorrectly for both the employer and employee for both Federal and FICA withholding, and payroll tax returns such as 941 and W-2's were not correctly stated. The auditors recommend that, although the amount is not material, amended payroll tax returns should be prepared. (See PDF Page 90)	SD	N/A	N/A	Yes

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City of Chiefland	Levy County	<u>2017-001 - Journal Entry Review</u> : Most journal entries were not authorized and some did not have supporting documentation. The auditors recommend that management categorize journal entries into recurring journal entries and nonrecurring journal entries, where authorization for recurring journal entries is established at the beginning of the year. Nonrecurring journal entries would require individual authorization by management. The auditors further recommend that journal entries always be supported by appropriate documentation where possible. Proper documentation serves as an accounting record and facilitates future follow-up as well as additional insight for other users. (See PDF Page 48)	MW	N/A	N/A	Yes
City of Cottondale	Jackson County	<u>2004-02 - Capital Asset Inventory</u> : The City should take periodic inventories of its capital assets (property and equipment). The auditors recommend that management adopt reasonable policies for what items will be tagged and those that will not. These policies should take into account reasonable levels of control. (See PDF Page 57)	N/A	2018 (FY 2015-16)	Department heads have been advised to tag equipment to allow an inventory of assets. Identifying inventory to be tagged and those not requiring tags allows levels of control.	Yes
		<u>2009-001 - General Accounting Records</u> : The City uses a separate computer program to record and track its utility revenues and billings. Only cash receipts data is entered into the general ledger program. The totals in the general ledger are not reconciled to the utility billing records. Also, the general ledger accounts payables account for the general, transportation and enterprise funds were either off from the subsidiary reports, had debit balances, or both. The auditors recommend that policies be instituted requiring regular detail reports to be generated and general ledger totals to be reconciled to detail records where applicable. The auditors also state that additional training and supervision in this area would be helpful. (See PDF Page 51)	MW	2018 (FY 2015-16)	Regular detail reports are being generated, and general ledger totals are reconciled to detail records where applicable. Additional training from an external source will be implemented. The governing commissioners have closer supervision on all financial activity.	Yes

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City of Dade City	Pasco County	<u>2014-3 - Implementation of Pooled Cash</u> : The accounting department attempted to implement a method to allocate cash transactions between funds by using one cash account. This method of pooling cash assists in eliminating the use of multiple cash deposit accounts between several funds and is commonly used in governmental accounting with local governments that have multiple funds. However, the system of pooling the cash accounts was not consistently set up among the funds, which made it difficult to properly reconcile the bank accounts and identify the cash accounts among the funds. For the current fiscal year, the system of pooled cash continues to have incorrect entries recorded, which created audit adjustments to correct. (See PDF Page 93)	N/A	2018 (FY 2015-16)	Management issued an RFP for Banking Services, selected a new bank, and opened a new account with the intent of moving to a pooled cash environment. Management worked with its ERP provider to properly implement pooled cash in the ERP system. The conversion will be completed over the next few months.	Yes
		<u>2015-4 - Grant Accounting</u> : The prior year audit noted areas where improvements should be made, including timely requests for reimbursement of grant funds, centralization of grant activity, and reporting and proper approval of invoices. During the current year audit, it was noted that a written policy has not yet been completed and the additional oversight by the Finance Director noted in the prior year has not resulted in significant improvements. Also, there has been no progress on improving the timeliness of reimbursement requests. Therefore, the auditors continue to recommend that the City take steps to strengthen these procedures, which are vital to the continued eligibility of the City to receive grant funding. (See PDF Page 93)	N/A	N/A	N/A	Yes

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City of Dade City (Continued)	Pasco County (Continued)	<u>2015-3 - Utility Inventory Records</u> : The City is still in the process of implementing changes to address some weaknesses in the inventory records of supplies and material on hand for the utility operations as noted in the prior year audit. Management performed inventory counts and has adjusted the value of the inventory to agree to these counts. However, the auditors noted that inventory items can be added or removed without supporting documentation to identify the items that are entering or leaving the warehouse. The auditors further noted that City management has shown an interest in obtaining a software system that can address the needs of the City in this area. The auditors recommend that the City continue its efforts to improve the controls over the inventory process by requiring more timely and frequent inventory counts. The auditors further recommend that these controls also include review of purchase orders and requisitions that relate to inventory items to ensure new inventory is safeguarded and properly accounted for in the general ledger. (See PDF Page 92)	N/A	N/A	N/A	Yes

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City of Dade City (Continued)	Pasco County (Continued)	<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 are not well documented; (2) The City requires that employees review and acknowledge the policy rules on computer usage, but there is no program on educating users on security risks (e.g., phishing, malware, social engineering, privacy risks, incident reporting, etc.); and (3) 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 their IT policies and procedures to define how critical processes are performed, monitored, and enforced and management consider establishing a formal security awareness program for their users. 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 92)	N/A	N/A	N/A	Yes
City of Deerfield Beach	Broward County	<u>2015-001 - Bank Reconciliations</u> : Bank reconciliations for the City's operating bank account were not being prepared or reviewed in a timely manner. For certain months, the bank reconciliation was not prepared and reviewed until 90 days after month-end. The auditors recommend that all bank reconciliations be prepared and reviewed on a monthly basis and in accordance with the City's established policy. (See PDF Page 161)	SD	N/A	N/A	Yes

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City of Deerfield Beach (Continued)	Broward County (Continued)	<p><u>ML 08-2 - Accounting Policies and Procedures Manual</u>: The City is in the process of preparing its policies and procedures manual. The auditors noted that, once the written policies and procedures have been formally approved, the finding will be addressed and will no longer be relevant. (See PDF Page 185)</p>	N/A	2018 (FY 2015-16)	<p>The City has made substantial progress in the development of its accounting policies and procedures and has been in some stage of active development since receipt of the management letter from the external auditors. It has since updated its purchasing policies and has incorporated the updates into its code of ordinances. The City has also updated its investments as well as its debt management policies. All of these policies have been compiled into the draft accounting policies and procedures manual, which should be finalized and submitted no later than 5/31/18.</p>	Yes
		<p><u>ML 2013-01 - Financial Accounting and Reporting</u>: For several prior years, the City has had issues with filing its comprehensive annual financial report (CAFR) by the March 31st reporting deadline established by the Government Financial Officers Association (GFOA) as a best practice. This time deadline for this achievement program serves as a guide for timely issuance of this report by municipalities. Also some additional issues were noted by the auditors during the year-end closing process which contributed to a delay in issuing the most recent prior audit report. The auditors noted that the prior year issues have been partially addressed. Written policies and procedures have been drafted during the 2016-17 fiscal year, but have not been finalized or approved. The auditors further noted that, once the written policies and procedures have been formally approved, the finding will be addressed and will no longer be relevant. (See PDF Page 171)</p>	N/A	2018 (FY 2015-16)	<p>For FY 2016-17, the City submitted its CAFR in time for the GFOA Certificate of Achievement Program. It is always the City's goal to submit prior to the March 31st deadline. Sometimes, however, circumstances arise that will not permit this deadline to be met (i.e., the implementation of new accounting standards that require information from third-party vendors, as in the case of the implementation of GASB 67/GASB 68, or delays in receipt of audit confirmations that might alter the outcome of the amounts and disclosures that are reported in the financial statements. In each instance where staff contemplates that the CAFR will be submitted after the March 31st deadline, City staff actively communicate this fact to GFOA and the City has always obtained their permission for the late submission.</p>	Yes

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City of Deerfield Beach (Continued)	Broward County (Continued)	<u>ML 11-4 - New Hire Access Request Process and Terminated User Disablement and Removal Process:</u> The City has only partially addressed the prior audit finding which noted that the City's HR and IT management need to establish better control and communication processes to standardize the access request process so all requests for specific access privileges to be granted and approvals are clearly documented and to ensure timely disablement of terminated user accounts, including the periodic reporting and review of terminated users against active user lists on the network and relevant applications. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual and note that, once the written policies and procedures have been formally approved, the finding will be addressed and will no longer be relevant. (See PDF Page 175)	N/A	2018 (FY 2015-16)	Due to a shortage of staff in the City's Information Technology Department, the implementation of the City's new hire access Request Policy has not yet been implemented. This finding should be resolved during FY 2018-19.	Yes
		<u>ML 11-5 - Network Domain and Password Parameters:</u> The City has only partially implemented the recommendation for the prior audit finding, which noted that the City's domain policy parameters are not set sufficiently to align with industry standards and best practices as it relates to network access due to increasing changes in the information technology (IT) security arena and the increased vulnerabilities that exist in today's world. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual and note that, once the written policies and procedures have been formally approved, the finding will be addressed and will no longer be relevant. (See PDF Page 177)	N/A	2018 (FY 2015-16)	The Access Control Policy has been documented in the draft IT Department Policies and Procedures Manual. Access Control Policy provides guidance in User Management Controls, Operating Systems User Access Controls, and Application System Access Controls. This policy remains a high priority of the IT Department (Department); however, due to significant turnover in the Department, the policy was placed on hold until a new Chief Information Officer is hired.	Yes

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City of Deerfield Beach (Continued)	Broward County (Continued)	<p><u>ML 11-6 - Logging and Monitoring of Security and Auditable Events:</u> The Information Technology (IT) Department has only partially addressed the prior audit finding which noted that no formal logging and monitoring of security and auditable events at the network, AS-400 or Sunguard application level was currently being performed. This was because the City had not reviewed available monitoring mechanisms and reports and had not established formal review controls and related processes. The auditors recommend that the City continue to improve its attempts to create a formal policy to standardize a formal review process and controls of the network and relevant applications. (See PDF Page 179)</p>	N/A	2018 (FY 2015-16)	<p>The City's IT Department (Department) is logging both successful and unsuccessful logon attempts to its Active Directory Network and the AS-400. The Department will continue to review industry policies that take into consideration storage and review requirements. The Department also reviews reports on an as needed basis and will improve this review to occur formally and on a routine basis. In addition, the Department has updated network monitoring tools and will review the numerous reports provided by the tool to make necessary improvements.</p>	Yes
		<p><u>ML 11-8 - Change Management Policies and Procedures and Change Management Approval and Testing:</u> The Information Technology (IT) Department has only partially addressed the prior audit finding recommendation which noted that the City should maintain a record of every change executed in the production environment and document formal change management policies and procedures to include the different types of changes and requirements for testing, validation, and approvals prior to being placed into production. Additional details are provided in the audit report. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual and note that, once the written policies and procedures have been formally approved, the finding will be addressed and will no longer be relevant. (See PDF Page 181)</p>	N/A	2018 (FY 2015-16)	<p>This finding has been partially corrected. A change management policy has been documented in the City's draft IT policies and procedures. However, due to significant turnover in the IT Department, the policy was placed on hold until a new Chief Information Officer is hired.</p>	Yes

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City of Deerfield Beach (Continued)	Broward County (Continued)	<u>ML 11-9 - Disaster Recovery Plan and Data Restoration Testing</u> : The Information Technology Department has only partially addressed the prior audit finding which noted that the City does not appear to have a documented Disaster Recovery Plan or process in place for periodic data restoration testing and communication of results. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual and note that, once the Disaster Recovery Plan has been formally approved, the finding will be addressed and will no longer be relevant. (See PDF Page 182)	N/A	2018 (FY 2015-16)	This finding has been partially corrected. A Disaster Recovery Plan is in its draft stages; however, due to significant turnover in the City's IT Department, the plan was placed on hold until a new Chief Information Officer is hired. It is the City's hope to adopt and implement this plan during the upcoming fiscal year.	Yes
		<u>ML 11-1 - Compliance with Investment Policy</u> : Prior year issues have been partially addressed. Written policies and procedures have been drafted, but have not been finalized or approved. The auditors further noted that, once the written policies and procedures have been formally approved, the finding will be addressed and will no longer be relevant. (See PDF Page 173)	N/A	2018 (FY 2015-16)	The City has since updated its investment policies. The City provided a copy of the investment policy that was approved by the City Commission on March 6, 2018.	Yes
		<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 184)	N/A	2018 (FY 2015-16)	All personnel actions are entered into the payroll system by the Payroll Coordinator, who is also responsible for processing the City's payroll. The City understands that this poses a major internal control risk. As such, the City's Human Resources Department will be assuming the duty of entering all personal actions. The City plans to create a new position in its FY 2018-19 budget to perform this role.	Yes

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City of Deerfield Beach (Continued)	Broward County (Continued)	<u>MLC 2015-003 - Utility Billing</u> : During audit testing of utility billings and collections, discrepancies were noted between the authorized Solid Waste rates and the amounts being charged/billed to customers. The exception related to fees for shared roll-out containers that had no approved ordinance. The auditors recommend that authorized rates used by the Utility Billing Division, be reviewed and compared against the corresponding ordinance(s), which should reduce the incidence of discrepancies between the authorized rates per approved ordinance and the rates charged/billed on City customer's utility bills. (See PDF Page 169)	N/A	N/A	N/A	Yes
City of Dunnellon	Marion County	<u>2015-02 - Fund Balance Policy</u> : To assist the City in restoring and maintaining reserves at appropriate levels, the auditors recommend that the City Council promptly adopt a formal "Financial Reserves" policy. Such a policy would specify reserve levels for each fund and direct uses of excess funds when such situations occur. (See PDF Page 82)	N/A	N/A	N/A	Yes
Town of Eatonville	Orange County	<u>2006-A - Financial Condition Assessment</u> : The Town, excluding the Community Redevelopment Agency, had a deficit unrestricted/unassigned fund balance and a deficit unrestricted net position at fiscal year-end. Without strengthening of financial condition and resolution of other matters, conditions could exist that could lead to a state of financial emergency as prescribed by Section 218.503(1), Florida Statutes. The auditors recommend that the Town's budgeting, financial management, and strategic planning process provide for strengthening of the Town's financial position in order to ensure adequate liquidity and ability to address long-term obligations. (See PDF Page 78)	N/A	2018 (FY 2015-16)	The Town expects the Fund Balance for all funds to be positive and this finding will be corrected in FY 2016-17.	Yes

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Town of Eatonville (Continued)	Orange County (Continued)	<u>2017-001 - Recording and Oversight of Transactions:</u> Multiple transactions were not recorded consistently with generally accepted accounting principles (GAAP). The auditors recommend that the Finance Department exercise increased diligence in the recording and review of transactions to ensure all transactions are recorded in accordance with GAAP. (See PDF Page 73)	MW	N/A	N/A	Yes
		<u>2016-001 - Reconciliations:</u> In prior years, the auditors noted that reconciliations were not provided for interfund balance sheet accounts, and allowance for doubtful accounts were not analyzed and adjusted at year end. The auditors recommended that the Finance Department prepare regular reconciliations of its balance sheet subsidiary ledgers to the general ledger balances in order to ensure accuracy of general ledger balances, and that these reconciliations be reviewed and adjustments made to avoid errors or omissions of financial data. In the current audit, the auditors noted that the Town has made progress in correcting the finding and, while adjustments were still necessary to reconcile these accounts, the adjustments did not rise to the level of a material weakness. (See PDF Page 74)	N/A	2018 (FY 2015-16)	The Town is still working on and have been meeting with several software companies for better accounting system. The Finance Department is making effort to resolve these past issues regarding this finding.	Yes
Village of El Portal	Miami-Dade County	<u>2015-02 - Policies and Procedures:</u> The Village did not have evidence for the implementation of certain procedures within its policy and procedures manual. For example, copies of bank deposit slips required for bank deposit procedures outlined in the manual could not be located during the auditors' review of internal controls over cash receipts. The purchasing policy requires that each price or cost analysis be documented in writing for purchases exceeding \$2,500. Such documentation was not performed for certain cash disbursements reviewed during the audit. Also, minutes of the Council meetings were not maintained for the months of April and July 2015. The auditors recommend that the Village implement its established policies and procedures. (See PDF Page 63)	SD	N/A	N/A	Yes

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Village of El Portal (Continued)	Miami-Dade County (Continued)	<u>2015-07 - Development and Implementation of a Disaster Recovery Policy</u> : The Village does not have a detailed written disaster recovery policy in place. The auditors recommend that the Village develop and implement a written disaster recovery policy. (See PDF Page 66)	N/A	N/A	N/A	Yes
City of Fort Meade	Polk County	<u>2017.1 - Wastewater Fund Losses</u> : The City's wastewater fund has incurred losses before contributions and transfers during the 2015-16 and 2016-17 fiscal years. The wastewater fund also has an interfund loan payable to the general fund with insufficient unrestricted resources available to repay the loan, which may result in reclassification to a permanent transfer. The City adjusted its rates for industrial customers during 2016 based on the results of a supplemental wastewater rate study. The auditors recommend that the City ensure that fees collected are sufficient to pay operating expenses and repay the interfund loan to the general fund, or that transfers be budgeted from other funds, as necessary. (See PDF Page 89)	N/A	N/A	N/A	Yes
		<u>2017.2 - Power Cost Adjustment (PCA) Tariff</u> : As of fiscal year-end, the establishment of an interest-bearing account for rate stabilization and other provisions of the City's PCA ordinance (Ordinance 14-09) have not been implemented. The auditors recommend that the City prepare an internal policy memorandum clarifying guidance for the implementation of this ordinance. In addition, the auditors recommend that the City formalize the methodology into a revised PCA rate tariff, filed with the Florida Public Service Commission. (See PDF Page 90)	N/A	2018 (FY 2015-16)	The City Commission approved Ordinance 2018-06 on July 10, 2018 to resolve this matter.	Yes

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City of Freeport	Walton County	<u>2017-06 - Audit Adjusting Journal Entries</u> : The City did not record all necessary entries in the general ledger in order for the financial statements to be materially correct and in accordance with generally accepted accounting principles (GAAP). Numerous adjustments were proposed by the auditors in order for the financial statements to be materially correct and in accordance with GAAP. The auditors recommend that the City ensure that all necessary information is recorded to allow council members to review accurate information at their monthly meetings. (See PDF Page 83)	SD	N/A	N/A	Yes
City of Graceville	Jackson County	<u>2012-001 - Fixed Assets</u> : An inventory of property owned by the City has not been completed in several years. The auditors recommend that the City establish a policy for periodic review of property records in compliance with Section 274.02, Florida Statutes. (See PDF Page 64)	N/A	2018 (FY 2015-16)	Fixed asset inventory will be completed.	Yes
Town of Greenville	Madison County	<u>2017-003 - Excess Expenditures Over Appropriations</u> : Expenditures exceeded appropriations in the Special Revenue Fund at fiscal year-end. The auditors recommend that the Town take appropriate corrective action including monitoring the budget throughout the year and amending the budget when appropriate. (See PDF Page 59)	N/A	2018 (FY 2015-16)	The Town was without a Town Manager for an extended period of time during this audit cycle. According to the Town Charter, the budget is the responsibility of the Town Manager. The overage occurred in the Cemetery Fund; the overage amount was less than \$1,400. There are only two employees in Town Hall in addition to the Town Manager. The Town continues to work with the auditors to implement oversights where possible.	Yes

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City of Gulf Breeze	Santa Rosa County	<u>2017-001 - Financial Reporting</u> : Although the City has been working to improve the year-end closeout procedures to correct deficiencies noted in past audits and progress has been made, the auditors identified several adjustments that were necessary to properly present the financial statements in accordance with generally accepted accounting principles (GAAP). The auditors recommend that the City continue its efforts to improve the year-end closeout procedures, including a comprehensive review of year-end balances and any adjustments necessary to conform with GAAP. (See PDF Page 178)	MW	2018 (FY 2015-16)	The City's Mayor acknowledges that it has taken longer to correct the deficiencies noted in this finding. The City's auditors have noted the continued progress in resolving the required adjustments. The City's new Director of Finance has implemented processes to ensure that the deficiencies that were the subject of this finding were not only fully corrected but that such processes should assure complete and timely reporting henceforward. The Mayor is confident that the City Council will provide the Finance Department all resources that may be needed. The City Council will also insist on implementation of procedures whereby the City Manager is better informed of any possible concerns.	Yes
City of Hallandale Beach	Broward County	<u>2017-001 - Financial Close and Reporting</u> : During the course of the audit procedures, the auditors were required to make adjusting journal entries to correct account balances. The auditors noted that the City had a significant amount of finance department personnel turnover, coupled with the delay in issuance of the 2015-16 fiscal year financial statements (prior year) and the lack of a sufficient/timely closing process and formal year-end closing procedures. The auditors recommend that the City institute the necessary controls to facilitate a proper year-end close out which could include, but is not limited to: (1) performance of monthly account analysis and review by supervisory personnel, (2) performance of analytical reviews of account balances monthly be supervisory personnel, and (3) development of a formal year-end closeout procedure, including a closeout checklist and assignment of tasks to specific personnel for completion. (See PDF Page 172)	SD	2018 (FY 2015-16)	Processes and procedures were reviewed and tightened to ensure accurate account reconciliations and variance investigation would be completed timely. Weekly meetings with staff are conducted to ensure timely, accurate completion of tasks. Journal entry and journal approvals have a separation of duties among more than one individual to ensure the correct back-up is attached and proper accounts are being hit in the financial reporting system. Staffing levels have increased and continuing education is conducted through webinars and professional conferences keeping the City and staff current with industry changes.	Yes

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City of Hawthorne	Alachua County	<u>2017-1 - Financial Statements</u> : There are old inter-fund receivable and payable balances that have accumulated over the years. The City does not have a clearing system to settle the inter-fund balances that arise in the normal course of business. While the entity-wide financial statements are not impacted due to the compensating nature of these balances, the individual funds reflect large amounts of both receivables and payables. An analysis of these old balances, and developing a system to clear the balances on a regular basis, is proper accounting procedure. (See PDF Page 65)	N/A	N/A	N/A	Yes

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City of Hialeah	Miami-Dade County	<p><u>2015-02 - Water and Sewer Fund, Solid Waste Fund, and Stormwater Utility Fund Deficit</u>: The Water and Sewer fund, Solid Waste fund, and Stormwater fund had operating losses of \$2,688,312, \$1,898,917 and \$584,392, respectively. In the prior year only the Water and Sewer and Solid Waste funds incurred operating losses. The auditors recommend that the City review its current rates for Water and Sewer, Solid Waste, and Stormwater Services to ensure the fees cover the costs of operations and also continue to reduce costs of operations while maintaining quality of service. (See PDF Page 173)</p>	N/A	2018 (FY 2015-16)	<p>The City completed a five-year utility rate study in March 2016, which recommends that water and sewer rates be adjusted in FY 2016-17 to account for anticipated increases in operational costs, capital expenditures, and conserving existing reserves. At that time only, a CPI increase and a MDC pass through sewer increase were implemented. In FY 2017-18 rates have been adjusted to account for additional anticipated increases. For FY 2018-19 the City will consider additional adjustments to the water and sewer rates to cover large ongoing capital expenditures. In April 2017, a contractor working for a developer damaged the electrical system servicing the well field for the RO Water Treatment Plant resulting in the reduction of the plant production of potable water by half. The City has filed a claim against the contractor and their insurance company in an attempt to recoup additional costs that occurred as a result. The claim remains outstanding. In FY 2015-16 the City privatized the disposal of garbage and bulky waste reducing disposal costs by \$1.4M from the previous year. Operating losses in FY 2016-17 were reduced, while the City continues to operate the collection of recyclables. In FY 2017-18 the City completed the privatization of the collection of recyclable materials. It is expected that in FY 2018-19, given the implemented reduction in force, decreased recycle collection costs and adjustments to the residential fees, the SW program operating losses be substantially reduced and or eliminated. There was a delay in the transfer of employees as part of the privatization effort, which also contributed significantly to the operating losses for both FY 2015-16 and 2016-17.</p>	Yes

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City of High Springs	Alachua County	<u>2017-001 - 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 Water Fund deficit increased from the prior year and the Sewer Fund deficit decreased from the prior year. (See PDF Page 58)	N/A	N/A	N/A	Yes
City of Lake Helen	Volusia County	<u>2017-003 - Accounting System:</u> The City uses the QuickBooks accounting software. While this software is very user-friendly and a well-established program, the complexity of the City's operations exceeds the capability of certain functions within QuickBooks. The auditors recommend that the City perform a cost-benefit analysis to assess the associated costs of implementing a more robust accounting system which can better integrate all of the City's operations, including improved monitoring of budget versus actual amounts. (See PDF Page 60)	SD	N/A	N/A	Yes
		<u>2017-002 - Journal Entries Segregation of Duties:</u> The Finance Manager is responsible for all aspects of journal entries, including the preparation, approval, and posting of journal entries. While this is not uncommon for an entity of the City's size, this presents a greater risk due to the lack of segregation of duties. The auditors recommend that the City consider opportunities to achieve a greater level of segregation of duties over the journal entry process, potentially by further involving a second individual, such as the Finance Assistant, in the process. (See PDF Page 60)	SD	N/A	N/A	Yes

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Town of Lake Placid	Highlands County	<u>2017-001 - Journal Entries</u> : Audit adjustments were necessary to decrease assets by \$53,246, increase liabilities by \$9,795, and decrease various equity, revenue and expense accounts by \$63,040 across the funds as of fiscal year-end. The adjustments included utility billing accounts receivable adjustments, allowance adjustments, and utility revenue adjustments. The auditors recommend that the Town thoroughly review the preparation of the year-end trial balance and related entries to ensure that all of these adjustments are properly accounted for, in a timely manner, in order to facilitate the preparation of GAAP financial statements to satisfy the audit reporting requirements of the Town. The auditors also recommend that the Town perform monthly and year- end reconciliations of its utility accounts receivable listings and periodically review the utility billing aging reports to evaluate items for potentially uncollectible balances. (See PDF Page Report p.63, Revised ML - p. 1)	MW	N/A	N/A	Yes
City of Lawtey	Bradford County	<u>2017-2 - Cash</u> : Bank reconciliations were not always performed in a timely and accurate manner. The auditors recommend that, when the City performs monthly bank reconciliations, staff reconcile the bank account to the prior month's bank statement balance, as well as the current general ledger balance. (See PDF Page 41)	MW	2018 (FY 2015-16)	The City has hired an independent accountant to perform bank reconciliations in a timely and accurate manner to the prior month's bank statement as well as the general ledger balance.	Yes
		<u>2017-4 - Debt Administration</u> : The required monthly transfers into the Revenue Bond Sinking account pursuant to the loan agreement with the USDA were not always deposited in a timely manner. The auditors recommend that the City establish procedures to ensure the required monthly amount is transferred to the sinking fund on a monthly basis and consider setting up an automatic transfer of funds to facilitate this requirement. (See PDF Page 41)	SD	2018 (FY 2015-16)	The City has set up an automatic transfer to be transferred on a monthly basis to ensure that the USDA loan requirements are met.	Yes

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

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Town of Medley	Miami-Dade County	<u>2017-02 - 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. 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 \$3.5 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 80)	MW	2018 (FY 2015-16)	A physical inventory was prepared on smaller items, such as desks, computers, etc. Larger items are inventoried annually and submitted to the Town's insurance company for coverage. These items are reconciled to the fixed assets schedules. Also, the Town has implemented an aggressive program to obtain proper right-of-way dedications and conveyances of infrastructure and utility sites. 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 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 three years, the Town has made significant progress in obtaining right-of-way and infrastructure and utility dedications.	Yes
		<u>2017-03 - 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 related to the requirement of 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 81)	SD	2018 (FY 2015-16)	The Town has implemented a centralized purchasing system, requiring the approval by the Town Mayor of any non-routine purchases or expenditures exceeding \$2,000. Stricter enforcement of the Town's Purchasing Ordinance has been implemented, specifically with regards to small purchases. Also, the Town has decreased the number of authorized credit card users to three individuals and has restricted the use to certain purchases (i.e., training, travel, and certain types of police work). Details are provided in the Town's response.	Yes

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City of Miami	Miami-Dade County	<p><u>ML 2015-01 - Use of Restricted Resources</u>: The City is not expending available capital project bond proceeds in a timely manner. The auditors recommend that management develop a plan and budget appropriately to allow for the utilization of available bond proceeds to fund allowable City projects. Additionally, the auditors recommend that the City establish defined funding timelines for individual capital projects, prior to obtaining debt financing to fund such projects. (See PDF Page 268)</p>	N/A	2018 (FY 2015-16)	<p>The City continues to aggressively spend-down remaining unspent proceeds. The City is now issuing Declarations of Intent to Reimburse early in the process, spending the funds, and then issuing the debt to minimize the risk of this recurring. The timing of expenditures is now factored into the timing of issuing the debt. The established working group, which includes the Office of Capital Improvements, the City Attorney's Office, the Office of Management and Budget, and the Finance Department, are currently assessing the benefits of refinancing the Series 2009 Streets and Sidewalk bonds; the finding is repeated in the FY 2016-17 audit report primarily due to this debt that is unspent to date.</p>	Yes
		<p><u>ML 2014-04 - User Access Reviews</u>: The City does not have established policies and procedures in place requiring the review of user access rights on a periodic basis. Periodic user access reviews are not being performed for the network (active directory) to validate that employee system access rights are appropriate based on the employee's roles and responsibilities. Additionally, in FY 2016-17, management implemented a process to review ORACLE user access rights; however, such review were not completed as of fiscal year-end. The auditors recommend that management establish formal policies and procedures to allow for the proper administration of user access rights on an ongoing basis. (See PDF Page 270)</p>	N/A	2018 (FY 2015-16)	<p>The City will continue to enhance system security controls across all the software applications. With the use of ORACLE, the City is now generating a Responsibility Matrix Report that is being sent to department directors to validate user access every six months. The City does not currently have an automated process that would allow the City to conduct network user access reviews; therefore, a request for funding has been submitted to implement an Identify Management System.</p>	Yes

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City of Miami (Continued)	Miami-Dade County (Continued)	<u>ML 2015-02 - Accounts Receivable</u> : Management has been assessing the collectability of the outstanding receivable balances over time; however, formal action has not been taken to write-off amounts not deemed to be collectible at a future date. The auditors recommend that management assess the collectability of outstanding receivables and take formal action to write-off balances for financial statement reporting purposes, which are not deemed to be collectible at a future date. (See PDF Page 269)	N/A	N/A	N/A	Yes
City of Midway	Gadsden County	<u>13-08 - General Fixed Assets</u> : The City had not taken a complete physical inventory of property and equipment. The City also did not include an ID number for each item. The auditors recommend that each property and equipment item be tagged with an ID number and the ID number be included on the physical inventory list. The auditors further recommend that the inventory be compared to the City's property records and differences be communicated to the City Council for proper disposition. In addition, after the property records are updated and reconciled, a report should be made annually to the City Council noting any discrepancies between physical inventory and detailed property records. (See PDF Page 50)	N/A	2018 (FY 2015-16)	The City has taken a complete physical inventory of all City property and equipment and has tagged all items with an ID number. All obsolete items have been removed from the listing.	Yes
City of Mulberry	Polk County	<u>2014-005 - Budgetary Control</u> : Actual expenditures exceeded budgeted appropriation by \$544,392 at the fund level of budgetary control. In prior years the auditors recommended that the City amend its budget to ensure that the actual expenditures do not exceed the budgeted appropriations. (See PDF Page 52)	N/A	2018 (FY 2015-16)	The City has taken steps for full corrective action to review budget versus actual expenditures quarterly and at fiscal year-end. Any amendments that need to be made to the budget will be brought before the City Commission and recorded in a timely fashion.	Yes
		<u>2015-003 - Capital Asset Accounting</u> : A capital asset inventory was not performed in accordance with the Florida Administrative Code. In the prior year the auditors recommended that the City perform an annual capital asset inventory in accordance with the Florida Administrative Code. (See PDF Page 52)	N/A	N/A	N/A	Yes

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City of North Miami Beach	Miami-Dade County	<p><u>2015-1 - New Enterprise Resource Program System Implementation Observations:</u> The City commenced the implementation of phase one of a new Enterprise Resource Program (ERP) system. Phase one included the following modules: general ledger, budgeting, accounts payable, purchasing, fixed assets, project & grant accounting, cash management, and contract management. The auditors noted the following matters which are not unusual during the implementation of a new ERP system: (1) Fiscal Year 2014-15 general ledger postings were not substantially completed until approximately eight months (May 2016) after September 30, 2015; (2) Delays in the general ledger detailed conversion validation impacting the timeliness of financial statements; (3) Bank reconciliations were not completed in a timely manner; (4) Delays in recording depreciation expense due to the time required to validate the fixed assets conversion; and (5) Limited financial reports available from the system. The auditors recommend that: (1) the City conduct an evaluation of the existing ERP system and an analysis of projected needs for the future; (2) additional training on the new ERP for the City's staff be required, as well as the development of reports that provide information to management and other interested parties; and (3) efforts be made to document the flow of transactions in the Fixed Assets module. Additional details are provided in the audit report. (See PDF Page 203)</p>	SD	N/A	N/A	Yes

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City of Oak Hill	Volusia County	<u>ML 2015-03 - Information Systems Security</u> : Comprehensive, formal and written security policies are not in place to define the security objectives for the City. The auditors recommend that, to reduce the exposure to unauthorized access to the City's information technology (IT) systems, the City create a comprehensive Information Security Policy that defines the requirements for granting access, terminating access, periodically reviewing access, password security, confidentiality of information, segregation of duties, physical and logical access to sensitive data, network security, backup, and disaster recovery procedures. The auditors further recommend that this policy be reviewed and updated annually to accurately reflect changes in the information systems environment. (See PDF Page 79)	N/A	N/A	N/A	Yes
Town of Oakland	Orange County	<u>12-3 - Capital Asset Inventory</u> : An inventory of the Town's capital asset property for FY 2016-17 was not performed. In prior years, the auditors have recommended that the Town implement procedures to ensure that a physical inventory of all capital asset property is completed annually and in accordance with the Florida Administrative Code. (See PDF Page 54)	N/A	2018 (FY 2015-16)	Due to limited staff, the Town is seeking options to handle an inventory of all Town property.	Yes
		<u>10-05 - Internal Control over Financial Reporting</u> : Auditors continued to find many financial statement misstatements, some considered material. (See PDF Page 53)	MW	2018 (FY 2015-16)	The Town has hired a CPA firm to assist Town staff in correcting this finding.	Yes
		<u>11-5 - Approval and Support of Journal Entries</u> : Some journal entries lack adequate documentation and evidence of supervisory review. In prior years the auditors have recommended that management adopt procedures that ensure all journal entries are supported by adequate documentation and are subject to supervisory review. (See PDF Page 54)	MW	2018 (FY 2015-16)	The Town has implemented a process to cure this finding.	Yes
		<u>10-04 - Payroll</u> : Payroll related activity is still being posted to the general ledger incorrectly and without reconciliation between the accrued liabilities and the actual amounts paid for benefits. (See PDF Page 53)	N/A	2018 (FY 2015-16)	The Town has hired a CPA firm to assist Town staff in correcting this finding.	Yes

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Town of Oakland (Continued)	Orange County (Continued)	<u>10-01 - Utility Billing Subledgers should be Reconciled to the General Ledger:</u> In the past eight audits the auditors have recommended that management implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledger control accounts. Although the Town has hired a consultant to assist with this recommendation and the Town has provided the necessary adjustment to reconcile the September 30, 2017 general ledger balance to agree to the accounts receivable subsidiary ledger to the general ledger control accounts, a monthly reconciliation has yet to be implemented. (See PDF Page 53)	SD	2018 (FY 2015-16)	The Town has hired a CPA firm to assist Town staff in correcting this finding.	Yes
		<u>10-06 - Restricted Cash Monitoring Needs Improvement:</u> The auditors noted that, prior to their proposed adjusting entries, the amount of cash set aside for restricted purposes in the general fund and the water fund was less than required. It was also noted that monthly transfers to the Town's required debt sinking and reserve funds were not being made or monitored. As noted in previous audit reports, management was not always monitoring the restrictions placed on revenues that are restricted as to use by enabling legislation or contract. (See PDF Page 53)	SD	2018 (FY 2015-16)	The Town has hired a CPA firm to assist Town staff in correcting this finding.	Yes
City of Palm Bay	Brevard County	<u>IC 2015-002 - Federal and State Grant Reports Were Not Submitted on Time In Compliance With Grant Requirements:</u> The City did not have an employee in charge of ensuring grant reports were completed accurately and filed on time throughout the year. The auditors recommend that, in order to properly monitor grant projects and ensure that all grant requirements are met, the City create a position directly responsible for overseeing the grant projects. (See PDF Page 213)	MW	N/A	N/A	Yes

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City of Palm Bay (Continued)	Brevard County (Continued)	<u>IC 2015-003 - Debarred and Excluded Vendors</u> : The City did not properly run checks on SAM.gov for 1 of the 4 required vendors prior to contracting the vendors; however, the SAM.gov checks were run after the fact and no debarred vendors were noted. The auditors recommend that all departments be required to go through the procurement process. (See PDF Page 217)	SD	N/A	N/A	Yes
City of Panama City	Bay County	<u>2017-1 - Deficit Fund Balance - Component Unit - Panama City Downtown Improvement Board</u> : The auditors noted that, for the last five years, the Panama City Downtown Improvement Board has had a deficit in the General fund unassigned balance. The auditors recommend that the Board continue its efforts to eliminate this deficit balance. (See PDF Page 236)	N/A	2018 (FY 2015-16)	The deficit in the general fund amounted to \$85,910 results from an old interest payable accrual that may have to be repaid to the State of Florida in the event the building is sold in the future. State officials recommended this liability remain on the financial statements. The deficit is in the general fund. The statement of net position reports a positive \$1,118,623 net equity, which includes the net investment in capital assets. The Board is committed to continuing measures to reduce expenses which will help alleviate the deficit general fund balance.	Yes
Town of Pierson	Volusia County	<u>2012-01 - Utility Billing</u> : The Town's accounts receivable detail report and the customer deposit detail report are not being reconciled to the general ledger accounting system on a monthly basis. In addition, the accounts receivable aging obtained from the utility billing system included significantly old outstanding client account balances that either no longer existed or were written off in previous years. Also, no liens were recorded on the property owners to secure that the outstanding bills will be paid in the future. The auditors recommend that: (1) the account detail be reconciled to the general ledger and that a member of the Town Council review this reconciliation, and (2) a review be performed on all accounts that are past due in excess of 60 days to ensure that service has been cut off and determine if a lien needs to be recorded on the property. (See PDF Page 41)	SD	2018 (FY 2015-16)	This finding was not corrected in the audit report for the 2016-17 fiscal year. (1) Having corrected and reconciled the customers' deposits and having set up a new billing system, the Town is still working on getting the customer accounts receivables to the general ledger on a monthly basis. The contracted accountant is diligently working to have this compliant by the next audit, as well as training the utility clerk to maintain. (2) Those water accounts that are in excess of 60-days past due are being reviewed, monitored for payment and holding a lien on those that have not paid. The municipal clerk follows up when lien searches are requested and is obtaining payments.	Yes

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Town of Pierson (Continued)	Volusia County (Continued)	<u>2014-01 - Utility Deposit Interest Payable</u> : The Town has been accruing a liability for deposit interest payable but has not credited or made payment to its customers in several years. The auditors recommend that the Town establish procedures so that the deposit utility interest is paid out on an annual basis as required by the Florida Public Service Commission. (See PDF Page 44)	N/A	2018 (FY 2015-16)	This finding was not corrected in the audit report for the 2016-17 fiscal year. Having corrected and reconciled the customers' deposits, the Town is still working with the contracted accountant to have this compliant by the next audit.	Yes
Town of Reddick	Marion County	<u>IC2009-1 - Financial Reporting</u> : The Town's knowledge and expertise does not currently allow its staff to perform all of the functions necessary to prepare the financial statements and note disclosures in accordance with generally accepted accounting principles (GAAP). A deficiency exists in the system of internal control over financial reporting when the Town does not have the expertise necessary to do so. (See PDF Page 27)	MW	N/A	N/A	Yes
		<u>ML2009-1 - Financial Reporting</u> : The Town has elected not to present Management Discussion and Analysis that GAAP has determined necessary to supplement although not required to be a part of the basic financial statements. (See PDF Page 27)	N/A	N/A	N/A	Yes
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 67)	N/A	N/A	N/A	Yes

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Town of Sneads	Jackson County	<u>2000-001 - Fixed Assets</u> : The Town's capital asset records are materially accurate related to cost, date acquired, and description. However, they do not provide sufficient required information related to source of funds, restrictions, etc. The deficiency could result in improper use or disposal of equipment or property, possibly in violation of law. The auditors recommend that the Town continue to update its capital asset records by reconciling the cost records with a current complete physical inventory. The auditors further recommend that these records be updated with other required data, such as source of funds and restrictions, and the Town not rely on the external auditor to update these records. (See PDF Page 60)	SD	2018 (FY 2015-16)	The Town does not have sufficient staff to complete these records. It is unlikely to change in the foreseeable future, but if it does, the Town will then make that change.	Yes
City of South Daytona	Volusia County	<u>2013-1 - Interfund Receivables</u> : The Water/Sewer Fund owed the General Fund \$710,293 at fiscal year-end. The City paid down a portion of the planned payment in 2017. The auditors recommend that the City continue to monitor its plan on a monthly basis until the loan has been repaid. (See PDF Page 148)	N/A	2018 (FY 2015-16)	The City has continued to monitor its plan to repay this loan and has successfully reduced the balance by approximately 64% from the 2012-13 fiscal year when the audit finding was initially presented. As a small City with limited resources, the City is not in a position to immediately pay off this balance, but has worked diligently to ensure that the balance is reduced each year.	Yes
		<u>2015-2 - Renewal and Replacement Fund</u> : The City expended the funds in the Renewal and Replacement Fund during the year for repairs and maintenance. These funds are designed to have funds available in order to meet unforeseen repairs or emergencies. The auditors noted that the City will have a rate study in the 2017-18 fiscal year. The auditors recommend that, as part of the rate study, the City allocate sufficient funds to start making the required transfers into the Renewal and Replacement Fund. (See PDF Page 148)	N/A	N/A	N/A	Yes

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Town of South Palm Beach	Palm Beach County	<u>2017-03 - 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. Adopted accounting procedures lacked sufficient detail of control, review, and reconciliation procedures to be implementation and documentation of the same. The policy also contained insufficient detail on procedures and controls for the procurement of various goods and services. 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 98)	N/A	N/A	N/A	Yes

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City of St. Cloud	Osceola County	<p><u>2017-1 - Notice of Event of Default (Stevens Plantation Improvement Project Dependent Special District (District)):</u> The District was formed in 2003 and is presented as a blended component unit of the City of St. Cloud. In May 2013, the Bond Holders of the District's Revenue Bonds, Series 2003, received a Notice of Event of Default because the Trustee (U.S. Bank National Association) did not receive sufficient payments from the District for the payment of the: (i) interest due on the Bonds on May 1, 2013, and (ii) principal maturity on the Bonds due and payable on May 1, 2013. The amounts on deposit in the Revenue Fund and the Reserve account were insufficient to pay the interest and principal on the Bonds due and payable on May 1, 2013. No subsequent payments have been made since the notice of default, except for a partial interest payment made in June 2016. The District is not in compliance with certain provisions of the Bonds. (See PDF Page 163)</p>	N/A	2018 (FY 2015-16)	<p>The District has continued to aggressively market the property for sale at the highest possible value, while urging the bondholders to consider amending the escrow agreement so as to increase the net proceeds of the property sales available to satisfy the District bonds. Since last year's response in May 2017, the District has closed on two sales of District property. Currently the District has one pending contract for a sale of additional property and is negotiating the sale of additional parcels, as well as the sale of the largest undeveloped property owned by the District. A portion of the proceeds from the sale of District property is transferred to the bond trustee to pay the outstanding District bond obligations. The District is working with the bond trustees and/or bondholders to restructure the bonds with the goal of extinguishing the obligation at the time that the undeveloped parcel is sold. Additionally, the real estate market is improving in Osceola County, and therefore, the District will continue to market its property and is confident that additional sales will occur in the near future.</p>	<p>No (A written response will be requested from Stephens Plantation Community Development District (CDD) only rather than from both the City and the CDD.)</p>

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City of St. Cloud (Continued)	Osceola County (Continued)	<p><u>2017-2 - Stevens Plantation Dependent Special District</u>: The Stevens Plantation Dependent Development District (the District) was created by the City on August 21, 2003. The purpose of the District is to acquire land within its geographical boundary from the proceeds of tax-exempt debt for resale to developers in association with the Stevens Plantation Development. The financial condition of the District indicates that there are several issues management needs to address: (1) Bonds payable of the District are currently in default. The auditors recommend that management continue to work with both legal and bond counsel to determine the legal liability associated with the default and the plans to address how to resolve the defaulted status of the Bonds; (2) Land held for sale is currently reported in the accounting records at \$3,685,888, which is based on the historic values at which the land was purchased for resale. The auditors recommend that management reevaluate the carrying value of the land based on current appraised values and determine possible impairments; (3) The District has obtained interfund borrowings from both the General Fund and OUC Interlocal Agreement Fund to cover the deficit and meet the operating needs of the fund for several years. The auditors recommend that the City continue to monitor the future potential for recovery of these advances and consider the source of funds and recoverability of future advances to the District; (4) The Stevens Plantation Community Development District is not in compliance with certain provisions of its bond indentures for the Special Assessment Revenue Bonds, including those relating to collecting assessments to provide payment of debt service and making its semi-annual debt service principal and interest payments; and (5) During 2017, the District was a party to two land sale transactions completed through an escrow agent; however, the sales were not originally recorded in the general ledger of the District. The auditors recommend that the City obtain detailed support for all transactions of the District and ensure timely and accurate recording of all activity. Additionally, the auditors recommend that a detailed understanding be established and documented of the activity of the District, including the legal authority for the control, access, and approval of funds held in the name of the District or those funds held by other parties. (See PDF Page 171)</p>	N/A	2018 (FY 2015-16)	See response to Finding #2017-1 above.	Yes

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City of Tallahassee	Leon County	<u>2017-001 - Grant Management; Schedule of Expenditures of Federal Awards and State Financial Assistance:</u> During the audit, there were various items and omissions noted in regard to the amounts of federal and state expenditures reported on the City's Schedule of Expenditures of Federal Awards and State Financial Assistance. Several of these items are listed in the audit report. The Schedule is prepared by the City's Accounting Services Division, who relied on information supplied by the program managers in various departments, and there is no independent review of this information to verify its accuracy. The auditors noted a lack of experience and knowledge of the impact of federal and state regulations on the day-to-day operations, grant administration and compliance requirements in the areas of public transit and affordable housing. Based on prior year audit recommendations, the City has created and staffed a Grants Management Office, who is working to accumulate and track the City's grant activities, and has improved the financial reporting for grant funds. The auditors recommend that efforts be continued to further evaluate the staffing of its grant administration programs, especially in the areas of public transit and affordable housing, to ensure the understanding of program requirements, proper monitoring and reporting, and compliance with all grant requirements. (See PDF Page 214)	SD	2018 (FY 2015-16)	The City is taking the following specific steps to correct the finding and improve grants administration: (1) Document Schedule of Expenditures for Federal Awards and State Financial Assistance preparation, review and approval procedures - anticipated completion by 6/30/2018; (2) Conduct grant user meetings for City departments that will include training on Federal and State regulations - anticipated conducting two meetings by 12/31/2018; (3) Develop a certificate program that will provide a comprehensive grants administration curriculum - anticipate completion by 3/31/2019; (4) Implement eCIVIS software and related business processes to automate the pre-award steps of the grants life cycle - anticipated completion by 9/30/2018; and (5) Implement the grants suite of modules in the PeopleSoft Financials system to automate and manage the post award steps of the grants life cycle - anticipate completion by 6/30/2019.	Yes
City of Temple Terrace	Hillsborough County	<u>MLO-2015-002 - Balloon Payment:</u> The auditors noted that the City has a substantial note that will become due in the 2017-18 fiscal year. If the City does not refinance or pay this note prior to its due date, the auditors believe the requirement to settle this debt may place a significant strain on the City's cash flows. The auditors recommend that the City continue to take steps to refinance this obligation as soon as possible, taking advantage of the current historically low long-term interest rates. (See PDF Page 163)	N/A	N/A	N/A	Yes

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City of Temple Terrace (Continued)	Hillsborough County (Continued)	<u>MLO-2015-001 - Financial Condition Assessment</u> : As part of the auditors' financial condition assessment procedures, the auditors evaluated the results of financial indicators developed by the Auditor General for quantitative analysis. The assessment resulted in 9 unfavorable indicators and 9 inconclusive indicators, out of a total of 26 financial indicators. These results appear to have been caused by the economic recession and declining property values the City has experienced for the last several years. The auditors recommend that the City continue to carefully monitor its overall financial position and cash position to ensure that it does not find itself with a cash shortage or in the position of needing to issue debt to meet cash flow requirements. (See PDF Page 162)	N/A	N/A	N/A	Yes
		<u>2017-001 - Audit Adjustments</u> : Turnover in the City's Finance Department created a lack of management oversight. The auditors noted several account balances that required audit adjustments, such as cash and investments, accounts receivables, capital assets, pensions, accounts payable, and accrued liabilities. Material adjustments were proposed and subsequently recorded by the City to correct the misstatements. The auditors recommend that the City's management strengthen internal controls and procedures over financial accounting and reporting. (See PDF Page 157)	MW	N/A	N/A	Yes
Village of Virginia Gardens	Miami-Dade County	<u>2017-01 - Public Works Fund Budget</u> : The budget was not amended to ensure that actual expenditures were less than approved budgeted amounts. The Village exceeded its approved budget for the Public Works Fund by \$236,606. The auditors recommend that the Village monitor its ongoing expenditures and implement a procedure to ensure that Public Works Fund expenditures are within the approved budgeted amounts and the budgets for all funds are properly amended to ensure actual expenditures were less than approved budgeted amounts. (See PDF Page 36)	MW	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; (2) no IT policies and procedures are in place; and (3) 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 59)	SD	N/A	N/A	Yes
City of Webster	Sumter County	<u>2015-005 - Cost Allocation Plan</u> : The auditors noted that the City has implemented a procedure to capture all costs of operating the City in the general fund and then allocate the costs to other funds and activities, and the allocation of costs is approved within the annual budget. However, there is no formal cost allocation plan that drives the allocation of costs on a consistent basis as required by generally accepted accounting principles. The auditors recommend that the City create and approve a formal cost allocation plan so that costs are allocated to City funds and activities on a consistent basis. (See PDF Page 61)	MW	2018 (FY 2015-16)	The City will review and implement a formal cost allocation plan for the 2017-18 fiscal year so that costs are allocated to City funds and activities on a consistent basis.	Yes
		<u>2015-007 - Utility Billing Rates</u> : City Ordinance 2015-01 states that rates for utility services should be updated annually on October 1. The auditors noted that during the 2016-17 fiscal year sewer rates were calculated improperly. Test calculations that were in error showed customers were charged both over and under the rates stated in the City Ordinance. The auditors recommend regular monitoring by the City Council of the compliance with local laws and rules. (See PDF Page 62)	MW	2018 (FY 2015-16)	The City has entered into a contract with Municode which allows all ordinances to be tracked electronically and searched by key words which therefore would allow for better adherences to the local laws and rules implemented by City ordinance.	Yes

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City of West Park	Broward County	<p><u>2017-01 - Bank Reconciliations:</u> Monthly bank reconciliations to the general ledger trial balances by fund are not timely and properly performed, reviewed, and documented by the City's contractor. In addition, there appears to be a large number of voided checks, and the contractor has not been able to correctly void these items in the accounting system causing discrepancies in the bank reconciliation. As a result, at the end of the fiscal year, the bank reconciliation for the operating account did not agree to the trial balance provided for the audit. Further, even after subsequent investigation, the cause for the discrepancy was not identified and corrected. The auditors recommend that the City perform monthly bank reconciliations to the general ledger trial balances by fund and for all restricted accounts. The auditors further recommend that the City perform the reconciliations at least by the end of the subsequent month, the reconciliations be reviewed and approved by a separate individual, and the reconciliation, all supporting detail, and approval be properly documented and stored. (See PDF Page 64)</p>	MW	N/A	N/A	Yes
		<p><u>2017-02 - Control and Access to Data:</u> The auditors noted that the City's contractor that provides building, planning and zoning, and code enforcement services, controls, owns and houses the software that is used to operate these services. The City should have control and access to this data at all times. The auditors recommend that the City structure its information technology system so that it has control and access to data that belongs to the City. (See PDF Page 64)</p>	SD	N/A	N/A	Yes

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City of West Park (Continued)	Broward County (Continued)	<u>2017-03 - Building Permits Revenue</u> : The auditors noted that the City's contractor bills and receives building permit revenue on behalf of the City. The City does not have a process in place to monitor whether amounts being billed, collected, and remitted by the Contractor are correct. The auditors also noted that the City's schedule of fees does not fully state the fees for certain building permits. In addition, during the audit, documentation was not provided for certain items tested to determine if fees charged were correct, and the auditors could not determine if the DBPR and DCA State Fees were being charged and could not recalculate radon charges. The auditors recommend that the City should ensure that sufficient documentation is received and stored to ensure that the correct fees are being charged for permit revenue. (See PDF Page 65)	N/A	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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Town of Alford	Jackson County	<p><u>2007-003 - Preparation of GAAP Based Financial Statements:</u> 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 statement in accordance with generally accepted accounting principles (GAAP). The auditors understand the cost-benefit of hiring someone with this expertise is not practical and, therefore, recommend that the Town continue to request outside assistance. (See PDF Page 55)</p>	MW	2017 (FY 2014-15)	The Town will continue to need external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles. The Clerk will seek advice from a qualified individual regarding recordings that are not familiar.	No
		<p><u>2007-002 - Segregation of Duties:</u> There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Town assets because the Town has limited personnel in the accounting department. The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected. The auditors realize that, due to the size of the Town's administrative staff, it is difficult to achieve ideal separation of duties. However, the auditors recommend that the Mayor remain very active and involved in the day-to-day operations, and controls be implemented to help compensate for these weaknesses and to provide check and balances. (See PDF Page 55)</p>	MW	2017 (FY 2014-15)	The Town will continue to incur this finding due to limited number of office staff (1). The Town only employs a Town Clerk who handles all of the accounting and collections. The Council will continue to have oversight of monthly expenses. The Clerk can only prepare checks and not sign them. Two signatures are required on all checks and a list of monthly expenses for current and prior month are provided to the council on a monthly basis.	No

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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
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. 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 39)	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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City of Blountstown	Calhoun County	<u>2007-01 - Deficiency Over Financial Reporting:</u> The City has a capable individual providing bookkeeping services; however, the City 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 (GAAP). The auditors acknowledge that the cost-benefit of hiring someone with this expertise is not practical and, therefore, recommend that the City continue to request outside assistance in recording more complex transactions. (See PDF Page 67)	SD	2017 (FY 2014-15)	The City indicated that with the financial pressures and lack of funding, it has found the cost/benefit ratio is far too great for the office/City to employ more personnel. The City is a small municipality, and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements. In an attempt to rectify the deficiencies the City has utilized procedures to help alleviate the situation. The person responsible for completing bank reconciliations each month does not process checks/payments nor does she have check-signing authority. The City also requires two signatures on all City checks, and the Council reviews all monthly bills to be paid. Purchase orders over \$50.00 must be approved by the City Manager or designee.	No
City of Bonifay	Holmes County	<u>2010-001 - Financial Statement Preparation Knowledge:</u> The external auditors' assistance was necessary to prepare the financial statements including note disclosure in accordance with generally accepted accounting principles (GAAP). There are no City personnel with the experience, background, and knowledge of Governmental Accounting and Financial Accounting Standards to prepare financial statements internally including full note disclosures as required by those standards. The auditors recommend that City personnel continue to develop their knowledge of GAAP in order to ultimately prepare or provide technical reviews of the financial statements. (See PDF Page 57)	MW	2017 (FY 2014-15)	Due to financial constraints, the City is unable to hire personnel with the ability and training needed to prepare financial statements in accordance with generally accepted accounting principles.	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. 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 52)	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 Bronson	Levy County	<u>2009-1 - Segregation of Duties</u> : One of the basic tenets of sound internal control is the segregation of incompatible duties among employees. The premise is that, to minimize control issues, duties should be segregated among employees so that individuals do not perform all of the accounting functions for a single area. The auditors identified instances where one employee was receiving cash, depositing cash, and recording transactions because of the limited number of employees. Lack of proper separation of incompatible duties could result in errors and irregularities that go undetected for extended periods of time. The auditors recommend that incompatible duties be separated among employees where it is feasible to do so. (See PDF Page 33)	MW	2017 (FY 2014-15)	The Town is a small municipality in a rural setting with only two full-time staff to handle daily activities. Duties are separated as much as possible.	No

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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 department 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
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 Mayor and/or Council should 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 45)	SD	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

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City of Carrabelle	Franklin County	<u>2017-001 - 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>2017-002 - 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, maintaining a management approved vendor list, and having all journal entries reviewed and approved by someone other than the employee who prepared it. However, the auditors believe that certain practices could be implemented to improve existing internal control without impairing efficiency. The current situation may result in errors or material misstatements in the financial statements presented to the board by management that are not 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 Clewiston	Hendry County	<u>2009-1 - Internal Control Over Financial Reporting:</u> The City does not currently have the skills and competencies necessary to prepare the financial statements and to prevent, detect, and correct a material misstatement in the 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 100)	MW	2017 (FY 2014-15)	As a small entity with limited resources, the City feels that it does not have the economic viability to retain an individual to meet the Auditing Standards at this time. The City will continue to evaluate the cost involved in meeting the standards of financial reporting while monitoring and comparing the measure of improvement gained toward achieving an adequate resolution.	No

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City of Coleman	Sumter County	<p><u>2017-1 - 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 59)</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>2017-2 - 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 59)</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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City of Cottondale	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. The auditors recommend that the City continue to consider the effects of the cost of developing and benefits of implementing a system which includes controls over the prevention, detection, and correction of misstatements in the audited financial statements 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 generally accepted accounting principles. (See PDF Page 50)	MW	2018 (FY 2015-16)	The City is run with a small accounting staff. It will be necessary to continue to have external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles.	No
		<u>2016-001 - General Accounting Records</u> : The City accounting staff lack formal training and experience for accurate recording of transactions and reporting of financial activity. There is no formal review process of financial records. The auditors recommend that the City Council stay apprised of the status of the financial accounting and controls systems and follow up on any problems that continue to exist. The auditors state that a review system needs to be instituted to help to expose errors and reduce or eliminate them, and continued monitoring and supervision is crucial. (See PDF Page 52)	MW	2017 (FY 2014-15)	No response to this finding was included in City's response letter. FY 2014-15 response provided in 2017 stated "Additional training from an external source will be requested. Supervision from the governing commissioners will be mandatory, especially in the areas of the status of financial accounting and controls systems."	No

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City of Cottondale (Continued)	Jackson County (Continued)	<u>2003-001 - Separation of Duties:</u> The City has not designed its internal control system to include sufficient segregation of duties. Staff members having custody of accounting records also have access to assets. The auditors recommend that, due to limited staff numbers, the City should make every effort to allocate duties for recording assets and access to assets among full-time staff, as well as use Council members to provide review and approval procedures where possible. (See PDF Page 50)	SD	2018 (FY 2015-16)	Policies and procedures will be revised to allocate duties among full-time employees. These policies and procedures are designed to sufficiently segregate all duties for recording and accessing accounting proceedings.	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 88)	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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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 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. Also, the City is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. These are deficiencies in internal control. 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 Fort White	Columbia 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. The Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. These are deficiencies in internal control. 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	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 Glen Saint Mary	Baker County	<u>2017-002 - 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

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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?
Town of Glen Saint Mary (Continued)	Baker County (Continued)	<u>2017-001 - 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 should 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
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 60)	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

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City of Graceville (Continued)	Jackson County (Continued)	<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 60)	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
Town of Grand Ridge	Jackson County	<u>2017-001 - Significant Adjustments and Preparation of Financial Statements</u> : 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). As a result, 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 53)	MW	2017 (FY 2014-15)	The Town states that it would be cost prohibitive to engage another accounting firm to draft financial statements and related note disclosures. As a compensating control, the Town Council reviews the financial statements and budget comparison on a monthly basis in addition to reviewing and approving all adjustments proposed by the auditors. This provides an additional level of review necessary to mitigate the preparation of financial statements finding.	No

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Town of Greensboro	Gadsden County	<u>2017-001 - Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (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 GAAP. For the current fiscal year, the Town had no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. These adjustments resulted in a material misstatement of the financial statements; therefore, this deficiency is deemed to be a material weakness. The auditors recommend that, in the absence of the ability to hire additional employees, current employees involved in the accounting process receive additional training related to governmental accounting and financial statement preparation. (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. Preparation of financial statements may only be accomplished within the qualifications of the one person office staff who also serves as the Town Clerk.	No
		<u>2017-002 - 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 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	2017-001 - <u>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 57)	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
		2017-002 - <u>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, the Town did not utilize an approved vendor list. Therefore, assets could potentially be misappropriated either by error or by fraud. The auditors recommend that certain practices, described in the audit report, could be implemented to improve existing internal controls. (See PDF Page 57)	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

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SD = Significant Deficiency (see 3. In Legend)

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Town of Greenwood	Jackson County	<u>2007-001 - Preparation of Generally Accepted Accounting Principles (GAAP) Based Financial Statements:</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 GAAP. 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 37)	SD	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
Town of Hilliard	Nassau County	<u>2009-1 - Financial Statement Preparation:</u> The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements. Also, the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. These are deficiencies in internal control. 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 74)	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

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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. Also, the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. These are deficiencies in internal control. 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
Town of Howey-in-the-Hills	Lake County	<u>2017-001 - Financial Reporting</u> : It was necessary for the auditors to propose material adjustments to the Town's financial statements and assist with the preparation of the financial statements. The Town's finance team is small and does not have the capacity to perform this role. The auditors recommend that the Town evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 54)	MW	2017 (FY 2014-15)	The Town feels it is cost prohibitive to have someone on staff due to the size of the municipality.	No

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Town of Interlachen	Putnam County	<u>2007-01 - 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 state 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 40)	SD	2017 (FY 2014-15)	The Town has limited resources 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
City of Jacob City	Jackson County	<u>2017-001 - Audit Adjustments</u> : It was necessary for the auditors to propose certain audit adjustments relating to the posting and reversing of year-end accruals that were material to the overall financial statements. Auditing standards require the auditors to provide written communication of significant audit adjustments identified during the audit that were considered to be indicators of control deficiencies over financial reporting since they were not detected and prevented by the City's internal control system. (See PDF Page 30)	MW	2017 (FY 2014-15)	Due to limited staff and resources of the small city, this finding cannot be corrected. Because of the accounting expertise required in order to maintain the books in conformance with generally accepted accounting principles, the cost of correcting this issue is not economically feasible.	No

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Town of Jennings	Hamilton County	<u>2017-001 - 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 63)	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
		<u>2017-002 - Financial Reporting:</u> The Town has an inadequate design of internal controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). There was no one on staff with sufficient knowledge to prepare GAAP- based financial statements or to conclude that the financial statements and related disclosures were complete and presented in accordance with GAAP. Certain adjustments were required to be made to the accounting records subsequent to the start of the auditing process, and management requested that the auditors prepare a draft of the financial statements, including the related footnote disclosures. Management reviewed, approved, and accepted responsibility for the financial statements prior to their issuance; however, management did not perform a detailed review of the financial statements. The auditors acknowledged that there is no practical solution for this finding, as the outsourcing of these services is common for governments of this size and is the result of management's cost benefit decision to outsource rather than incur this internal resource cost. (See PDF Page 63)	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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City of Keystone Heights	Clay County	<u>2017-001 - Budget Administration</u> : As part of the audit process, the auditor of the City's component unit proposed material adjustments to the component unit'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 City increase the review of the year-end balances prior to the audit process. (See PDF Page 44)	MW	2018 (FY 2015-16)	The City will ensure that the Airport Authority works more closely with their CPA to review the quarterly and year-end balances prior to the audit process.	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 95)	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>2017-002 - 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>2017-001 - 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 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 in the financial statements or to draft the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. These are deficiencies in internal control. 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 85)	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 or to draft the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. These are deficiencies in internal control. 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>2017-01 - 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 a system of review and approval for nonstandard journal entries be implemented. (See PDF Page 80)	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
City of Midway	Gadsden County	<u>13-01 - Prepare Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) and Significant Adjustments</u> : There were certain material adjustments that 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. (See PDF Page 50)	MW	2018 (FY 2015-16)	The City has an outside CPA firm which prepares the monthly financial statements. Its staff has met with the auditor during the year and has been preparing monthly financial statements that are in accordance with GAAP, and there is no substantial end of the year audit adjustments anticipated.	No

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City of Moore Haven	Glades County	<u>2017-001 - 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 prepare its annual financial statements and related note disclosures [and to ensure they] are complete and presented in accordance with GAAP. The City relies on the auditors to prepare the annual financial statements and related note disclosures. However, they have 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 85)	MW	2017 (FY 2014-15)	The City is a very small community and receives approximately \$185,000.00 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>2017-002 - 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 85)	MW	2017 (FY 2014-15)	The City is a very small community and receives approximately \$185,000.00 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	<u>SD01 (2009) - Segregation of Duties</u> : 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. 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 75)	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
Town of Orchid	Indian River County	<u>2017-001 - Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) and Material Audit Adjustment</u> : It was necessary for the auditors to propose a material adjustment (which was approved and posted by management) to adjust the Town's general ledger to the appropriate balances. This adjustment was to correct the recording of long-term debt on the governmental fund financial statements. The auditors recommend that the Town gain a more comprehensive understanding of GAAP rules as they apply to the Town's external reporting requirements. (See PDF Page 37)	MW	2017 (FY 2014-15)	Staff has addressed the numerous issues surrounding this audit finding and made significant changes in process and procedures in an earnest attempt to eliminate this finding. Management has hired a CPA and is no longer dependent on the auditor to reconcile general ledgers to subsidiary detail or to perform closing functions of the Town's accounting records. Additional details are provided in the Town's response. Staff has worked tirelessly to eliminate this audit finding.	No

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Town of Orchid (Continued)	Indian River County (Continued)	<u>2017-002 - Segregation of Duties</u> : The Town lacks a sufficient number of accounting personnel in order to ensure a complete segregation of duties within its accounting function. The Town has several accounting functions that have the capability to be performed by the same individual. In addition, the accounting software does not have safeguards in place to limit the access for each employee based on their accounting responsibilities. The auditors recommend that the Town continue to improve its internal controls by requiring independent review, reconciliation, and approval of accounting functions by qualified members of management and those charged with governance. (See PDF Page 38)	SD	2017 (FY 2014-15)	Working with the auditors, the City has continued to develop or modify procedures and processes that it believes allows for appropriate segregation of financial functions within the small office. There is a small number of staff, but the Town has taken extensive steps to ensure that no single individual does all aspects of transactions. This finding has been improved to a point that staff believes it should be eliminated in future reports.	No
Town of Otter Creek	Levy County	<u>2011-1 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in its financial statements. Also, the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. 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	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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City of Panama City Beach	Bay County	<u>2017-001 - Segregation of Duties</u> : Due to the limited number of staff, the City does not have proper segregation of duties in many areas. This condition is the result of limited staff at the City. The finance director currently has the ability to issue and approve cash disbursements; reconcile the cash accounts; input, edit, and/or 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 115)	MW	2017 (FY 2014-15)	Due to the small size of the city and limited resources, separation of duties finding may never be fully resolved; describes some procedures implemented to compensate; an additional accounting position was filled in January 2017. As the additional staff person continues to assume more responsibilities, the City believes even greater segregation of duties can be achieved.	No
City of Panama City	Bay County	<u>2007-1 - Segregation of Duties - Component Unit - Panama City Downtown Improvement Board</u> : Due to the limited number of people working in the Panama City Downtown Improvement Board office (a component unit of the City), many duties associated with cash receipts are combined and assigned to the available employees. To the extent possible, cash receipts duties should be segregated to serve as a check and balance and to maintain the best control system possible. The auditors recommend that the segregation of duties in the cash receipts processes be reviewed and adjusted where possible to strengthen the system of internal control. (See PDF Page 235)	SD	2017 (FY 2014-15)	Fiscal constraints make it impossible to hire more staff. However, as of 10/1/2016, the accounting duties are handled by the City staff. The segregation of duties has been improved.	No
City of Parker	Bay County	<u>2017-001 - Significant Adjustments</u> : It was necessary for the auditors to propose adjustments to the financial records in order for the financial statements to conform to generally accepted accounting principles (GAAP). The auditors recommend that the City strive to reduce the number of adjustments needed as much as possible. (See PDF Page 63)	MW	2017 (FY 2014-15)	It is not considered economically feasible for the City to invest in additional resources to provide the auditors with accounting records that require no proposed audit adjustments. New accounting staff has been hired, and the City has begun to see substantial improvement in accuracy.	No

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City of Parker (Continued)	Bay County (Continued)	<u>2017-002 - Lack of Segregation of Duties:</u> The City does not have proper segregation of duties in many areas due to the limited number of staff and having a need to cross train staff in the event of absences. The auditors recommend that the City continue to evaluate the cost/benefit of hiring additional staff to better segregate controls, duties be separated as much as possible, and compensating controls be used to compensate for the lack of segregation of duties. The auditors further recommend that monthly financial activity, such as journal entries, significant account balances, bank reconciliations, bank statements, and check images, be reviewed for reasonableness by an independent member of management with sufficient knowledge. (See PDF Page 63)	MW	2017 (FY 2014-15)	This finding may never be fully resolved due to the limited staff and resources of the small City. The City has segregated an instance of an employee handling accounts receivable from the ability to be a backup for accounts payable and have removed the Clerk's ability to do financial system transactions for receivables and payables. Additional details are provided in the City's response.	No
City of Paxton	Walton County	<u>2017-01 - Financial Reporting:</u> The City does not have personnel with sufficient knowledge to analyze complex transactions to ensure that all transactions were properly recorded in the accounting records or to prepare financial statements in accordance with generally accepted accounting principles. (See PDF Page 47)	SD	2017 (FY 2014-15)	Because of the financial disadvantage of the municipality, the City 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>2017-02 - 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 47)	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 or to draft the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. 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 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	2018 (FY 2015-16)	This finding relates to an area that may never be fully resolved due to limited staff and resources.	No
		<u>2009-02 - Segregation of Duties:</u> The Town Clerk is responsible to all accounting functions. 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	2018 (FY 2015-16)	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

MW = Material Weakness (see 2. In Legend)

SD = Significant Deficiency (see 3. In Legend)

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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 54)	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
Town of Sneads	Jackson County	<u>2007-001 - Financial Reporting</u> : The Town relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). Since the auditor cannot be a part of an entity's system of internal accounting control, the Town's system of internal accounting control over the financial reporting is not sufficient by itself to prevent, detect or correct misstatements in the audited financial statements. The auditors recommend that the Town continue to consider the effects of the cost of developing and benefits of implementing a system of internal control, noted above, 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 61)	MW	2017 (FY 2014-15)	It is not financially feasible to resolve this issue.	No

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Town of St. Lucie Village	St. Lucie County	<u>2016-1 - Organizational Structure</u> : The size of the Town's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimal segregation of duties. The auditors recommend that the Commission remain involved in the financial affairs of the Town to provide oversight and review functions to assist the segregation of duties in the accounting department. (See PDF Page 21)	N/A	2017 (FY 2014-15)	The Town is a 2.6 mile by 0.4 mile area populated by approximately 600 residents, faced with the challenges of a small, part-time staff. The Town continues to keep its governing Board involved for oversight and creating mitigating controls. The response includes specific information relating to compensating controls implemented by the Town. With the procedures and oversight established, the Town is confident that adequate safeguards are in place to ensure protection of the Town's resources.	No
City of St. Marks	Wakulla County	<u>2017-001 - 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 37)	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>2010-02 - Financial Statement Preparation</u> : The Town's finance officer lacks the experience, background, and knowledge of governmental and financial accounting standards to prepare the Town's financial statements including all note disclosures in accordance with generally accepted accounting principles (GAAP). The auditors recommend that Town personnel continue to develop their knowledge of GAAP in order to prepare the financial statements and that a current disclosure checklist from the AICPA be used to ensure propriety and completeness of the footnotes. (See PDF Page 58)	MW	2017 (FY 2014-15)	The Clerk is a 30+ year employee with local government with 20+ years as the Town Clerk in Wausau. The Town provides and will continue to provide continuing education for its staff but due to the limited funding the Town will not ever be able to have a CPA on staff.	No
		<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 council monitor daily activities. (See PDF Page 58)	MW	2017 (FY 2014-15)	The Town fully realizes the hazards of a one-person office but, due to the financial status of the Town and budget constraints, this will be an ongoing default; however, the Town utilizes NCBA trainees to alleviate some of the problems. The response includes specific information relating to compensating controls implemented by the Town.	No

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City of Webster	Sumter County	<u>2015-001 - Separation 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 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)	MW	2018 (FY 2015-16)	Financial duties are now segregated between the City Manager, City Clerk, and a Clerk Assistant.	No
		<u>2015-002 - Financial Close Process</u> : It was necessary for the auditors to assist with the preparation of the City's financial statements. The auditors also detected errors in the City's accounting records and proposed material adjustments to the City's financial statements. The auditors noted areas where assistance was required, including no formal reconciliations of cash accounts in the general ledger to the bank statements, transactions posted in both FY 2015-16 and FY 2016-17 due to conversion to the new accounting system, and certain accruals that were not recorded. The auditors recommend that the City consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. Also, the auditors recommend that the City consider hiring an outsourced accountant to help with monthly close and year-end close. (See PDF Page 58)	MW	2018 (FY 2015-16)	The City has contracted with an accounting firm which will serve as a third party to provide checks and balances for the City's financial stability.	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 51)	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>17-01 - 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 49)	SD	2017 (FY 2014-15)	Due to the small 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 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 35)	N/A	2018 (FY 2015-16)	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. The SPE will continue to fund a portion of the District's operations and maintenance costs until the second transaction (acquiring Phase III lands) is completed. Most recent status: On January 24, 2018, the purchase and sale agreement between the SPE and a developer to acquire all remaining undeveloped land within the District was finalized. Therefore, once the Phase III lots are sold to end users, the District's Series 2007 Bonds will be cancelled, and all findings related to deteriorating financial condition will be eliminated from future annual audit reports.	Yes

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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. The District did not make the current year principal payment, any of the past due interest payments, or the full payment of current year interest due. In addition, the District had a net deficit fund balance in the Debt Service Fund as of fiscal year-end. The auditors recommend that the District take the necessary steps to improve the deteriorating financial condition. (See PDF Page 36)	N/A	2018 (FY 2015-16)	See response to Finding #2012-01/2013-01/2014-01 above.	Yes
Arborwood Community Development District	Lee County	<u>2015-01 - Noncompliance with Provisions of Trust Indenture</u> : The District did not adequately meet the reserve requirement on the Series 2005A Capital Improvement 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 37)	N/A	2018 (FY 2015-16)	The finding was a result of debt assessments levied against a large parcel of property within the District not being paid for multiple years. As a result, the District was unable to make certain scheduled debt service payments. In December 2014, there was a Bond restructuring, which resolved the unpaid debt service payment issues, but it did not resolve the reserve requirement issue. In February 2018, the Series 2015-01 Capital Improvement Revenue Bonds were refunded, and the refunding resolved the reserve requirement issue. This finding should not be repeated in the FY 2017-18 audit.	Yes

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Avalon Beach / Mulat Fire Protection District	Santa Rosa County	<u>2017-001 - Lack of Segregation of Duties:</u> Due to the limited number of District staff and the size of the District's operations, certain accounting and administrative duties were not segregated sufficiently to achieve an adequate internal control structure. This increases the possibility of errors or fraud occurring and not being 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 42)	MW	N/A	N/A	Yes
		<u>2017-002 - 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 43)	MW	N/A	N/A	Yes

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Buckeye Park Community Development District	Manatee County	<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)	MW	2018 (FY 2015-16)	The response does not specifically address this finding, rather it provides a status update of the District's situation, as follows: 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 a portion of the 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.	Yes

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Buckeye Park Community Development District (continued)	Manatee County (continued)	<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	2018 (FY 2015-16)	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 a portion of the 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.	Yes

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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, including those relating to: (1) collecting amounts 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 32)	N/A	2018 (FY 2015-16)	As 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 District, Trustee, and the SPE 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 District receives notice from the Trustee to the contrary. 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 the homebuilder, and as a result has assumed the responsibility of paying the ongoing debt service assessments for these lots. In addition, the SPE has completed the first of several improvements for Phase 2 lot development enhancing the marketability of the remaining unsold property. Progress is being made on this development, which will result in the District being able to meet its obligations of the bond indenture, including the fully funding of the debt service reserve, collecting debt service assessments, and making its semi-annual debt service payments. The District is unable to provide a date for when these obligations will be met, but the trend is positive.	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 Developer nonpayment 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 37)	N/A	2018 (FY 2015-16)	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, Trustee, and 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 District receives notice from the Trustee to the contrary. As of April 2018, the SPE 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 have been cancelled, and the project's projection and unit mix has been modified to reflect an estimated 842 units at final buildout.	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 36)	MW	2018 (FY 2015-16)	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. The finding will not be resolved until the SPE has sold all the property it holds and is 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 36)	MW	2018 (FY 2015-16)	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, to the extent it can at this time, have been taken. However, the finding will remain until all lots are sold by the SPE.	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 36)	N/A	2018 (FY 2015-16)	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 2007 A Bonds (collectively the "Bonds"), the District's bondholders acquired title to the undeveloped and non-performing property (Property) in the District during September 2014, and began the process of restoring the District's financial condition. Subsequently, during March 2015, the District entered into a Forbearance Agreement with the bondholders and the successor developer (a landowner entity 100% controlled by the bondholders) for the purpose of formally suspending payment and other obligations under the trust indentures securing the Bonds. The Forbearance Agreement, as amended, expires March 2019 and is designed to provide time for: (i) the successor developer to reposition the Property for sale in the marketplace and (ii) the bondholders to recoup their investment in the Bonds. In April 2015, the successor developer provided the District with sufficient funding to bring its general account deficit current and resume relatively normal maintenance operations. Due to the slow sales and existing marketing conditions, the District has filed a "Petition" at the request of the successor developer to seek a boundary amendment to remove the Property from the District. Most recent status: The Petition is currently under review by Polk County Staff, who do not appear to have an objection to the request. Upon contraction of the Property from the District's boundaries, a reconfiguration of the development plan is anticipated to revitalize sale efforts. Before the boundary amendment can be authorized by Polk County, the bond debt on the Property being removed from the District must be satisfied. To that end, the successor developer has advised that the remaining bonds securing the debt assigned to the Property will be surrendered and/or retired, which will correct and resolve the referenced audit conditions.	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 36)	N/A	2018 (FY 2015-16)	See response to Finding #2015-01 above.	Yes
Concorde Estates Community Development District	Osceola County	<u>12-01 - Failure to Include Component Unit Financial Statements in the Financial Report</u> : The District did not include the Special Purpose Entity (SPE) as a component unit in the District's financial report. Due to the lack of control by the District and that the SPE's primary beneficiaries are 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 of the District's government-wide financial statements. (See PDF Page Report p.35, Revised ML - p. 3)	MW	2018 (FY 2015-16)	Management does not agree that the Special Purpose Entity (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 will not benefit from the activities of the SPE; and (3) The SPE has sold the majority of the land previously held for the benefit of the bondholders, and the proceeds have been paid to the bondholders. It's anticipated that all of the land held by the SPE will be sold to homebuilders at some point in the future.	Yes
		<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 Report p.36, Revised ML - p. 4)	N/A	2018 (FY 2015-16)	The restructuring agreement remains in effect, and will remain in effect, until the remaining lots are sold and the Special Purpose Entity (SPE) is dissolved. When the lots are sold, there are funds available per the requirements of the Trust Indenture to pay for all or a portion of the unexchanged bonds. The funds will be used for that purpose. The majority of the land held by the SPE has been sold to homebuilders, and it's anticipated that the remaining land will be subsequently sold in a similar fashion in the future. The District's position is that corrective actions, to the extent it can at this time, have been taken. However, the finding will remain until all lots are sold by the SPE and the remaining bonds are paid or extinguished per the Trust Indenture.	Yes

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Connerton West Community Development District	Pasco County	<u>13-02 - Failure to Make Debt Service Account Reserve Requirements:</u> Debt Service Reserve Accounts for the Series 2006A Bonds were deficient at fiscal year-end. The balances in the Debt Service Reserve Account were used to pay prior year debt service. The auditors recommend that the District utilize all legal remedies available to replenish the Debt Service Reserve Accounts. (See PDF Page 36)	N/A	2018 (FY 2015-16)	The reserve was not replenished at year-end. However, the District is currently working on a possible bond refunding for the Series 2016A bonds which may or may not address this matter. Consequently, the District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes
Coquina Water Control District	Okeechobee County	<u>2017-01 - Disbursement Procedures:</u> The District has not adopted a formal, written procurement policy. The auditors recommend that the District adopt a formal, written procurement policy. (See PDF Page 27)	SD	N/A	N/A	Yes
Creekside Community Development District	St. Lucie County	<u>2017-01 - 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 funds. 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 2009-2017 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	2018 (FY 2015-16)	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: Please be advised there has been no material additional corrective action taken by the District from what was provided in the prior response.	Yes

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

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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. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 47)	N/A	2018 (FY 2015-16)	The District has recently completed approximately \$1.5M of capital improvements designed to improve the financial performance of the golf course and its related facilities. While the course is not yet generating sufficient excess revenues to resolve the issues addressed in the FY 2015-16 audit report, the Board of Supervisors and District staff continue to work diligently toward that goal.	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 requirements. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 46)	N/A	2018 (FY 2015-16)	See response to Finding 15-02 above.	Yes
Daytona Beach Racing and Recreational Facilities District	Volusia County	<u>2017-001 - Reconciliation of Show Revenues:</u> The auditors noted that management did not complete the reconciliation of show revenues by space until well after the fiscal year shows were completed. The auditors recommend that management complete the reconciliation within 30 days after all information for each show is captured. (See PDF Page Revised Management Letter - Page 2)	N/A	N/A	N/A	Yes

MW = Material Weakness (see 2. In Legend)
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Deer Run Community Development District	Flagler County	<u>2017-01 - Reserve Requirement</u> : The Debt Service reserve requirement for the Series 2008 Bonds 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 34)	N/A	2018 (FY 2015-16)	Prior correspondence stated that the property subject to delinquent debt service assessments securing the repayment of the District's Special Assessment Bonds, Series 2008 (Bonds), had been sold to a national builder. The national builder was in the process of negotiating with the bondholders to resolve all matters related to this finding, and the District was hopeful that the process would be finalized prior to the end of the current fiscal year, and the FY 2016-17 audit report would indicate that this finding was corrected. The District's operating revenues continued to exceed its operating expenses. Most recent status: The District adopted a Supplemental Engineer's Report and Amended Master Assessment Methodology at its October 12, 2017 public hearing. These actions were an important step in the complete resolution of the finding. The Developer and major landowner in the District is in the final stages of rezoning and PUD approval of the development. Upon successful completion of these matters, the District will quickly move forward with the refinancing and restructure of the Bonds, which will eliminate the finding. 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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Deer Run Community Development District (continued)	Flagler County (continued)	<u>2017-02 - Financial Condition Assessment</u> : The District's financial condition continues to deteriorate. As of 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 a scheduled debt service payment since November 2011, and the Series 2008 Bonds remain in default. Also, the 2008 Construction Project was halted, and the future of the project remains uncertain. The auditors recommend that the District continue taking the necessary steps to improve the deteriorating financial condition. (See PDF Page 35)	N/A	2018 (FY 2015-16)	See response to Finding 2017-01 above.	Yes

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Durbin Crossing Community Development District	St. Johns County	<u>17-01 - Failure to Meet Debt Service Reserve Account Requirement</u> : At fiscal year-end, the Series 2006 Debt Service Reserve Account was deficient. In prior years the funds in the Series 2006 Debt Service Reserve Account were used to pay debt service payments. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Accounts. (See PDF Page 36)	N/A	2018 (FY 2015-16)	The depletion of the Reserve Account resulted from the District's collection and enforcement against an owner of a parcel of land (Delinquent Land) that failed to pay debt service assessments (Series 2006-1 Assessments). As a result of that failure, the Delinquent Land was the subject of protracted foreclosure and bankruptcy proceedings. In order to deal with the assessment delinquency and subsequent repositioning of the Delinquent Land, the District's bondholders utilized funds in the Reserve Account. In May 2014, fee title to the Delinquent Land was obtained by a Special Purpose Entity (SPE) established by the District's Bond Trustee for the benefit of owners of another series of bonds issued by the District (Series 2005A), which have since been refunded and are no longer outstanding. The District subsequently entered into a forbearance agreement with the Bond Trustee and the SPE, upon direction of the majority bondholders, providing for payment of debt service assessments by a date certain. The District obtained bondholder consent in 2015 and extended the maturity of the Series 2006-1 Bonds by an additional five years. It is important to note that the First Amendment to the Fourth Supplemental Trust Indenture provides that the District is not required to replenish the 2006-1 Reserve Account to the extent monies were withdrawn by the Bond Trustee to pay for remedial expenses. The District does not presently intend to replenish the 2006-1 Reserve Account and there have been no requests by the District's Bond Trustee or bondholders to do so. The Delinquent Land was sold to a national homebuilder in December 2015. As part of that transaction, the 2006-1 assessments on the Delinquent Land were brought current and a new two-year forbearance agreement was entered into with respect to the 2006-1 assessments on the Delinquent Land with the consent of the Bond Trustee and bondholders. Accordingly, the Delinquent Land is now performing in accordance with applicable District resolutions and agreements.	Yes

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Fiddler's Creek Community Development District	Collier County	<u>2015-01 - Budget:</u> Actual expenditures exceeded appropriation in the general fund for the current fiscal year. 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 39)	N/A	N/A	N/A	Yes
Fiddler's Creek Community Development District Number 2	Collier County	<u>2010-01 - Debt Administration:</u> The Series 2003A and 2003B reserve accounts reflect deficits at fiscal year-end. The auditors recommend that the District maintain the required reserve account balance. (See PDF Page 38)	N/A	2018 (FY 2015-16)	As indicated in the District's responses for the past several years, the District is a party in a number of legal actions including Contract, Tort, Declaratory, and the Interpleader action that is specific to the 2003A and 2003B Debt Service Funds. Global mediation held on June 6th and 7th of 2017 did not result in settlement of the case. Therefore, the case continues to work its way through the legal process.	Yes
		<u>2013-01 - Debt Administration:</u> The District did not meet the debt service requirements for the Special Assessment Revenue Bonds, Series 2003A and 2003B, for the current fiscal year. The auditors recommend that the District make the debt service payments when due. (See PDF Page 38)	N/A	2018 (FY 2015-16)	See response to Finding 2010-01 above.	Yes
Florida Keys Mosquito Control District	Monroe County	<u>2017-01 - General Accounting Records:</u> Audit testing of accounts payable, including the search for unrecorded liabilities, disclosed subsequent payments for related fiscal year items that were not properly included at fiscal year-end. The auditors recommend that the open invoice file be reconciled with the balance in the general ledger at the end of every month/year end and differences, if any, be investigated and resolved promptly. (See PDF Page 35)	MW	N/A	N/A	Yes

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Florida Keys Mosquito Control District (continued)	Monroe County (continued)	<u>2017-02 - General Accounting Records</u> : The auditors noted a continuation of the accounting program rollover of the prior year fund balance to the creation of a fixed asset. The auditors recommend an update and continuation of the formalized process for year-end closing to include a detail of critical steps, staff responsibilities, and a target date for completeness and the staff develop such a formal year-end closing schedule that indicates specific personnel responsibilities and corresponding target dates of completeness. The auditors further recommend that such schedule be overseen by the Audit Committee. (See PDF Page 35)	MW	N/A	N/A	Yes
Gramercy Farms Community Development District	Osceola County	<u>12-03 - Failure to Meet Debt Service Reserve Account Requirement</u> : The District did not maintain the minimum balance in the Series 2007 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	2018 (FY 2015-16)	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.	Yes

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Gramercy Farms Community Development District (continued)	Osceola County (continued)	<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, 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	2018 (FY 2015-16)	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; however, the overall effect of these actions on the District's financial condition cannot be determined at this time. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes
		<u>12-01 - Failure to Include Component Unit Financial Statements 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	N/A	Management does not agree that the Special Purpose Entity (SPE) should be included as a blended 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 this SPE and in no way can it impose its will on this SPE; (2) The District will not benefit from the activities of this 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 April 2018, the SPE has sold 441 lots (29% of the total lots) to homebuilders. The SPE will exist until all remaining lots are sold.	Yes

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Heritage Harbour Market Place Community Development District	Manatee County	<u>2017-01 - Financial Condition Assessment</u> : The debt service fund had a deficit fund balance at fiscal year-end. In the prior, current, and subsequent fiscal years, the District has been unable to make its debt service payments on the Series 2005 bonds since November 2015 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 District settled the lawsuit, and all prior assessments were paid by a developer in March 2018. The District has brought its bonds current for both principal and interest and has brought the reserve account requirements current as of March 2018. Subsequent to current fiscal year-end, the finding no longer applies. (See PDF Page 30)	N/A	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 44)	N/A	2018 (FY 2015-16)	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 restaurant. Therefore, if the golf course and 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 did not generate sufficient net operating revenues to make further payments on the Bonds for FY 2012-13 through current. Most recent status: The financial condition of the golf course facilities 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 Board is very attentive to this condition 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 recently completed and should result in 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 Board has no plans to close the restaurant and golf course facilities, 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 restaurant and golf course facilities.	Yes

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

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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, 2015, 2016, and 2017. Although the Restaurant was leased to a new tenant during the 2014-15 fiscal year, the tenant did not make two monthly rent payments during the year. Subsequent to fiscal year-end, the lease was terminated and a new lease was negotiated for the restaurant. (See PDF Page 45)	N/A	2018 (FY 2015-16)	Prior years' correspondence regarding a related finding 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 restaurant. Therefore, if the golf course and 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 did not generate sufficient net operating revenues to make further payments on the Bonds for FY 2012-13 through current. Most recent status: The financial condition of the golf course facilities remains unchanged, in that the operating revenues fall short of funding all of the annual costs and expenses associated with the golf course facilities. The Board is very attentive to this condition 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 recently completed and should result in improved food service operations. The District has sufficient funds on hand to pay its general operations and maintenance expenses, including the operating deficiency in the Enterprise Fund. This condition may continue until the market for golf demonstrates improvement. 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 Board has no plans to close the restaurant and golf course facilities, 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 restaurant and golf course facilities.	Yes

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Holmes Creek Soil and Water Conservation District	Holmes County	<u>2016-001 - Budget Administration</u> : The District did not adopt a balanced budget by resolution as required by law. This issue continued from fiscal years ended September 30, 2014 and September 30, 2015. The auditors recommend that the District prepare a budget in order to be in compliance with Section 189.016, Florida Statutes, and make necessary amendments as the year progresses. (See PDF Page 29)	N/A	N/A	N/A	Yes
		<u>2014-01 - Expenditures/Expenses</u> : A Board member does not approve invoices prior to payment. The auditors recommend that a member of the Board of Directors review and approve invoices prior to their payment to ensure proper internal controls are in place. (See PDF Page 33)	N/A	2018 (FY 2015-16)	The Board requires that all invoices be approved by a least one of the Supervisors prior to their payment (implemented February 2018). In addition, payments made by check require the signature of at least two supervisors; support staff does not have signature authority on any of the accounts.	Yes
Holt Fire District	Okaloosa County	<u>2017-01 - Lack of Segregation of Duties</u> : Because of the limited size 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 33)	MW	N/A	N/A	Yes

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Indigo Community Development District	Volusia County	<u>2017-01 - 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. Furthermore, the title work necessary to commence foreclosure proceedings has been completed, but a foreclosure complaint has not yet been filed by the District. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30)	N/A	2018 (FY 2015-16)	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. Efforts to remedy this finding are ongoing between the District, major land owners, bondholders, and bond trustee. Most recent status: There has been no material additional corrective action taken by the District. The District's operating revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the state.	Yes
Jackson Soil and Water Conservation District	Jackson County	<u>06-002 - Budget Administration</u> : The District did not adopt a balanced budget by resolution and is in violation of Section 189.016, Florida Statutes. The auditor recommends that the District prepare a budget in order to be in compliance with law and make necessary amendments as the year progresses. (See PDF Page 26)	N/A	2018 (FY 2015-16)	The District will prepare a budget and file it with the Jackson County Clerk of Courts once the District receives notification of the budget approval from the County. The District will also amend the budget throughout the year as the need arises. This "corrective action" has taken place and will be noted in the FY 2016-17 audit.	Yes

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Jackson Soil and Water Conservation District (continued)	Jackson County (continued)	<u>14-001 - Expenditures/Expenses:</u> It was noted during the audit that a Board member does not approve invoices prior to payment. The auditors recommend that a member of the Board of Directors review and approve invoices prior to their payment to ensure proper internal controls are in place. (See PDF Page 31)	N/A	2018 (FY 2015-16)	The District Board members approve all invoices prior to payment to ensure that proper internal controls are maintained and the integrity of our mission is continued.	Yes
Julington Creek Plantation Community Development District	St. Johns County	<u>2014-01 - Budget Administration:</u> The General Fund actual expenditures exceeded the budget for the fiscal years ended September 30, 2014, 2015, 2016, and 2017, which is in violation of Section 189.016, Florida Statutes. (See PDF Page 36)	N/A	2018 (FY 2015-16)	The District Manager presented a budget amendment within 60 days of September 30, 2016. However, against advice of counsel or recommendation by the District Manager, the Board failed to pass such budget amendment, and thus, although there was adequate fund balance to cover the expenditures over budget, a formal budget amendment was not passed. It is District staff's belief that in future years this will not be a finding. The District's November meeting is scheduled late in the month to allow for lingering invoices that may negatively impact the budget numbers, and District Management is presenting the Board with budget amendments that allow for a contingency line item in the event there are late arriving invoices. These actions will have the effect of eliminating the finding from appearing in future audits.	Yes

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Lakeside Plantation Community Development District	Sarasota County	<u>2017-01 - Reserve Requirement:</u> As a result of unscheduled draws on the Series 1999 debt service reserve account to make certain scheduled debt service payments, the District did not meet the reserve requirement at fiscal year-end. The auditors recommend that the District take the necessary steps to replenish the reserve account. (See PDF Page 29)	N/A	2018 (FY 2015-16)	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. Despite the Board's ongoing interest, the District has yet to be presented with any viable refinancing options.	Yes

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Madeira Community Development District	St. Johns County	<u>16-01 - Failure to Make Debt Service Payments When Due</u> : In the current and prior years, the District was unable to pay all of the principal and interest due on the Series 2007 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 36)	N/A	2018 (FY 2015-16)	The District is pursuing delinquent assessments. Pursuant to the Bond's Trust Indenture, Trustee and Bondholders 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 Trustee and Bondholders regarding such remedial proceedings. Should the Bondholders direct the District to commence remedial actions, the District believes it to be very likely that it would be successful in conducting such actions. The majority Bondholder now controls the District's Board and provides direction on collection of assessments. Several lots have had the debt accelerated and prepaid. In November 2017, the Trustee made a distribution of interest to the Bondholders. The Bondholder continues to market the project to homebuilders, and as of April 2018 the District was notified that they plan to plat an additional 74 lots in 2018.	Yes
		<u>16-02 - 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 requirements. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 36)	N/A	2018 (FY 2015-16)	As stated in the response for Finding #16-01 above, the Bondholder 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.	Yes

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Madison County Health and Hospital District	Madison County	<u>2017-001 - Information Technology</u> : Personnel, including the Chief Financial 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 31)	SD	N/A	N/A	Yes
Madison County Soil and Water Conservation District	Madison County	<u>15-01 - 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 the standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles (GAAP). (See PDF Page 24)	MW	N/A	N/A	Yes

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Madison County Soil and Water Conservation District (continued)	Madison County (continued)	<u>15-03 - General Accounting Records</u> : The District does not use a bookkeeping or accounting system to record financial transactions. Information is not summarized and classified to assist the production of reports and account for funds received. The auditor recommends that the District consider purchasing and using an accounting software, such as QuickBooks. (See PDF Page 25)	MW	N/A	N/A	Yes
Magnolia West Community Development District	Clay County	<u>12-02 - Failure to Meet Debt Service Reserve Account Requirement</u> : The Trust Indenture requires the District to keep minimum balance in the Debt Service Reserve Account. At fiscal year-end, the Debt Service Reserve Account was deficient. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 36)	N/A	2018 (FY 2015-16)	In prior years, the Trustee used funds from the debt service reserve account to make partial debt service payments, as well as to pay SPE-related expenses, which resulted in a deficiency in the debt service reserve fund. A land sale occurred in a prior year for a portion of the land controlled by the SPE. However, the District is uncertain at this time when the proceeds of the land sale will be used to replenish the debt service reserve fund. The District has taken all means available to fund the reserve.	Yes
		<u>12-03 - Land Held for Resale Not Recorded</u> : No appraisal was performed on the land held for resale, owned by the Special Purpose Entity (SPE), due to lack of funding. 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 35)	MW	2018 (FY 2015-16)	Due to a lack of District funds available, no appraisal was performed on the land sold by the SPE. Due to this, the market value of the land could not be determined, and no amount was recorded in the District's financial statements.	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. 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 38)	N/A	2018 (FY 2015-16)	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, Trustee, and 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. 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.	Yes
		<u>13-02 - Failure to Meet Debt Service Reserve Requirement</u> : The Trust Indentures require the District to keep minimum balances in the Debt Service Reserve Accounts. In prior years, Debt Service Reserves were used to pay debt service on the bonds due to landowner bankruptcies. The reserve balances are generally in compliance with the required balance. The Series 2012B balance is \$29,767 less than the required amount. 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 36)	N/A	2018 (FY 2015-16)	Portions of the Series 2004, 2005, and 2007 Bonds were exchanged for Series 2012 Bonds. Subsequent to this, a portion of the 2012B-2 Bonds were exchanged for Series 2014A Bonds. As part of this exchange, any remaining funds in the Series 2004, 2005, and 2007 bond trust funds were transferred to the trust funds relating to the Series 2012 bond trust funds. As of April 2018, the debt service reserve requirement has generally been met with only a small delinquent balance remaining.	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 39)	N/A	2018 (FY 2015-16)	Management does not agree that the Special Purpose Entity (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.	Yes
Mediterranea Community Development District	Palm Beach County	<u>2017-01 - Financial Condition Assessment:</u> During the current year, the District did not have sufficient funds to make certain scheduled debt service payments. In addition, the general and debt service funds reported deficit fund balances 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	N/A	N/A	Yes

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Middle Village Community Development District	Clay County	<u>2017-01 - Reserve Requirement</u> : As a result of unscheduled draws on the Debt Service Reserve Account to make certain scheduled debt service payments, the reserve requirement was not met at fiscal year-end. The auditors recommend that the District take the necessary steps to replenish the reserve account. (See PDF Page 33)	N/A	2018 (FY 2015-16)	Prior years' correspondence described the history and status of the District: In mid-2013, the District entered into an agreement with various delinquent property owners to delay, reduce, and eliminate portions of their annual debt assessments for a defined time period. Those property owners are currently being assessed at their original assessment levels and full payment of their annual debt service assessments is anticipated. In addition, the District negotiated with another delinquent property owner to deed their property in lieu of a costly foreclosure proceeding to a special purpose entity (SPE) created to administer, control, and manage the property for ultimate resale. The property owned by the SPE represents approximately 5% of the total annual assessments and is currently burdened with a large property tax certificate that is significantly higher than the value of the property. However, the tax certificate is likely to be cancelled no later than June 1, 2017, at which time the property should become marketable for resale. Unfortunately, until this property is relieved of this enormous debt obligation, the District will continue utilizing a small portion of the Reserve Account in order to pay the scheduled debt payments. The parcel of property is currently valued less than the past due taxes and assessments; therefore, it is not economically feasible for the property owner or investor to bring the past due obligations current. Most recent status: The District is in the final stages of restructuring and refinancing the District's existing bond issues which will eliminate the finding in future annual audit reports.	Yes

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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	2018 (FY 2015-16)	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. The District has a strong cash position as revenues substantially exceed expenses less depreciation, which is a non-cash item.	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 33)	N/A	2018 (FY 2015-16)	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. Most recent status: 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. 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 Indentures require 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 delinquent assessments to replenish the Debt Service Reserve Accounts. (See PDF Page 34)	N/A	2018 (FY 2015-16)	The District's lack of sufficient funds was due to certain landowners failing to pay their debt service special assessments securing the District's Special Assessment Bonds, Series 2007A and 2007 B, 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 the successor bond trustee and others. The Forbearance Agreement expired in February 2013, at which time all installment payments were due to the District; all such payments have been received in full, with the final installment being received in March 2014. Furthermore, certain property identified in the Forbearance Agreement was conveyed 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.	Yes
		<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	2018 (FY 2015-16)	In January 2015, outstanding principal and interest payments on the Bonds were satisfied. However, findings #12-01 and #12-02 are repeated in FY 2015-16 audit as the May 2015 principal and interest payments had not been made in full at year end due to insufficient funds in the trust accounts because of SPE-related expenses being paid by the trustee. It is the District's position, nevertheless, that corrective action, within the ability of the District, has been taken relating to the findings.	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?
Naturewalk Community Development District (continued)	Walton County (continued)	<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	N/A	N/A	Yes
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. The auditors recommend that the District continue taking the necessary steps to improve the deteriorating financial condition. (See PDF Page 36)	N/A	N/A	N/A	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?
New Port - Tampa Bay Community Development District (continued)	Hillsborough County (continued)	<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 current 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. (See PDF Page 36)</p>	N/A	2018 (FY 2015-16)	<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, as will be the case for the proceeds of all subsequent land sales. 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. Most recent status: Significant land sales occurred during the 2017 calendar year, 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. For the record, the District's Board has taken all corrective actions required by the Trust Indenture and/or permitted by Chapters 170 and 190, Florida Statutes. The District has exhausted its ability to levy and collect assessments for payment of debt service to the fullest extent permitted by law. All sale proceeds are being paid to the Indenture Trustee to reduce the outstanding indebtedness, and the payments made to date have significantly advanced the payment schedule for retirement of the debt.</p>	Yes

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

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Overoaks Community Development District	Osceola County	<u>2009-01 - Debt Administration</u> : The District continues to meet conditions described in s. 218.503(1), Florida Statutes, related to the failure to make certain scheduled debt service payments on the unexchanged Series 2004 Bonds. (See PDF Page 34)	N/A	2018 (FY 2015-16)	The financial condition is due to the failure of two landowners, owning 347 vacant lots (the Delinquent Lands), to pay the special assessments pledged to repay the Series 2004A and 2004B Bonds (collectively the Series 2004 Bonds) issued by the District. In lieu of foreclosure, fee title to the Delinquent Lands were transferred to a special purpose entity (SPE) established as a component of the Trust Estate for the Series 2004 Bonds. The Delinquent Lands were marketed for sale, and sales contracts were subsequently entered into with national or regional builders. As of June 2018, fee titles to all Delinquent Lands have been transferred to the builders. It is reported that 259 were transferred to retail purchasers. Also, a substantial portion of the Series 2004 Bonds were exchanged for Series 2010 Bonds in July 2010. The Series 2010 Bonds are current interest bonds, and payments of principal and interest have been made in accordance with the related trust indenture. A portion of the Series 2004 Bonds not exchanged for Series 2010 Bonds remain outstanding for the sole purpose of capturing excess special assessment revenues generated over and above those revenues necessary to fund debt service on the Exchanged Bonds. Unexchanged Bonds outstanding at such time as the last of the Delinquent Lands are transferred to retail purchasers will be cancelled. By August 1, 2017, all of the units have been transferred to retail purchasers. The SPE is anticipated to be dissolved in July 2018 and the Unexchanged Bonds will be cancelled.	Yes
		<u>2012-01 - Fund Equity</u> : The District continues to report a fund balance deficit for which sufficient resources were not available to cover the deficit. (See PDF Page 35)	N/A	2018 (FY 2015-16)	See response to Finding #2009-01 above.	Yes

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Palm River Community Development District	Hillsborough County	<u>17-01 - 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 36)	N/A	2018 (FY 2015-16)	The Special Purpose Entity has been negotiating a real estate sale for over a year, 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, Debt Service Reserve amount will be recalculated, and Debt Service payments will be made based on an updated amortization schedule.	Yes
		<u>17-02 - 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 36)	N/A	2018 (FY 2015-16)	See response for Finding #17-01 above.	Yes
		<u>17-03 - No Supporting Documentation for Certain Expenditures</u> : Supporting documentation could not be provided by the District for certain expenditures paid from the Trust Accounts. The auditors recommend that the District obtain supporting documentation from the Trustee when performing monthly reconciliations of the Trust Accounts. (See PDF Page 37)	N/A	N/A	N/A	Yes

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Parker Road Community Development District	Alachua County	<u>IC2015-1 - Debt Administration</u> : The District is not in compliance with certain provisions of its Bond Indenture including those relating to: 1) levying and 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 32)	N/A	N/A	N/A	Yes
Port St. Joe Port Authority	Gulf County	<u>2017-001 - Inadequate Design of Internal Controls</u> : General journal entries were made to the general ledger resulting in material misstatements of revenues and expenses. The auditors recommend that all general journal entries be reviewed and approved by management prior to entry into the accounting records. The auditors also recommend that management periodically review the accounting records for material errors or misstatements. (See PDF Page 36)	MW	N/A	N/A	Yes
		<u>2017-002 - Material Audit Adjustments</u> : Material adjustments were required in order for the financial statements to conform to U.S. generally accepted accounting principles. (See PDF Page 36)	MW	N/A	N/A	Yes

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SD = Significant Deficiency (see 3. In Legend)

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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 34)	N/A	2018 (FY 2015-16)	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: No material additional corrective action has been taken by the District from what was provided in prior year response.	Yes

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Portofino Landings Community Development District	St. Lucie County	<u>2017-01 - Financial Condition Assessment</u> : The District is in a state of financial emergency. At fiscal year-end, the debt service fund and capital projects fund had deficit fund balances. The Developer stopped funding the District during a prior fiscal year and has not paid its share of assessments for the prior, current, and subsequent fiscal years, resulting in significant delinquent assessments. As a result, certain scheduled debt service payments were made, in part, by draws on the Debt Service Reserve Account in prior fiscal years, resulting in a deficiency in the debt service reserve requirement. 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. The District's failures to make its scheduled debt service payments when they are due are considered events of default. In addition, the deficit in the capital projects fund is due to the Developer's failure to pay certain costs relating to the project per the completion agreement, and the future of the project remains uncertain. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30)	N/A	2018 (FY 2015-16)	The Developer and majority landowner of the property securing the Series 2007A and Series 2007B Bonds failed to pay their annual debt service assessments, resulting in an event of default with the District being unable to pay the annual debt service payments. The District has filed a lawsuit seeking foreclosure on all the property with delinquent assessments. In addition, the District is negotiating with the Developer to possibly deed in lieu of foreclosure to a Special Purpose Entity (SPE) to own, manage, maintain, and dispose of the property in exchange for the District dismissing the lawsuit. However, until the successful conclusion to the lawsuit or transfer of property to the SPE, the District will continue to meet one or more of the financial emergency conditions in Section 218.503(1), Florida Statutes. The District does not require any state assistance to resolve the condition.	Yes

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Portofino Vista Community Development District	Osceola County	<u>2017-01 - 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 2011-2017, 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 deficit fund balances in the general fund and debt service fund. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31)	N/A	2018 (FY 2015-16)	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: No material additional corrective action was 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>13-01 - Failure to Make Bond Debt Service Payments When Due:</u> The Prior Developer failed to pay debt service special assessments to the District. Therefore, all of the debt service payments due on the Series 2005 and Series 2002A Bonds have not been made as of fiscal year-end. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments and bring debt service payments current. (See PDF Page 40)	N/A	2018 (FY 2015-16)	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 cancellation 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.	Yes
		<u>13-02 - Failure to Meet Reserve Account Requirement:</u> The District did not meet the reserve requirement on the Series 2005 Bonds at fiscal year-end. The District had to use amounts in the reserve account to pay debt service since the Prior Developer has not paid the special assessments to the District. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments and replenish the Reserve account. (See PDF Page 40)	N/A	2018 (FY 2015-16)	See response to Finding #13-01 above.	Yes

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River Glen Community Development District	Nassau County	<u>15-02 - Failure to Make Debt Service Payments When Due</u> : The Developer did not pay debt service assessments owed to the District. As a result, in the current and prior years, the District did not pay all of the principal and interest due on the Series 2006 Bonds. 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 37)	N/A	2018 (FY 2015-16)	The District and the Trustee formed a SPE to hold, manage, and dispose of the property on behalf of the Bondholders, and the SPE took title to the Developer property through foreclosure. Due to the foreclosure, the assessment lien on the property was released. The District, SPE, and a homebuilder have entered into an agreement to sell the SPE-owned lands. The proceeds from the sale will go to the Bondholders as payment toward the outstanding bond debt.	Yes
		<u>15-01 - Land Held for Resale Not Recorded</u> : Due to lack of funding, no appraisal was performed on the land held for resale by the Special Purpose Entity (SPE). 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 that the land be recorded in the financial statements. (See PDF Page 36)	MW	2018 (FY 2015-16)	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. At a recent Board meeting, the Board approved a resolution approving the terms for a land sale to a homebuilder for the SPE-owned land.	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 \$90,000 was not paid during the current fiscal year. The balance owed at fiscal year-end was \$1,045,000 matured principal and \$213.397 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	N/A	The District was successful in its foreclosure lawsuit obtaining ownership of the final 70 lots that were owned by the original developer. The District needed to obtain ownership of these lots in order to resolve the current deteriorating financial condition and correct the finding. The District is working with a buyer of the property and county tax collector to resolve delinquent property tax payments. At the conclusion of this process, all past due assessments owed to the District and past due debt service payments owed to the bondholders will be either repaid or cancelled which will result in the finding being corrected. Most recent status: No material additional corrective action was taken by the District from what was provided in the prior year response.	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	2018 (FY 2015-16)	See response to Finding #13-01 above.	Yes
Riverwood Estates Community Development District	Pasco County	<u>12-01 - Failure to Make Debt Service Payments 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 33)	N/A	2018 (FY 2015-16)	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 of the Developer property through a credit bid sale. The SPE has assumed responsibility for the operations and maintenance payments, and the SPE representatives serve as the Board of Supervisors for the District. The past due and future debt service payments will be held in abeyance until the Trustee notifies the District to the contrary.	Yes

MW = Material Weakness (see 2. In Legend)
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Riverwood Estates Community Development District (continued)	Pasco County (continued)	<u>12-02 - Debt Administration</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	2018 (FY 2015-16)	The SPE has assumed responsibility for the operations and maintenance assessments. The Trustee on behalf of the Bondholders is funding the SPE using bond proceeds, which is in turn, funding 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.	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. Failure to Include Component Unit Financial Statement in the Financial Report: 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 in the District's government-wide financial statements. (See PDF Page 33)	N/A	2018 (FY 2015-16)	Management does not agree that the SPEs should be included as blended component units on the government-wide financial statements. 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.	Yes

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Six Mile Creek Community Development District	St. Johns County	<u>2017-01 - Financial Condition Assessment</u> : The debt service fund has a deficit fund balance at fiscal year-end. Due to the Developer's failure to pay debt assessments securing its Series 2007 Bonds in the prior and current fiscal years, the District did not have sufficient funds to make certain scheduled debt service payments in the past, current, and subsequent fiscal 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 32)	N/A	2018 (FY 2015-16)	The District continues to make significant progress towards full correction of the finding. 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 remain outstanding and in default after the issuance of the Series 2016 Bonds. The District anticipates that, as the project further develops, the remaining Series 2007 Bonds and the assessments securing those bonds will be restructured in a similar manner such that all of the District's bonds are performing. The District will continue working with all interested parties to resolve this matter and is optimistic that it will be successful.	Yes

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South Central Regional Wastewater Treatment and Disposal Board	Palm Beach County	<p><u>2017-01 - Payroll and related</u>: Hours reported on the timecards for Board employees did not match the hours reported and paid per the payroll registers. The cause for the discrepancy resulted from the timecards being pulled in the middle of shifts; however, there was no reconciliation documented as to how the hours that were actually paid were derived. Furthermore, just as in the prior fiscal year, there is an employee that had in excess of 260 hours of vacation time carried over into the current fiscal year. Per Board policy, the Executive Director's written approval must be obtained. The approval was not done until well after the end of the current fiscal year. The auditors recommend that the Board implement policies and procedures to ensure that payroll amounts are correct and ensure that policies regarding carryover vacation time are followed or revise the policy. (See PDF Page 32)</p>	N/A	N/A	N/A	Yes

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South Florida Water Management District	Broward County	<u>2017-01 - User Access Reviews</u> : Although the District has IT policies in place stating that user accounts and access privileges are reviewed periodically, access reviews are not consistently performed and documented. Specifically, the following observations over the user access review monitoring process were noted: (1) access reviews are not consistently performed by all business units to gain comfort that all users with SAP access are appropriate, and (2) no documentation is retained to evidence the reviews performed for network users with administrative privileges and users with SAP access, and if any changes were identified from the reviews. The auditors recommend that management consider performing user access reviews for all Active Directory and SAP users, including users with administrative access at least annually. In addition, the auditors recommend that the user access reviews determine that only active employees have active system IDs and that configured access rights are appropriate based on the employee's roles and responsibilities. As part of this process, the auditors further recommend that management document who performed the review, when the review was performed, and if any access changes are required. (See PDF Page 257)	N/A	N/A	N/A	Yes

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St. Johns Improvement District	Indian River County	<u>ML17-01 - 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. The auditors had to recommend that four adjusting entries be posted, and make several adjustments to capital asset balances, in order for the financial statements to be prepared. 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 43)	SD	N/A	N/A	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?
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 38)	N/A	2018 (FY 2015-16)	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 assessments upon transfer of ownership to the SPE. Also, one landowner conveyed land to the SPE 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. Once all of the outstanding assessments have been collected, the Trustee and the District will need to determine if the debt service reserve funds 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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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?
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 38)	N/A	2018 (FY 2015-16)	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, one landowner conveyed land to the SPE 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. 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
		<u>12-01 - Failure to Include Component Unit Financial Statements in the Financial Report:</u> The District did not include the Special Purpose Entities as blended component units in the District's audited financial report. The auditors recommend that the District include the SPEs as blended component units of the District's government-wide financial statements. (See PDF Page 37)	MW	2017 (FY 2014-15)	Management does not agree that the special purpose entities (SPEs) should be included as blended component units on the government-wide financial statements. In summary, management feels that it would be misleading to the users of the financial statements 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 and the associated Bond debt.	Yes

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Stevens Plantation Community Development District	Osceola County	<u>2017-01 - 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 prior, current, and subsequent fiscal years, the District has been unable to make its debt service payments on the Series 2003A and 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 30)	N/A	2018 (FY 2015-16)	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 District bond trustee also stopped payment of debt service on the Series 2003A Bonds even though the District continued to collect and remit annual assessment payments collected on the property tax bills. The District continued to actively market the DSD owned properties and sold some commercial property and units in the corporate campus. The District, as directed by the bondholders, initiated foreclosure proceedings on several of the District's Series 2003B Bond assessments liens. The initial phase of the foreclosure proceedings included foreclosure on 21 vacant lots. The District has continued to urge the bondholders to consider amending the escrow agreement so as to increase the net proceeds of the property sales available to satisfy the District bonds. Most recent status: The goal is to collect the unpaid assessment liens to satisfy the bond obligations. In addition, the District continues to market the property to complete transactions with the sale proceeds being used to satisfy outstanding bond assessments in accordance with the bond covenants.	Yes

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Tern Bay Community Development District	Charlotte County	<u>IC2009-01 - 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 32)	N/A	2018 (FY 2015-16)	In essence, there is no change and no updates from the prior year response. The subject 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. 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. It 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 towards 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.	Yes
Tolomato Community Development District	Duval County	<u>2017-02 - Reserve Requirement</u> : As a result of unscheduled draws on the Series 2007A-1, 2007A-2, 2007-1, 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 account. (See PDF Page 37)	N/A	N/A	N/A	Yes
Trails Community Development District	Duval County	<u>17-02 - 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 37)	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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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 (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 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. (See PDF Page 38)	N/A	2018 (FY 2015-16)	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 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. 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. The SPE recently sold its remaining land to a developer to finish the development, and the SPE was dissolved on May 22, 2017. The District is in discussions with the developer, trustee, and staff regarding a restructuring of the Series 2007 bond debt. It is expected that the restructuring will significantly improve the District's financial condition.	Yes
		<u>17-01 - Failure to Include Component Unit Financial Statements in the Financial Report</u> : The District did not include the Special Purpose Entity as blended component unit in its audited financial report. The auditors recommend that the District include the SPE as a blended component unit of the District's government-wide financial statements. (See PDF Page 36)	MW	N/A	N/A	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 38)	N/A	2018 (FY 2015-16)	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. The District stated that, at the successful completion of the foreclosure lawsuit, all of the delinquent assessments will be extinguished from the property and the District's Series 2007A Bonds (Bonds) will be secured solely by the property within the District. After the District takes ownership of the property, the property will be sold and proceeds of the sale will be utilized to retire 100% of the Bonds; the District will then levy and collect future operating assessments that will eliminate the District's deteriorating financial condition. Correspondence received last year stated that, on February 25, 2016, the Court granted the District's Motion for Summary Judgment against the Defendant/Counter-Claimant, as to all claims. Also, the District had obtained an order for summary judgment against all remaining parties. Most recent status: The District obtained an Amended Final Judgment in the foreclosure litigation on December 8, 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, and the winning bid was issued to the SPE. The Certificate of Title was issued on January 23, 2018, to the SPE. Additionally, defendant/counter-claimant, Busey Bank, filed a Notice of Appeal on January 4, 2018, and the appeal is presently pending with the Second District Court of Appeal. Once the Appeal process is complete and the SPE has clean title of the property, the SPE will operate, maintain, and market the property for sale to another developer. Depending on the details of any Purchase and Sale Agreement between buyer and seller, the District should have all the findings in its future audit reports eliminated.	Yes

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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 37)	N/A	2018 (FY 2015-16)	See response to Finding #15-01 above.	Yes
Tri-County Airport Authority	Holmes County	<u>2014-001 - Budget Administration:</u> The Airport Authority did adopt a balanced budget by resolution but failed to post the budget on the District's or the County's website. The Airport Authority is in violation of Section 189.016, Florida Statutes. The auditors recommend that the Authority prepare and post a budget in order to be in compliance with Section 189.016, Florida Statutes, and make necessary amendments as the year progresses. (See PDF Page 33)	N/A	2018 (FY 2015-16)	The Authority's Board adopted a budget for FY 2017-18 at its February 2018 monthly meeting and is now tracking monthly performance. Records from recent years make no reference to consideration of annual expense or capital budgets. The budget process for the next fiscal year will commence in June so adoption can be accomplished prior to October 1, 2018. An advanced copy of the proposed budget will be posted on the Authority's website, and the final budget will also be shared with the three county governments that make appointments to the Board.	Yes

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Tri-County Airport Authority (continued)	Holmes County (continued)	<u>2012-001 - Fixed Assets</u> : No physical inventory is taken, and fuel sales are not reconciled on a monthly basis to the amount of fuel that is dispensed out the fuel tanks. The auditors recommend that a physical inventory be taken and fuel sales be reconciled monthly with the amount of fuel that is dispensed out of the fuel tanks. (See PDF Page 25)	MW	2018 (FY 2015-16)	The airport manager maintained running totals on spreadsheets of estimated fuel inventories and sales to project fuel reorder needs, but those totals were not routinely cross-referenced to reported sales or reconciled to cash and credit card receipts until September 30, 2017, when physical inventories were reconciled by dispenser meters and actual tank measuring. The current accounting system does not reconcile reported sales to inventory changes, but that is being corrected to initiate a retail accounting method stock ledger system so that actual cost per gallon sold can be computed monthly. The new airport manager is recording all fuel sold totalizer meter readings daily, tracking changes with inventory levels against meter sales, and the administrative assistant weekly is reconciling credit card settlements and cash receipts with meter sales and bank deposits. The CPA firm is working to create an accurate asset register and then it will be checked by physical inspection on the ground, with newly discovered assets added at that time.	Yes
Viera Stewardship District	Brevard County	<u>IC2015-01 - Donated Capital Assets</u> : During the 2014-15 fiscal year, the Developer contributed capital assets, which includes all stormwater management systems, concrete structures, landscaping, irrigation, easements, etc., to the District. The District has not been able to obtain supporting documentation to verify the value of the contributed assets. Because no supporting documentation was available, capital assets have not been recorded on the government-wide financial statements. The auditors recommend that the District continue to pursue the supporting documentation. (See PDF Page 24)	MW	N/A	N/A	Yes

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Villa Vizcaya Community Development District	St. Lucie County	<u>2017-01 - 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. The Developer stopped funding the District during a prior fiscal year, resulting in significant delinquent assessments and unfunded contributions in prior fiscal years. As a result, certain costs were paid out of the Debt Service Reserve Accounts and the debt service reserve requirement has not been met. Furthermore, the District did not have sufficient funds to make the scheduled debt service payments during fiscal years 2011-2017 and, therefore, the payments were not made, resulting in events of default. The auditors recommend that the District continue to take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 32)	N/A	2018 (FY 2015-16)	Prior years' correspondence described brief history and status of the District: A special purpose entity (SPE) was created, and the developer and major landowner deeded the majority of the land within the District to the SPE in lieu of foreclosure. No collection of past or future debt assessments will be made until certain provisions of a Forbearance Agreement between the District and the SPE are reached. The District is unable to correct the finding(s) at this time. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response. The District's operating revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the state.	Yes
Waterford Estates Community Development District	Charlotte County	<u>2017-01 - 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 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 31)	N/A	2018 (FY 2015-16)	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 has 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 is 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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SD = Significant Deficiency (see 3. In Legend)

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Waterstone Community Development District	St. Lucie County	<u>2017-01 - 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. The Developer stopped funding the District during FY 2008-09 and did not pay its share of assessments for the prior fiscal years, resulting in significant delinquent assessments. In addition, the reserve requirement has not been met. Furthermore, the District did not have sufficient funds to make certain scheduled debt service payments during fiscal years 2009 to 2017 and, therefore, the payments were not made, resulting in events of default. The auditors recommend that the District continue to take the necessary steps to alleviate the deteriorating financial conditions. (See PDF Page 31)	N/A	2018 (FY 2015-16)	Prior years' correspondence described brief history and status of District: Deteriorating financial conditions were due to the annual assessments not being paid by certain property owners within District. The property was conveyed to a special purpose entity (SPE) in lieu of foreclosure to own, manage, maintain, and dispose of such property. The majority of the property within the District remains in the ownership of the SPE; therefore, no debt assessments are being collected. Until the property is sold by the SPE, the District will be unable to correct the findings, and the timeframe for the sale is unknown. 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
West Villages Improvement District	Sarasota County	<u>2017-01 - Debt Service Reserve Requirements</u> : The debt service reserve requirements for the Series 2005 Unit 2 Bonds were not met as of fiscal year-end. In the prior fiscal year, funds from the debt service reserve accounts were used to cover partial debt obligations. The auditors recommend that the District take the necessary steps to replenish the reserve accounts. (See PDF Page 31)	N/A	2018 (FY 2015-16)	Due to the majority landowners not making timely payments of their annual assessments to the District, the Debt Service Reserve Accounts for two of the three units of development of the District (Unit Two - Series 2005 and Unit Three - Series 2006) were underfunded. The Unit Two bonds remain in default due to non-payment on approximately 40% of the property (owned by one landowner). There are on-going discussions about restructuring and/or paying down the debt to bring the bonds current and move forward with the project; however, currently there has been no agreement to restructure the Unit Two bonds which remain in default. It is unknown when this situation will be resolved, although there are encouraging signs of development activity with the new developers/property owners. In August 2017, the Unit Three Bonds were refunded. The refunding resolved the Unit Three reserve requirement issue and this finding should not be in the FY 2016-17 audit. Specific details relating to the Unit Two bonds are included in the District's response.	Yes

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West Villages Improvement District (continued)	Sarasota County (continued)	<u>2017-02 - Financial Condition Assessment:</u> A deteriorating financial condition exists. The District had approximately \$1.4 million in delinquent assessments due from a major landowner as of fiscal year-end. Consequently, the District did not make certain scheduled debt service payments in the current and prior fiscal years. The District's failures to make such payments 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	2018 (FY 2015-16)	Due to the majority landowners not making timely payments of their annual assessments to the District, the District had not made certain scheduled Debt Service payments for one of the three units of development of the District (Unit Two - Series 2005); thus a deteriorating financial condition exists. The Unit Two bonds remain in default due to non-payment on approximately 40% of the property (owned by one landowner). There are on-going discussions about restructuring and/or paying down the debt to bring the bonds current and moving forward with the project; however, currently there has been no agreement to restructure the Unit Two bonds. It is unknown when this situation will be resolved, although there are encouraging signs of development activity with the new developers/property owners.	Yes
Westridge Community Development District	Polk County	<u>13-01 - 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 36)	N/A	2018 (FY 2015-16)	The District, on behalf of the bondholders, created a special purpose entity (SPE) to own, manage and dispose of the land acquired at a foreclosure sale. The special assessment lien has been foreclosed on and the collateral for the bonds is the land. Once the land is sold, any proceeds will remain in the trust estate for the benefit of the bondholders. The SPE has entered into a lot sale agreement for all the land controlled by the SPE, which the Board approved at its meeting on December 15, 2017.	Yes

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Westridge Community Development District (continued)	Polk County (continued)	<u>13-02 - Failure to Make Debt Service Payments When Due</u> : In the current and prior fiscal years, the District did not pay all of the principal and interest due on the Series 2005 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 36)	N/A	2018 (FY 2015-16)	See response to Finding #13-01 above.	Yes
		<u>14-01 - Land Held for Resale Not Recorded</u> : Due to lack of funding, no appraisal was performed on the land held for resale, owned by the Special Purpose Entity. 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 35)	MW	2018 (FY 2015-16)	Due to a lack of funding, an appraisal was not performed on the land held for resale owned by the SPE. The SPE has entered into a lot sale agreement for all the land controlled by the SPE, which the Board approved at its meeting on December 15, 2017.	Yes

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Westside Community Development District	Osceola County	<u>2011-01 - Debt Administration</u> : The District continues to be unable to make certain scheduled debt service payments and meet debt service reserve requirements on the Series 2005 and Series 2007 Bonds. (See PDF Page 34)	N/A	2018 (FY 2015-16)	<p>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.</p> <p>Unfortunately, the District continues to have an overall deficit ending fund balance in both Funds and does 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 is optimistic that the deteriorating financial condition of the District will be resolved in the near future. Most recent status: The corrective actions are ongoing, and the last of the troubled property is under contract to be sold. Once all of the properties that failed to pay their annual assessments are sold and the redevelopment of the project continues, the defaulted bonds will be restructured or redeemed by the bondholders which will eliminate the audit findings that have continued to be repeatedly reported in the annual audit reports. The District's operating revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the state.</p>	Yes

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Westside Community Development District (continued)	Osceola County (continued)	<u>2012-01 - Financial Condition</u> : The District reported a fund balance deficit in the Series 2005 Debt Service Fund and Series 2007 Debt Service Fund for which sufficient resources were not available to cover the deficit in prior years. The Series 2005 Debt Service Fund reported a fund balance surplus in the current year. However, the Series 2007 Debt Service Fund remains with a deficit balance at fiscal year-end. (See PDF Page 35)	N/A	2018 (FY 2015-16)	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 37)	N/A	2018 (FY 2015-16)	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 the District became a party to the First Amendment to Forbearance Agreement in November 2013, in which the District agreed, at the direction of the bondholders, not to take enforcement action. During the past several years, the economic recovery has taken hold in the area, and new construction has slowly progressed on remaining developed lots, along with some new development. The District anticipated that more residential units would continue to be constructed if market conditions continue to improve, but no changes had occurred on the undeveloped lands which are the subject of the delinquent debt assessments. The District had also received revenue from tax certificate sales, which significantly improved its financial position. Most recent status: The District's general fund no longer reports a deficit, and all outstanding accounts are current. The Forbearance Agreement and certain post termination provisions have governed the District's collection obligations for the past four years, and the District expects the auditors will continue to report this condition. The District's Board of Supervisors has taken the corrective actions required by the Trust Indenture and the Forbearance Agreement to the fullest extent permitted by Chapters 170 and 190, Florida Statutes. The Board of Supervisors is committed to fully restoring the financial condition of the District and will continue to do so within the legal and contractual constraints imposed by law and the Trust Indenture.	Yes

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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 37)	N/A	2018 (FY 2015-16)	See response to Finding #13-01 above.	Yes
Zephyr Ridge Community Development District	Pasco County	<u>09-01 - Failure to Make Bond Debt Service Payments When Due:</u> In the current and prior years, the District did not pay required debt service on the Series 2006 Bonds due to 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 36)	N/A	2018 (FY 2015-16)	The District is continuing to work diligently to collect assessments in order to pay the required debt service assessments. A special purpose entity (SPE) was created to own, manage, and dispose of the property related to the delinquent assessments which represents 88% of the total property within the District. 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 fiscal years 2016-17 and 2017-18.	Yes
		<u>09-02 - Failure to Meet Debt Service Reserve Requirements:</u> The Series 2006 Debt Service Reserve Accounts were deficient at fiscal year-end. In prior years, the Debt Service Reserves were used to pay debt service on the Bonds due to the former 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 36)	N/A	2018 (FY 2015-16)	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 fiscal years 2016-17 and 2017-18. It is uncertain when the debt service reserve will be replenished, as direction will come from the trustee on behalf of the bondholders.	Yes

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Zephyr Ridge Community Development District (continued)	Pasco County (continued)	<u>12-01 - Failure to Include Component Unit Financial Statements 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 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 of the District's government-wide financial statements. (See PDF Page 35)	MW	2018 (FY 2015-16)	Management does not agree that the SPE should be included as a blended component unit on the government-wide financial statements. In summary, management feels that it would be misleading to the users of the financial statements 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

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>2017-001 - 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 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 18)	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
		<u>2017-002 - Separation 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 was 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 18)	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

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

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Aucilla Area Solid Waste Administration	Dixie 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 (GAAP). While the auditor can assist with the preparation of the financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the government does not have the expertise necessary to prevent, detect, and correct misstatements. (See PDF Page 34-35)	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
Baker County Development Commission	Baker County	<u>2017-002 - 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 Development Commission (continued)	Baker County (continued)	<u>2017-001 - 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
Baker County Hospital District	Baker County	<u>2017-002 - Financial Reporting:</u> As part of the audit process, the auditors proposed material adjustments to the Authority'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 Authority consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving this process, the Authority will have an enhanced ability to monitor its budget position on an ongoing basis. (See PDF Page 23)	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 (continued)	Baker County (continued)	<u>2017-001 - 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 Authority 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 23)	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
Beach Mosquito Control District	Bay County	<u>2017-1 - Separation of Duties</u> : The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff was large enough to provide optimum separation of duties. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. Oversight provided by the Board of Commissioners has been a mitigating factor which prevents this from being a material weakness. The Board of Commissioners and the Director review the deposits and expenditures on a monthly basis and include their approval and comments in the minutes of the Board meetings to help override the lack of segregation of duties. However, the auditors still recommend that the segregation of duties be continuously reviewed and adjusted where possible to strengthen the system of internal control each year. (See PDF Page 46)	SD	2017 (FY 2014-15)	This finding may never be fully resolved due to limited staff. The District is a small government with limited staff and limited funds, and the Board of Commissioners does not believe that it is practical to hire another employee to assist in the separation of duties. Certain procedures have been implemented to address the lack of segregation of duties, such as the Commissioners and Director reviewing the monthly deposits and expenditures and including approval and comments in the minutes of the Board meetings.	No

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Cedar Key Water and Sewer District	Levy County	<u>2017-001 - 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 the Board provide ongoing oversight to help mitigate this control deficiency. (See PDF Page 25)	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
Children's Services Council of Okeechobee County	Okeechobee County	<u>2017-1 - Lack of Segregation of Duties</u> : The size of the Council's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum separation of duties. Presently, a single individual is responsible for preparing checks, reconciling the bank account, and maintaining the general ledger. Although the bookkeeper is not an authorized check signer and bookkeeping functions are closely monitored by the executive director, the auditors feel that internal controls could be improved if cash disbursement duties were segregated from cash reconciliation duties. The auditors recommend that management review, on an on-going basis, the assignments of the employees and segregate duties where possible. The auditors also recommend that the Board members remain involved in the financial affairs of the Council to provide oversight and independent review functions. (See PDF Page 27)	SD	2017 (FY 2014-15)	Due to the small size and limited resources of the Council, this issue may never be fully resolved. In an effort to maintain the integrity of the Council's assets, all records are available for review at any time, and the Council members review the financial statements at regularly scheduled meetings.	No

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City-County Public Works Authority	Glades County	<u>2010-003 - 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 that would enable management to, 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 20)	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>2010-002 - 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 and fund balance reclassifications. 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 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>2010-001 - 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 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
Escambia- Pensacola Human Relations Commission	Escambia County	<u>2017-001 - Overall Segregation of Duties:</u> Due to the limited number of people working in the Commission's office, many of the critical duties are combined and assigned to an available employee, such as access to checks, access to the general ledger, and the ability to create a new vendor in the accounting system. Due to budget constraints, the Commission feels that the benefit of additional segregation of duties is outweighed by the cost of additional personnel required to segregate incompatible functions. Therefore, the auditors recommend that the Board utilize its members and an outside CPA firm to perform and review accounting matters as a compensating control. (See PDF Page 24 & 27)	SD	2017 (FY 2014-15)	The management of the Commission hired two additional part-time staff persons to further delegate internal duties. The original staff person's duties were split with an additional staff person as a check and balance. This establishes protocol to help adequately segregate duties and assist to eliminate errors or irregularities and in cases of human error find and/or if needed correct in a timely manner. Staff persons were hired in FY 2015-16 after this year's fiscal report was submitted.	No

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Fellsmere Water Control District	Indian River County	<u>2017-001 - 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
Gilchrist Soil and Water Conservation District	Gilchrist County	<u>14-01 - Financial Statement Preparation Knowledge:</u> 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)	MW	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

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Holmes Creek Soil and Water Conservation District	Holmes County	<u>2007-001 - Financial Reporting</u> : The District relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). Since the auditor cannot be a part of the system of internal accounting control, the District's system of internal accounting control over the financial reporting is not sufficient by itself to prevent, detect, or correct misstatements in the audited financial statements. The District has a small accounting staff necessitated by its overall small size. It 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, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 28)	MW	2016 (FY 2013-14)	Due to the District's small size and limited resources, this issue may never be fully resolved. The District considers the cost to implement and maintain a system of internal control to be prohibitive.	No

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Holmes Creek Soil and Water Conservation District (continued)	Holmes County (continued)	<u>2003-002 - 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, records be maintained current and up-to-date, and controls be established to provide checks and balances. (See PDF Page 28)	SD	2016 (FY 2013-14)	Due to the District's small size and limited resources, this issue may never be fully resolved. In an effort to maintain the integrity of the District's assets, financial transactions require the signature of two Board members, and staff does not have signature authority on any of the accounts. All records are available for review at any time, and Board members review the financial statements at regularly scheduled meetings.	No
Holt Fire District	Okaloosa County	<u>2017-02 – Financial Reporting</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 33)	MW	2016 (FY 2013-14)	The District is very small, with less than 40 square miles and 2500 parcels of land, with almost 1100 vacant. The non-ad valorem budget for 2016 is approximately 52,000, and all of the firemen are volunteers, as are all of the 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>2017-001 - 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

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 2016-17 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?
Jackson Soil and Water Conservation District	Jackson County	<u>07-001 - Financial Reporting:</u> The District relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). Since the auditor cannot be a part of the system of internal accounting control, the District's system of internal accounting control over the financial reporting is not sufficient by itself to prevent, detect, or correct misstatements in the audited financial statements. The District has a small accounting staff necessitated by its overall small size. It 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, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 27)	MW	2017 (FY 2014-15)	The District considers the cost of maintaining a system of internal control to be prohibitive. The small size of the District, as well as the minimal number of staff, precludes the establishment of such a system. The District will make a concerted effort to identify and assess potential risks on a daily basis.	No
		<u>06-001 - Separation of Duties:</u> Custody of assets, record keeping, and recording of assets should have adequate separation. The District has a small one-person bookkeeping system; as a result, proper separation of duties may not be feasible. The auditor recommends that management remain very active and involved in the day-to-day operations, records be maintained current and up-to-date, and controls be established to provide checks and balances. (See PDF Page 26)	SD	2017 (FY 2014-15)	Due to limited staff and resources, this issue may never be completely resolved. The District will make every effort to separate the record keeping duties from the custody of assets as much as possible with its small (one person) administrative staff. The District continues to maintain an active role in the day-to-day operations.	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 2016-17 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?
Lake Shore Hospital Authority	Columbia County	<u>2011-1 - Financial Statement Preparation</u> : While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the government does not have the expertise necessary to prevent, detect, and correct misstatements. The Hospital Authority is not capable of drafting the financial statement and all required footnote disclosures in accordance with generally accepted accounting principles. 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 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 recommends that District personnel increase their knowledge of the standards to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles (GAAP). (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

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2016-17 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?
Marion County Law Library	Marion County	<p><u>2017-2 - Financial Reporting</u>: Several adjustments were needed to correct entries related to the reclassification of expenses, revenue classifications, and closeout of prior years, which could have been captured through routine review of financial reports throughout the year. Complicating the reporting process, the Library was resorting to using Excel, as opposed to the accounting system data, to create the financial reports for use by management and the Trustees. Ultimately, this process resulted in financial statements created in Excel and reported to the Trustees with overstatement of revenues, understatement of expenditures and cash, and incorrect budget reported compared to actual budget amounts for the fiscal year-end reports. The auditor recommends that the Library develop procedures for timely and accurate financial reporting by implementing appropriate use of a single accounting software, including training in the accounting software, and a thorough supervisory review of 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 24)</p>	MW	2018 (FY 2015-16)	<p>On October 1, 2017 the Law 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 Law 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 Law Library, and in their presentation of reports to the Trustees of the Law Library. Finally, the Law Library's Trustees have 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 Law Library.</p>	No

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2016-17 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?
Marion County Law Library (continued)	Marion County (continued)	<u>2017-1 - 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 and reporting of cash receipts. In addition, the Library does not employ or engage an individual, either internally or externally, who has the necessary capability, skills, and competencies to prepare the financial statements in accordance with generally accepted accounting principles, as well as prevent, detect, and correct material misstatements. 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 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

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2016-17 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?
Moore Haven Mosquito Control District	Glades County	<u>2011-001 - Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP):</u> The District does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures complete and presented in accordance with GAAP. The District relies on the auditors to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures. 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 41)	MW	2016 (FY 2013-14)	The District has a staff of five part-time employees. The revenue and expenditures are less than \$100,000 per year. The District Commissioners have determined, as small as the District is, it is not feasible to hire more staff.	No

**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?
Moore Haven Mosquito Control District (continued)	Glades County (continued)	<u>2011-002 - Material Audit Adjustments:</u> Adjustments were proposed to revise the District's financial statements at fiscal year-end. Adjustments involved the adjusting of inventory to actual balances at fiscal year-end, as well as fund balance adjustments and reclassifications. The District 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 to accept that degree of risk because of cost or other considerations. The auditors also acknowledge the fact that management is responsible for making decisions concerning costs and the related benefits. The auditors are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions to ensure that the Board is aware of this situation. (See PDF Page 41)	MW	2016 (FY 2013-14)	The District's inventory is kept monthly on separate spreadsheets. At year end an adjusting entry to true up the inventory was overlooked. All inventory adjustments have been made balancing with the spreadsheets.	No
North Okaloosa County Fire District	Okaloosa County	<u>2017-01 - 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 statements. The District also signs a management representation letter acknowledging its responsibility for the financial statements. (See PDF Page 35)	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

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
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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?
North St. Lucie River Water Control District	St. Lucie County	<u>ML 2017-1 - 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 33)	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
Seminole County Port Authority	Seminole County	<u>ITEM 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 segregation of 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 37)	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

**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?
Seminole County Port Authority (continued)	Seminole County (continued)	<u>ITEM 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. 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 37)	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
South Seminole and North Orange County Wastewater Transmission Authority	Orange County	<u>2017-01 - 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

**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?
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 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 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
Taylor Coastal Water and Sewer District	Taylor County	<u>2010-1 - Financial Statement Preparation:</u> A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While the auditors can assist with the preparation of the financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the government does not have the expertise necessary to prevent, detect, or correct misstatements. The District is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. 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

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2016-17 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	Holmes 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 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 by itself 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 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 24)	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
		<u>2003-002 - Separation of Duties</u> : Due to size of the Authority, proper separation of duties may not be feasible because the Authority has a small bookkeeping system. 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 24)	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

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2016-17 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

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.

From: JAIME HOELSCHER <JAIMEHOELSCHER@aud.state.fl.us>
Sent: Tuesday, July 10, 2018 11:34 AM
To: Dubose, Kathy <DUBOSE.KATHY@leg.state.fl.us>
Cc: GREG CENTERS <GREGCENTERS@AUD.STATE.FL.US>; JIM STULTZ <JIMSTULTZ@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, 2017, through June 30, 2018, for the 12 State universities and 28 colleges disclosed 2 State universities and 4 colleges 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 and colleges, 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, 2017, THROUGH JUNE 30, 2018, 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>
Miami Dade College	<u>2018-209</u>	10
	<u>2016-190</u>	5
	<u>2013-075</u>	3
Valencia College	<u>2018-199</u>	10
	<u>2015-057</u>	3
	<u>2013-035</u>	6
Hillsborough Community College	<u>2018-160</u>	4
	<u>2016-183</u>	5
	<u>2014-034</u>	3
Northwest Florida State College	<u>2018-108</u>	4
	<u>2015-022</u>	2
	<u>2013-022</u>	3
University of South Florida	<u>2018-105</u>	2
	<u>2016-133</u>	3
	<u>2014-063</u>	7
University of North Florida	<u>2018-130</u>	6
	<u>2015-136</u>	12
	<u>2012-064</u>	3

From: MICAH RODGERS <MICAHRODGERS@AUD.STATE.FL.US>
Sent: Friday, July 13, 2018 10:50 AM
To: Dubose, Kathy <DUBOSE.KATHY@leg.state.fl.us>
Subject: DSB 3-peat JLAC Notification

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, 2017, through June 30, 2018, for the 67 district school board disclosed 17 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,

-Micah Rodgers

Micah E. Rodgers, CPA
Audit Manager, District School Boards
111 West Madison Street
Tallahassee, FL 32399-1450
Telephone: (850) 412-2905

In the event your response contains information that may be considered sensitive or confidential pursuant to federal or state law, please do not send via e-mail and contact me to make other arrangements to provide such information.

AUDIT REPORTS ISSUED
 JULY 1, 2017, THROUGH JUNE 30, 2018, 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. Bradford ¹	2018-029	Operational: 5
	2016-145	Fin/Op: 8
	2015-138	Fin/Op: 8
2. Clay	CPA Firm FY 2016-17	Financial: 2017-4
	CPA Firm FY 2015-16	Financial: 2016-3
	2016-157	Fin/Op: 16, 17, 19
3. Franklin ¹	2018-180	Operational: 7
	2016-110	Fin/Op: 3
	2015-152	Fin/Op: 6
4. Gadsden	2018-124	Financial: 2017-002
	2017-189	Financial: 2016-001
	2016-156	Fin/Op: 1
5. Gilchrist	2018-140	Financial: 2017-001
	2017-158	Financial: 2016-001
	2016-105	Fin/Op: 1
6. Hamilton ¹	2018-164	Operational: 8, 12
	2016-120	Fin/Op: 1, 3
	2015-140	Fin/Op: 1, 4
7. Hernando	CPA Firm FY 2016-17	Financial: 2017-1
	CPA Firm FY 2015-16	Financial: 2016-1
	2016-167	Operational: 11
8. Hillsborough ¹	2018-173	Operational: 9
	2015-169	Fin/Op: 6
	2013-094²	Operational: 5

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 Statewide Virtual Instruction Programs audit report.

AUDIT REPORTS ISSUED
 JULY 1, 2017, THROUGH JUNE 30, 2018, 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>
9. Jefferson	2018-177	Financial: 2017-001, 2017-002
	2017-193	Financial: 2016-003, 2016-001 ³
	2016-169	Fin/Op: 2, 3, 4
10. Lake ¹	2018-200	Operational: 8
	2015-160	Operational: 16
	2012-077	Operational: 13
11. Leon ¹	2018-067	Operational: 3, 5, 6 ⁴
	2017-017	Operational: 6 ⁵ , 8 ⁶
	CPA Firm FY 2015-16	Financial: 2016-004 ⁷
	CPA Firm FY 2014-15	Financial: 2015-005
	2015-088	Operational: 18, 21
12. Manatee ¹	CPA Firm FY 2016-17	Financial: 2017-002, 2017-01
	2017-092	Operational: 1, 9
	2014-079	Operational: 2, 33
13. Marion ¹	2018-184	Operational: 7
	2015-051	Operational: 12
	2012-116	Operational: 9
14. Monroe ¹	2018-183	Operational: 7
	2016-092	Operational: 6
	2015-105	Operational: 10

¹ See footnote on page 1.

² Not used on this page.

³ This finding repeated Report No. 2016-169, Finding Nos. 3 and 4.

⁴ This finding repeated CPA Firm FY 2015-16 Report, Finding No. 2016-004.

⁵ This finding repeated Report No. 2015-088, Finding No. 18.

⁶ This finding repeated Report No. 2015-088, Finding No. 21.

⁷ This finding repeated CPA Firm FY 2014-15 Report, Finding No. 2015-005.

AUDIT REPORTS ISSUED
 JULY 1, 2017, THROUGH JUNE 30, 2018, FOR
 DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION
 THAT WAS INCLUDED IN TWO PRECEDING AUDIT REPORTS

15. Pinellas ¹	2018-075	Financial: 2017-001
	CPA Firm FY 2015-16	Financial: Summary Schedule of Prior Audit Findings, Finding No. 2014-002
	CPA Firm FY 2014-15	Financial: Summary Schedule of Prior Audit Findings, Finding No. 2014-002
	2018-156	Operational: 5
	2015-130	Fin/Op: 2
	2012-150	Fin/Op: 13
16. Putnam	2018-149	Financial: 2017-001
	2017-182	Financial: 2016-002
	2016-170	Fin/Op: 2015-001
17. Seminole ¹	2018-128	Operational: 3
	2015-064	Operational: 11
	2012-053	Operational: 7

¹ See footnote on page 1

From: DEREK NOONAN <DEREKNOONAN@AUD.STATE.FL.US>
Sent: Tuesday, May 29, 2018 3:30 PM
To: Mayfield, Debbie; Sullivan, Jennifer
Cc: Dubose, Kathy; White, Deborah
Subject: 2016-17 FY Notification Pursuant to Section 218.39(8), Florida Statutes
Attachments: 2017 PPY Findings Notification.xlsb

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 those charter schools and charter technical career centers (listed on the attached document) for which the 2016-17 fiscal year audit report disclosed that the entity failed to take full corrective action in response to one or more recommendations included in the two preceding financial audit reports.

Please contact me if you or your staff need additional information.

Derek H. Noonan, Audit Supervisor
Auditor General, State of Florida
111 West Madison Street, Rm 401-P
Tallahassee, FL 32399-1450
Office (850) 412-2864
FAX (850) 488-6975

Note: 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.

Charter School	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
Academy of Environmental Science	Separation of Duties	2013-1	2013-1	2013-1	33	No
Bay Haven Charter Academy Elementary School	Records Management	2017-001	2016-001	15-1	48	No
Bay Haven Charter Academy Middle School	Records Management	2017-001	2016-001	15-1	47	No
Bridgeprep Academy of Hollywood Hills	Miscellaneous	2017-1	2016-1	2015-1	31	Yes
Bridgeprep Academy of Tampa	Miscellaneous	2017-1	2016-1	2015-1	32	Yes
Jacqueline Harris Preparatory Academy	Miscellaneous	2017-001	Transparency	Transparency	29	No
James Madison Preparatory Charter High School (3)	Cash Controls	2015-01	2015-01	2015-01	40	No
North Bay Haven Charter Career Academy	Records Management	2017-001	2016-001	15-1	47	No
North Bay Haven Charter Elementary School	Records Management	2017-001	2016-001	15-1	49	No
North Bay Haven Charter Middle School	Records Management	2017-001	2016-001	15-1	47	No
Reading Edge Academy, Inc.	Records Management	2017-1	2016-2	2015-4	21	No
Samsula Academy	Records Management	2017-1	2016-2	2015-4	20	No
Student Leadership Academy of Venice, Inc.	Budget Administration	2017-01	2016-01	2015-01	45	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 2016-17 fiscal year audit report that should also be viewed.

(3) James Madison Preparatory Charter School has a finding (2015-1) that we identified as an uncorrected finding in the 2016-17 audit report. However, in the audit report, the auditor did not note that the finding was uncorrected in the two previous audit reports. We contacted the auditor, who confirmed by e-mail that the finding was uncorrected from the two preceding financial audit reports.

From: [DEREK NOONAN](#)
To: [Mayfield, Debbie](#); [Sullivan, Jennifer](#)
Cc: [Dubose, Kathy](#); [White, Deborah](#)
Subject: 2016-17 FY Notification Pursuant to Section 218.39(8), Florida Statutes
Date: Monday, October 08, 2018 2:44:33 PM
Attachments: [2017 PPY Findings Notification.xlsb](#)

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 those local governmental entities for which the 2016-17 fiscal year audit report disclosed that the entity failed to take full corrective action in response to one or more recommendations included in the two preceding financial audit reports.

Please contact me if you or your staff need additional information.

Derek H. Noonan, Audit Supervisor
Auditor General, State of Florida
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Office (850) 412-2864
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**Local Governmental Entities That Failed To Take Full Corrective Action In Repose To A Recommendation
Included In The 2016-17 Fiscal Year Audit Report And The Two Preceding Financial Audit Reports**

Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	Finding No	PY Finding No	PPY Finding No	PDF p # (1)	Revision or Addendum (2)
COUNTIES								
C00400	Bradford County	Sheriff	Distribution of Funds	ML 2015-01	ML 2015-01	ML 2015-01	156	No
		Sheriff	Cash	ML 2015-02	ML 2015-02	ML 2015-02	157	No
C00700	Calhoun County	Sheriff	Separation of Duties	2004-002	04-02	04-02	150	No
		Supervisor of Elections	Separation of Duties	2004-001	04-01	04-01	199	No
C01800	Franklin County	Board of County Commissioners	Financial Reporting	2017-001	2016-001	2015-001	86	No
		Clerk of the Circuit Court	Separation of Duties	2017-001	2016-001	2015-001	119	No
		Property Appraiser	Financial Reporting	2017-001	2016-001	2015-001	204	No
		Sheriff	Separation of Duties	2017-01	2016-01	2015-01	150	No
		Sheriff	General Accounting Records	2017-02	2016-02	2015-02	150	No
		Sheriff	Financial Reporting	2017-03	2016-03	2015-03	150	No
		Supervisor of Elections	Separation of Duties	2017-001	2016-001	15-001	228	No
		Supervisor of Elections	Financial Reporting	2017-002	2016-002	15-002	228	No
		Tax Collector	Separation of Duties	2017-001	2016-001	2015-001	179	No
		Tax Collector	Financial Reporting	2017-002	2016-002	2015-002	179	No
C02100	Glades County	Board of County Commissioners	General Accounting Records	2010-001	2010-001	2010-001	87	No
C02200	Gulf County	Sheriff	Separation of Duties	2017-001	2016-001	2015-001	188	No
C02400	Hardee County	Sheriff	General Accounting Records	2017-001	2016-001	2015-001	177	No
C02800	Hillsborough County	Clerk of the Circuit Court	Other Control Deficiencies and Noncompliance	2017-01	2016-01	2015-01	301	No
C02900	Holmes County	Board of County Commissioners	Financial Reporting	2010-001	2010-001	2010-001	98	No
		Clerk of the Circuit Court	Financial Reporting	2010-01	2010-01	2010-01	138	No
		Property Appraiser	Financial Reporting	2010-01	2010-01	2010-01	162	No
		Property Appraiser	Expenditures/Expenses	2012-02	2012-02	2012-02	163	No
		Sheriff	Separation of Duties	2010-01	2010-01	2010-01	221	No
		Sheriff	Financial Reporting	2010-02	2010-02	2010-02	222	No
		Supervisor of Elections	Financial Reporting	2010-01	2010-01	2010-01	188	No
		Tax Collector	Financial Reporting	2010-01	2010-01	2010-01	250	No
		Tax Collector	Information Technology	2013-01	2013-01	2013-01	251	No
C03100	Jackson County	Board of County Commissioners	Revenues/Collections	2006-01	ML 06-01	ML 06-01	117	No
		Property Appraiser	Separation of Duties	PA2006-01	PA06-01	PA06-01	175	No
		Sheriff	Separation of Duties	SH2006-01	SH06-01	SH06-01	205	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	102	No
		Property Appraiser	Financial Reporting	12-01	12-01	12-01	193	No
		Sheriff	Financial Reporting	12-01	12-01	12-01	133	No
		Supervisor of Elections	Financial Reporting	12-01	12-01	12-01	221	No
		Tax Collector	Financial Reporting	12-01	12-01	12-01	164	No
C03800	Liberty County	Sheriff	General Accounting Records	2016-IC-02	2016-IC-02	14-01	169	No
C03900	Madison County	Board of County Commissioners	Cash	2017-001	2016-02	2015-02	95	No
		Tax Collector	Separation of Duties	TC 2017-001	TC 2016-01	TC 2015-01	158	No
C04250	Miami-Dade County	Board of County Commissioners	Fund Equity	2017-001	2016-01	2015-01	345	No
		Board of County Commissioners	Information Technology	2017-002	2016-02	2015-04	346	No
C04500	Okaloosa County	Board of County Commissioners	Revenues/Collections	2017-2	2016-1	2015-2	257	No
C05000	Pasco County	Property Appraiser	Cash	PA-ML-2015-001	PA-ML-2015-001	PA-ML-2015-001	366	No
C05300	Putnam County	Clerk of the Circuit Court	Other Control Deficiencies and Noncompliance	2017-001	2016-001	2015-001	201	No
C05900	Sumter County	Sheriff	Separation of Duties	2017-001	2016-001	2015-001	177	No
C06500	Walton County	Board of County Commissioners	Revenues/Collections	2015-01	2015-01	2015-01	224	No
		Board of County Commissioners	Revenues/Collections	2015-02	2015-02	2015-02	225	No
C06600	Washington County	Board of County Commissioners	Fixed Assets	BCC1997-001	BCC1997-001	BCC1997-001	92	No
		Property Appraiser	Separation of Duties	PA2003-003	03-03	03-03	163	No
		Sheriff	Separation of Duties	SH2003-001	SH 2003-01	03-01	193	No
		Supervisor of Elections	Separation of Duties	SOE 2003-003	SOE 2003-03	SOE03-03	219	No
		Tax Collector	Separation of Duties	TC2003-003	TC03-03	TC03-03	247	No

**Local Governmental Entities That Failed To Take Full Corrective Action In Reposeponse To A Recommendation
Included In The 2016-17 Fiscal Year Audit Report And The Two Preceding Financial Audit Reports**

Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	Finding No	PY Finding No	PPY Finding No	PDF p # (1)	Revision or Addendum (2)
SPECIAL DISTRICTS								
D01000	Alligator Point Water Resources District		Financial Reporting	2017-001	2016-001	2015-01	18	No
			Separation of Duties	2017-002	2016-002	2015-02	18	No
D01450	Amelia Concourse Community Development District		Debt Administration	2012-01/2013-01/2014-01	2012-01/2013-01/2014-01	2012-01	35	No
			Financial Condition	2012-02/2013-02/2014-02	2012-02/2013-02/2014-02	2012-02	36	No
D02120	Arborwood Community Development District		Debt Administration	2015-01	2015-01	2015-01	37	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	2017-001	2016-001	2015-001	42	No
			Financial Reporting	2017-002	2016-002	2015-002	43	No
D03000	Baker County Development Commission		Separation of Duties	2017-001	2016-001	2015-001	28	No
			Financial Reporting	2017-002	2016-002	2015-002	28	No
D03100	Baker County Hospital District		Separation of Duties	2017-001	2016-01	2015-01	23	No
			Financial Reporting	2017-002	2016-02	2015-02	23	No
D04900	Beach Mosquito Control District		Separation of Duties	2017-1	2016-1	2015-1	46	No
D08980	Buckeye Park Community Development District		Debt Administration	IC2015-03	IC2016-02	IC2015-03	33	No
			Expenditures/Expenses	IC2016-01	IC2016-01	IC2015-01	33	No
D11100	Cedar Key Water and Sewer District		Separation of Duties	2017-001	2016-001	2015-001	25	No
D09200	CFM Community Development District		Debt Administration	IC2010-1	IC2010-1	IC2010-1	32	No
D11970	Chapel Creek Community Development District		Debt Administration	12-01	12-01	12-01	37	No
			Financial Reporting	12-03	12-03	12-03	36	No
			Fixed Assets	12-04	12-04	12-04	36	No
D12800	Children's Services Council of Okeechobee County		Separation of Duties	2017-1	2016-2	2015-2	27	No
D14005	City Center Community Development District		Debt Administration	2015-01	2015-01	2015-01	36	No
			Financial Condition	2015-02	2015-02	2015-02	36	No
D16050	City-County Public Works Authority		Separation of Duties	2010-001	2010-001	2010-001	21	No
			General Accounting Records	2010-002	2010-002	2010-002	19	No
			Financial Reporting	2010-003	2010-003	2010-003	20	No
D18370	Concorde Estates Community Development District		Financial Reporting	12-01	12-01	12-01	Report p.35, Revised ML - p. 3	Yes
			Financial Condition	13-01	13-01	13-01	Report p.36, Revised ML - p. 4	Yes
D18380	Connerton West Community Development District		Debt Administration	13-02	13-02	13-02	36	No
D18600	Coquina Water Control District		Expenditures/Expenses	2017-01	2016-01	2015-01	27	No
D19630	Creekside Community Development District		Financial Condition	2017-01	2016-01	2015-01	30	No
D19900	Crossings At Fleming Island Community Development District, The		Debt Administration	15-01	15-01	15-01	47	No
			Debt Administration	15-02	15-02	15-02	46	No
D21500	Daytona Beach Racing and Recreational Facilities District		General Accounting Records	2017-001	2016-002	2015-004	Revised Management Letter - p. 2	Yes
D21740	Deer Run Community Development District		Debt Administration	2017-01	2016-01	2015-01	34	No
			Financial Condition	2017-02	2016-02	2015-02	35	No
D23750	Durbin Crossing Community Development District		Debt Administration	17-01	2011-01	2011-01	36	No
D26550	Escambia-Pensacola Human Relations Commission		Separation of Duties	2017-001	2016-001	2015-1	27	No
D27000	Fellsmere Water Control District		Separation of Duties	2017-001	2016-001	2015-1	37	No
D27100	Fiddler's Creek Community Development District		Budget Administration	2015-01	2015-01	2015-01	39	No
D27110	Fiddler's Creek Community Development District Number 2		Debt Administration	2010-01	2010-01	2010-01	38	No
			Debt Administration	2013-01	2013-01	2013-01	38	No
D27850	Florida Keys Mosquito Control District		General Accounting Records	2017-01	2016-03	2015-03; -05; -06	35	No
			General Accounting Records	2017-02	2016-03	2015-03; -05; -06	35	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
D33900	Hendry-La Belle Recreation Board		Financial Reporting	2011-1	2011-1	2011-1	29	No
D34105	Heritage Harbour Market Place Community Development District		Debt Administration	2017-01	2016-01	2015-01	30	No
D34130	Heritage Isles Community Development District		Debt Administration	2009-01	2009-01	2009-01	44	No
			Financial Condition	2014-01	2014-01	2014-01	45	No

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D37100	Holmes Creek Soil and Water Conservation District		Separation of Duties	2003-002	2003-002	2003-002	28	No
			Financial Reporting	2007-001	2007-001	2007-001	28	No
			Expenditures/Expenses	2014-01	2014-01	2014-001	33	No
			Budget Administration	2016-001	2016-001	2015-001	29	No
D37200	Holt Fire District		Separation of Duties	2017-01	2014-01	2011-FSIC-03	33	No
			Financial Reporting	2017-02	2014-02	2008-FSIC-03	33	No
D38800	Indian River Farms Water Control District		Separation of Duties	2017-001	2016-001	2015-1	36	No
D39600	Indigo Community Development District		Financial Condition	2017-01	2016-01	2015-01	30	No
D40400	Jackson Soil and Water Conservation District		Separation of Duties	06-001	06-001	06-1	26	No
			Budget Administration	06-002	06-002	06-2	26	No
			Financial Reporting	07-001	07-001	07-1	27	No
			Expenditures/Expenses	14-001	14-001	14-1	31	No
D41400	Jurlington Creek Plantation Community Development District		Budget Administration	2014-01	2014-01	2014-01	36	No
D44000	Lake Shore Hospital Authority		Financial Reporting	2011-1	2011-1	2011-1	49	No
D44810	Lakeside Plantation Community Development District		Debt Administration	2017-01	2016-01	07-01	29	No
D47100	Levy Soil and Water Conservation District		Financial Reporting	13-01	13-01	13-01	21	No
D47880	Madeira Community Development District		Debt Administration	16-01	16-01	2015-01	36	No
			Debt Administration	16-02	16-02	2015-01	36	No
D48000	Madison County Health and Hospital District		Information Technology	2017-001	2016-003	2015-004	31	No
D48100	Madison County Soil and Water Conservation District		Financial Reporting	15-01	15-01	15-01	23	No
			General Accounting Records	15-03	15-03	15-03	24	No
D48170	Magnolia West Community Development District		Debt Administration	12-02	12-02	12-02	36	No
			General Accounting Records	12-03	12-03	12-03	35	No
D49500	Marion County Law Library		Separation of Duties	2017-1	2016-1	2015-1	24	No
			General Accounting Records	2017-2	2016-2	2015-2	24	No
D50407	Meadow Pointe IV Community Development District		Debt Administration	13-01	15-01	15-01	38	No
			Debt Administration	13-02	15-02	15-02	36	No
			Financial Reporting	13-03	15-03	15-03	39	No
D50450	Mediterranea Community Development District		Debt Administration	2017-01	2016-01	2015-01	30	No
D51950	Middle Village Community Development District		Debt Administration	2017-01	2016-01	2015-01	33	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	2016-01	2015-01	33	No
D52900	Moore Haven Mosquito Control District		Financial Reporting	2011-001	2011-001	IC 2011-01	41	No
			General Accounting Records	2011-002	2011-002	IC 2011-02	41	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	IC 2009-002	IC 2009-002	IC 2009-002	36	No
			Debt Administration	2015-001	2015-001	2015-001	36	No
D55400	North Okaloosa County Fire District		Financial Reporting	2017-01	2016-01	2015-02	35	No
D56100	North St. Lucie River Water Control District		Separation of Duties	ML 2017-1	ML 2016-1	ML 2015-1	33	No
D60700	Overoaks Community Development District		Debt Administration	2009-01	2009-01	2009-01	34	No
			Fund Equity	2012-01	2012-01	2012-01	35	No
D62070	Palm River Community Development District		Debt Administration	17-01	16-01	15-01	36	No
			Debt Administration	17-02	16-02	15-02	36	No
			Expenditures/Expenses	17-03	16-03	15-03	37	No
D62570	Parker Road Community Development District		Debt Administration	IC2015-1	IC2015-1	2015-01	32	No
D67700	Port St. Joe Port Authority		General Accounting Records	2017-001	2016-001	2015-001	36	No
			General Accounting Records	2017-002	2016-002	2015-002	36	No
D67825	Portofino Isles Community Development District		Financial Condition	2016-01	2016-01	2015-01	34	No
D67827	Portofino Landings Community Development District		Financial Condition	2017-01	2016-01	2015-01	30	No
D67835	Portofino Vista Community Development District		Financial Condition	2017-01	2016-01	2015-01	31	No
D69450	Reunion East Community Development District		Debt Administration	13-01	13-01	13-01	40	No
			Debt Administration	13-02	13-02	13-02	40	No

**Local Governmental Entities That Failed To Take Full Corrective Action In Reposeponse To A Recommendation
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Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	Finding No	PY Finding No	PPY Finding No	PDF p # (1)	Revision or Addendum (2)
D69806	River Glen Community Development District		Fixed Assets	15-01	15-01	2015-01	36	No
			Debt Administration	15-02	15-02	2015-02	37	No
D69810	River Place on the St. Lucie Community Development District		Debt Administration	13-01	13-01	2015-01	36	No
			Debt Administration	13-02	13-02	2015-01	36	No
D70010	Riverwood Estates Community Development District		Debt Administration	12-01	15-01	2015-01	33	No
			Debt Administration	12-02	15-02	2015-01	33	No
			Financial Reporting	12-03	15-03	2015-01	33	No
D72900	Seminole County Port Authority		Separation of Duties	ITEM 1	ITEM 1	2015-01	37	No
			Financial Reporting	ITEM 2	ITEM 2	2015-01	37	No
D73475	Six Mile Creek Community Development District		Debt Administration	2017-01	2016-01	2015-01	32	No
D73900	South Central Regional Wastewater Treatment and Disposal Board		Payroll and Personnel Administration	2017-01	2016-01	2015-02	32	No
D74300	South Florida Water Management District		Information Technology	2017-01	2016-01	IC 2015-01	257	No
D74900	South Seminole and North Orange County Wastewater Transmission Authority		Separation of Duties	2017-01	2016-01	2015-01	49	No
D76700	St. Johns Improvement District		Financial Reporting	ML17-01	ML16-01	ML15-01	43	No
D78210	Sterling Hill Community Development District		Financial Reporting	12-01	12-01	2015-01	37	No
			Debt Administration	12-03	12-03	2015-01	38	No
			Debt Administration	12-04	12-04	2015-01	38	No
D78220	Stevens Plantation Community Development District		Debt Administration	2017-01	2016-01	2015-01	30	No
D79650	Suwannee County Conservation District		Financial Reporting	12-01	12-01	2015-01	24	No
D81610	Taylor Coastal Water and Sewer District		Financial Reporting	2010-1	2010-1	2010-1	38	No
D82110	Tern Bay Community Development District		Debt Administration	IC2009-01	IC2009-01	IC2009-01	32	No
D82604	Tolomato Community Development District		Debt Administration	2017-02	2015-02	2015-01	37	No
D82955	Trails Community Development District		Financial Condition	14-01	14-01	2015-01	38	No
			General Accounting Records	17-01	16-01	2015-01	36	No
			Debt Administration	17-02	16-02	2015-01	37	No
D82975	Treeline Preserve Community Development District		Debt Administration	15-01	15-01	2015-01	38	No
			Debt Administration	15-02	15-02	2015-01	37	No
D83000	Tri-County Airport Authority		Separation of Duties	2003-002	2003-002	03-02	32	No
			Financial Reporting	2007-001	2007-001	07-01	32	No
			Fixed Assets	2012-001	2012-001	12-01	32	No
			Budget Administration	2014-001	2014-001	14-01	33	No
D85130	Viera Stewardship District		Fixed Assets	IC2015-01	IC2015-01	IC2015-01	24	No
D85170	Villa Vizcaya Community Development District		Financial Condition	2017-01	2016-01	2015-01	32	No
D87280	Waterford Estates Community Development District		Financial Condition	2017-01	2016-01	2015-01	31	No
D87340	Waterstone Community Development District		Financial Condition	2017-01	2016-01	2015-01	31	No
D88400	West Villages Improvement District		Debt Administration	2017-01	2016-01	2015-01	31	No
			Debt Administration	2017-02	2016-02	2015-02	31	No
D89000	Westridge Community Development District		Debt Administration	13-01	13-01	2015-01	36	No
			Debt Administration	13-02	13-02	2015-01	36	No
			Financial Reporting	14-01	14-01	2015-01	35	No
D89050	Westside Community Development District		Debt Administration	2011-01	2011-01	2011-01	34	No
			Financial Condition	2012-01	2012-01	2012-01	35	No
D89820	Woodlands Community Development District, The		Debt Administration	13-01	13-01	2015-01	37	No
			Financial Condition	13-02	13-02	2015-01	37	No
D90210	Zephyr Ridge Community Development District		Debt Administration	09-01	09-01	09-01	36	No
			Debt Administration	09-02	09-02	09-02	36	No
			Financial Reporting	12-01	12-01	2015-01	35	No

**Local Governmental Entities That Failed To Take Full Corrective Action In Reposeponse To A Recommendation
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Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	Finding No	PY Finding No	PPY Finding No	PDF p # (1)	Revision or Addendum (2)
MUNICIPALITIES								
M00200	Alford, Town of		Separation of Duties	2007-002	2007-02	2007-02	55	No
			Financial Reporting	2007-003	2007-03	2007-03	55	No
			Payroll and Personnel Administration	2010-001	2010-01	2010-01	56	No
			Revenues/Collections	2011-001	2011-01	2011-01	56	No
M00800	Arcadia, City of		Cash	2017-001	2016-001	2015-001	94	No
			General Accounting Records	2017-002	2016-002	2015-002	94	No
M00900	Archer, City of		Financial Reporting	2012-1	2013-1	2013-1	59	No
			Revenues/Collections	2014-1	2014-1	2014-1	63	No
			General Accounting Records	2014-4	2014-4	2014-4	63	No
			General Accounting Records	2015-9	2015-9	2015-9	63	No
M01100	Atlantic Beach, City of		Financial Reporting	15-1	15-1	15-1	94	No
M02200	Bell, Town of		Financial Reporting	2009-1	2009-1	2009-1	39	No
M03200	Blountstown, City of		Financial Reporting	2007-01	07-01	07-01	67	No
M03400	Bonifay, City of		Financial Reporting	2010-001	2010-01	2010-01	63	No
M03700	Bradenton Beach, City of		General Accounting Records	2015-01	2015-01	2015-01	39	No
M03900	Branford, Town of		Financial Reporting	2010-1	2010-1	2010-1	52	No
M04200	Bronson, Town of		Fund Equity	ML 2009-4	ML 2009-4	ML 2009-4	39	No
			Separation of Duties	2009-1	2009-1	2009-1	33	No
			General Accounting Records	2015-1	2015-1	2015-1	33	No
M04500	Bunnell, City of		Payroll and Personnel Administration	2015-001	2015-001	2015-001	67	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
M04800	Callaway, City of		Cash	2017-002	2016-003	2015-01	82	No
M04900	Campbellton, Town of		Separation of Duties	04-01	04-01	04-01	45	No
M05200	Carrabelle, City of		Financial Reporting	2017-001	2016-001	2015-001	51	No
			Separation of Duties	2017-002	2016-002	2015-002	51	No
			Fixed Assets	2017-003	2016-003	2015-003	52	No
			Revenues/Collections	2017-004	2016-006	2015-013	52	No
			Distribution of Funds	2017-005	2016-007	2015-014	52	No
			Budget Administration	2017-007	2016-011	2015-010	56	No
			Budget Administration	2017-008	2016-012	2015-011	56	No
			Budget Administration	2017-009	2016-013	2015-012	56	No
			Policies and Procedures	2017-010	2016-009	2015-008	57	No
			Information Technology	2017-011	2016-010	2015-009	57	No
		M05600	Cedar Key, City of		Debt Administration	ML 2015-1	ML 2015-1	ML 2015-1
M05700	Center Hill, City of		Payroll and Personnel Administration	2015-03	2015-03	2015-03	90	No
			Fixed Assets	2015-04	2015-04	2015-04	90	No
M06000	Chiefland, City of		General Accounting Records	2017-001	2016-001	2015-003	48	No
M06500	Clewiston, City of		Financial Reporting	2009-1	2009-1	2009-1	100	No
M07000	Coleman, City of		Financial Reporting	2017-1	2016-1	2015-1	59	No
			Separation of Duties	2017-2	2016-2	2015-2	59	No
M07400	Cottondale, City of		Separation of Duties	2003-001	2003-001	03-1	50	No
			Fixed Assets	2004-02	2004-02	2004-2	57	No
			Financial Reporting	2007-001	2007-001	07-1	50	No
			General Accounting Records	2009-001	2009-001	09-1	51	No
			General Accounting Records	2016-001	2016-001	09-2	52	No
M07900	Dade City, City of		Separation of Duties	2014-2	2014-2	2014-2	88	No
			Cash	2014-3	2014-3	2014-3	93	No
			Information Technology	2015-2	2015-2	2015-2	92	No
			Expenditures/Expenses	2015-3	2015-3	2015-3	92	No
			Combined State and Federal Single Audit	2015-4	2015-4	2015-4	93	No

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M08600	Deerfield Beach, City of		General Accounting Records	ML 08-2	ML 08-2	ML 08-2	185	No
			Payroll and Personnel Administration	ML 10-2	ML 10-2	ML 10-2	184	No
			Investments	ML 11-1	ML 11-1	ML 11-1	173	No
			Information Technology	ML 11-4	ML 11-4	ML 11-4	175	No
			Information Technology	ML 11-5	ML 11-5	ML 11-5	177	No
			Information Technology	ML 11-6	ML 11-6	ML 11-6	179	No
			Information Technology	ML 11-8	ML 11-8	ML 11-8	181	No
			Information Technology	ML 11-9	ML 11-9	ML 11-9	182	No
			General Accounting Records	ML 2013-01	ML 2013-01	ML 2013-01	171	No
			Cash	2015-001	2015-001	2015-001	161	No
		Revenues/Collections	MLC 2015-003	MLC 2015-003	MLC 2015-003	169	No	
M09400	Dunnellon, City of		Financial Condition	2015-02	2015-02	2015-02	82	No
M09600	Eatonville, Town of		Financial Condition	2006-A	2006-A	2006-A	78	No
			General Accounting Records	2016-001	2016-001	2006-01	74	No
			Financial Reporting	2017-001	2016-002	2015-01	73	No
M10000	El Portal, Village of		Policies and Procedures	2015-02	2015-02	2015-02	63	No
			Information Technology	2015-07	2015-07	2015-07	66	No
M10400	Fanning Springs, City of		Financial Reporting	2013-1	2013-1	2013-1	60	No
M11000	Fort Meade, City of		Revenues/Collections	2017.1	2016.1	2015.1	89	No
			Revenues/Collections	2017.2	2016.3	2014.2	90	No
M11500	Fort White, Town of		Financial Reporting	2011-1	2011-1	2011-1	41	No
M11600	Freeport, City of		General Accounting Records	2017-06	2016-02	15-02	83	No
M12100	Glen Saint Mary, Town of		Separation of Duties	2017-001	2016-001	2015-001	47	No
			Financial Reporting	2017-002	2016-002	2015-002	47	No
M12500	Graceville, City of		Separation of Duties	2006-001	2006-001	2006-01	60	No
			Financial Reporting	2007-001	2007-001	2007-01	60	No
			Fixed Assets	2012-001	2012-001	2012-1	64	No
M12600	Grand Ridge, Town of		Financial Reporting	2017-001	2016-001	2015-001	53	No
M12900	Greensboro, Town of		Financial Reporting	2017-001	2016-001	2015-001	54	No
			Separation of Duties	2017-002	2016-002	2015-002	54	No
M13000	Greenville, Town of		Financial Reporting	2017-001	2016-001	2015-001	57	No
			Separation of Duties	2017-002	2016-002	2015-002	57	No
			Budget Administration	2017-003	2016-004	2015-004	59	No
M13100	Greenwood, Town of		Financial Reporting	2007-001	07-01	07-01	37	No
M13400	Gulf Breeze, City of		Fixed Assets	2017-001	2016-001	2015-001	178	No
M13800	Hallandale Beach, City of		General Accounting Records	2017-001	MW 2016-001	2014-001	180	No
M14300	Hawthorne, City of		Fund Equity	2017-1	2016-1	2015-1	65	No
M14500	Hialeah, City of		Fund Equity	2015-02	2015-02	2015-02	173	No
M14600	High Springs, City of		Fund Equity	2017-001	2016-003	2015-011	58	No
M15000	Hilliard, Town of		Financial Reporting	2009-1	2009-1	2009-1	74	No
M15600	Horseshoe Beach, Town of		Financial Reporting	2011-1	2011-1	2011-1	44	No
M15700	Howey-in-the-Hills, Town of		Financial Reporting	2017-001	2016-001	2015-001	54	No
M16600	Interlachen, Town of		Financial Reporting	2007-01	2007-01	2007-01	40	No
M17100	Jacob City, City of		General Accounting Records	2017-001	2016-001	2015-002	30	No
M17400	Jennings, Town of		Separation of Duties	2017-001	2016-001	2015-001	63	No
			Financial Reporting	2017-002	2016-002	2015-002	63	No
M18300	Keystone Heights, City of		Budget Administration	2017-001	2016-001	2015-001	44	No
M18500	LaBelle, City of		Financial Reporting	2009-1	2009-1	2009-1	95	No
M19400	Lake Helen, City of		Separation of Duties	2017-002	2016-002	2015-003	60	No
M19700	Lake Placid, Town of		Information Technology	2017-003	2016-001	2015-008	60	No
			General Accounting Records	2017-001	2016-001	2015-001	Report p.63, Revised ML - p. 1	Yes
M20700	Lawtey, City of		Cash	2017-2	2016-2	2015-3	41	No
			Debt Administration	2017-4	2016-5	2015-5	41	No
M21700	Macclenny, City of		Separation of Duties	2017-001	2016-001	2015-1	59	No
			Financial Reporting	2017-002	2016-002	2015-2	59	No

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M21900	Madison, City of		Financial Reporting	2012-1	2012-1	2012-1	85	No
M22200	Malone, Town of		Separation of Duties	2004-001	04-001	04-01	44	No
			Financial Reporting	2007-001	07-001	07-01	44	No
M23000	Mayo, Town of		Financial Reporting	2011-1	2011-1	2011-1	57	No
M23200	Medley, Town of		Separation of Duties	2017-01	2016-01	2015-01	80	No
			Fixed Assets	2017-02	2016-02	2015-02	80	No
			Purchasing/Contract Management	2017-03	2016-04	2015-04	81	No
M23700	Miami, City of		Information Technology	ML 2014-04	ML 2014-04	ML 2014-04	269	No
			Debt Administration	ML 2015-01	ML 2015-01	ML 2015-01	267	No
			Revenues/Collections	ML 2015-02	ML 2015-02	ML 2015-02	268	No
M24200	Midway, City of		General Accounting Records	13-01	13-01	13-01	50	No
			Fixed Assets	13-08	13-08	13-08	50	No
M24800	Moore Haven, City of		Financial Reporting	2017-001	2016-001	2015-001	85	No
			General Accounting Records	2017-002	2016-002	2015-002	85	No
M25000	Mulberry, City of		Budget Administration	2014-005	2014-005	2014-005	52	No
			Fixed Assets	2015-003	2015-003	2015-003	52	No
M26100	North Miami Beach, City of		General Accounting Records	2015-1	2015-1	2015-1	203	No
M26500	Oak Hill, City of		Separation of Duties	SD01 (2009)	SD01 (2009)	SD02 (2009)	75	No
			Information Technology	ML 2015-03	ML 2015-03	ML 2015-03	79	No
M26600	Oakland, Town of		Revenues/Collections	10-01	10-01	10-01	53	No
			Payroll and Personnel Administration	10-04	10-04	10-04	53	No
			General Accounting Records	10-05	10-05	10-05	53	No
			Revenues/Collections	10-06	10-06	10-06	53	No
			General Accounting Records	11-5	11-5	11-5	54	No
			Fixed Assets	12-3	12-3	12-3	54	No
M27700	Orchid, Town of		General Accounting Records	2017-001	2016-001	2015-001	37	No
			Separation of Duties	2017-002	2016-002	2015-003	38	No
M28000	Otter Creek, Town of		Financial Reporting	2011-1	2011-1	2011-1	38	No
M28400	Palm Bay, City of		Combined State and Federal Single Audit	IC 2015-002	IC 2015-002	IC 2015-002	213	No
			Federal Awards	IC 2015-003	IC 2015-003	IC 2015-003	217	No
M29100	Panama City, City of		Separation of Duties	2007-1	2007-1	2007-1	235	No
			Financial Condition	2017-1	2016-1	2015-1	236	No
M29200	Panama City Beach, City of		Separation of Duties	2017-001	2016-001	2015-001	115	No
M29300	Parker, City of		General Accounting Records	2017-001	2016-001	15-01	63	No
			Separation of Duties	2017-002	2016-002	15-02	63	No
M29500	Paxton, City of		Financial Reporting	2017-01	2016-01	2015-01	47	No
			Separation of Duties	2017-02	2016-02	2015-02	47	No
M29800	Penney Farms, Town of		Financial Reporting	2011-1	2011-1	2011-1	50	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
			Revenues/Collections	2012-01	2012-01	2012-01	41	No
			Revenues/Collections	2014-01	2014-01	2014-01	44	No
M30700	Pomona Park, Town of		Separation of Duties	2009-IC-1	2009-IC-1	2009-IC-1	61	No
M31800	Reddick, Town of		Financial Reporting	IC2009-1	IC2009-1	IC2009-1	27	No
			Financial Reporting	ML2009-1	ML2009-1	ML2009-1	27	No
M32500	San Antonio, City of		Fixed Assets	2015-1	2015-1	2015-1	67	No
M33600	Sneads, Town of		Fixed Assets	2000-001	2000-001	00-1	60	No
			Financial Reporting	2007-001	2007-001	07-1	61	No
M33900	South Daytona, City of		Fund Equity	2013-1	2013-1	2013-1	148	No
			Fund Equity	2015-2	2015-2	2015-2	148	No
M34100	South Palm Beach, Town of		Policies and Procedures	2017-03	2015-2	2015-2	98	No
M34600	St. Cloud, City of		Debt Administration	2017-1	2016-1	2015-1	163	No
			Revenues/Collections	2017-2	2016-2	2015-2	171	No
M34800	St. Lucie Village, Town of		Separation of Duties	2016-1	2016-1	2015-1	21	No
M34900	St. Marks, City of		Separation of Duties	2017-001	2016-001	2015-01	37	No

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M35700	Tallahassee, City of		Purchasing/Contract Management	2017-001	2016-001	2015-01	214	No
M36200	Temple Terrace, City of		Financial Condition	MLO-2015-001	MLO-2015-001	MLO-2015-001	162	No
			Debt Administration	MLO-2015-002	MLO-2015-002	MLO-2015-002	163	No
			General Accounting Records	2017-001	2016-001	2015-001	157	No
M36600	Trenton, City of		Financial Reporting	2009-1	2009-1	2009-1	62	No
M37200	Virginia Gardens, Village of		Budget Administration	2017-01	2016-01	2015-01	36	No
M37500	Wausau, Town of		Separation of Duties	2010-01	2010-01	2010-01	58	No
			Financial Reporting	2010-02	2010-02	2010-02	58	No
			Information Technology	2015-01	2015-01	2015-01	59	No
M37600	Webster, City of		Separation of Duties	2015-001	2015-001	2015-001	Revised Schedule of Findings - p. 51	Yes
			General Accounting Records	2015-002	2015-002	2015-002	Revised Schedule of Findings - p. 52	Yes
			Expenditures/Expenses	2015-005	2015-005	2015-005	Revised Schedule of Findings - p. 53	Yes
			Revenues/Collections	2015-007	2015-007	2015-007	Revised Schedule of Findings -p. 56	Yes
M38250	West Park, City of		Cash	2017-01	2016-01	2015-01	64	No
			Information Technology	2017-02	2016-02	2015-03	64	No
			Revenues/Collections	2017-03	2016-03	2015-06	65	No
M38500	Wewahitchka, City of		Financial Reporting	2011-1	2011-1	2011-1	51	No
M39000	Windermere, Town of		Financial Reporting	17-01	16-01	15-01	49	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 2016-17 fiscal year audit report that should be viewed.

Additional Information:

St. Lucie Village, Town of (entity ID M34800) has one finding (2016-01) that we identified as an uncorrected finding in the 2016-17 audit report. However, in the audit report, the auditor did not note that the finding was uncorrected in the two previous audit reports. We attempted to contact the auditor on multiple occasions for clarification; however, as of the date of this notification, the auditor had not provided written or verbal clarification.

2D Three Peat: Possible
Committee Appearance

Consideration of Requiring Local Government Officials to Appear before the Joint Legislative Auditing Committee to Address Certain Audit Findings (s. 218.39(8)(b), F.S.)

Summary

This is a follow-up option available to the Joint Legislative Auditing Committee (Committee) related to long-term uncorrected audit findings reported in local entities' audit reports. If an entity's written statement regarding its effort to correct audit finding(s) is not sufficient, the Committee is authorized to require the chair of the governing body to appear before the Committee.

The Committee may wish to consider requiring three municipalities to appear before the Committee if their audit reports continue to include many of the same findings and there has been no apparent effort by the municipalities to correct them. For all seven years since the implementation of this initiative, the Committee has received notifications from the Auditor General regarding most of these uncorrected audit findings. These municipalities are the:

- **Town of Carrabelle:** Seven findings have been reported all seven years;
- **City of Deerfield Beach:** One finding has been reported for all seven years, one finding has been reported for the past six years, and six findings have been reported for the past five years; and
- **Town of Oakland:** Three findings have been reported for all seven years, one finding has been reported for the past six years, one finding has been reported for the past five years, and one finding has been reported for the past four years.

The specific audit findings referenced for these municipalities and their responses are provided on the pages that follow. There are certain audit findings that are required to be reported under Government Auditing Standards when certain conditions are present at the entity. These findings are generally reported for small entities with limited resources and relate to areas such as the need for separation of duties and auditor assistance with the preparation of the financial statements and related note disclosures. These findings are marked with a green background on the schedules and the Committee does not typically request an annual status update from any entity regarding such findings. Many of the entities with these findings do not have the additional resources required to fully correct these audit findings.

While other entities have also been reported to the Committee for all seven years, most appear to be addressing uncorrected audit findings and the number of findings reported has been reduced and/or some findings have been corrected and newer findings have appeared.

Statutory Language

SECTION 218.39, F.S., ANNUAL FINANCIAL AUDIT REPORTS.—

(8) The Auditor General shall notify the Legislative Auditing Committee of any audit report prepared pursuant to this section [audit reports for district school boards, charter schools, 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 financial audit reports.

(a) 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.

(b) If the committee determines that the written statement is not sufficient, it 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 board of the charter school or the chair's designee, or the chair of the board of the charter technical career center or the chair's designee, as appropriate, to appear before the committee.

(c) If the committee determines that an 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).

Committee Action

The Committee may wish to consider a motion to direct the municipalities of Carrabelle, Deerfield Beach, and Oakland to appear before the Committee in the fall if certain conditions are met. These conditions include: (1) their 2017-18 fiscal year financial audit, which is due June 30, 2019, continues to include many of the same findings, and (2) the Committee's Chairs approve the appearance(s).

Town of Carrabelle (Franklin County)

Consideration of Requiring Officials to Appear before the Joint Legislative Auditing Committee to Address Certain Audit Findings (Section 218.39(8)(b), F.S.)

	FY Audit Report/ Finding #	Finding	Town's Response
BUDGETARY CONTROLS			
1	2016-17 2017-007	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. The auditors recommend that the City maintain a level of expenditures within the adopted budget.	Pending request from Committee.
2	2015-16 2016-011	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.	The City intends to adopt a final budget at fiscal year-end 2017 to include final fund equities. The City anticipates this finding to be removed by 2018 audit.
3	2014-15 2015-010	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, the Port and Airport Fund, and the Water and Sewer Fund.	The City intends to adopt a final budget at 2016-17 fiscal year-end to include final fund equities. The City anticipates this finding to be removed by the 2017-18 fiscal year audit
4	2013-14 14-11	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, the Special Revenue Fund, the Water and Sewer Fund, and the Port and Airport Fund.	The City will amend its budget at year end and will include the cash carry forward from year to year in future budgets. This finding will not show up in future audits.
5	2012-13 13-06	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, the Special Revenue Fund, the Water and Sewer Fund, and the Port and Airport Fund.	The City will amend its budget at year end and will include the cash carry forward from year to year in future budgets.
6	2011-12 09-06	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 several funds.	The City will amend its budget at year end and will include the cash carry forward from year to year in future budgets.
7	2010-11 09-06	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 several funds.	The City will amend its budget at year end. This finding will not show up on future audits. The City will include the cash carry forward from year to year in future budgets.
BUDGETARY CONTROLS - GENERAL			
1	2016-17 2017-008	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.	Pending request from Committee.
2	2015-16 2016-012	The City did include carry forward amounts in its adopted budget. However, after fiscal year-end when the final fund equities were determined, the City did not amend the budget to include the appropriate amounts. The auditor recommends that the City implement a policy whereby final fund equities are included in the budget as soon as determined.	The City intends to adopt a final budget at fiscal year-end 2017 to include final fund equities. The City anticipates this finding to be removed by 2018 Audit.
3	2014-15 2015-011	The City did include carry forward amounts in its adopted budget. However, after fiscal year-end when the final fund equities were determined, the City did not amend the budget to include the appropriate amounts.	The City intends to adopt a final budget at 2016-17 fiscal year-end to include final fund equities. The City anticipates this finding to be removed by the 2017-18 fiscal year audit.

Town of Carrabelle (Franklin County)

Consideration of Requiring Officials to Appear before the Joint Legislative Auditing Committee to Address Certain Audit Findings (Section 218.39(8)(b), F.S.)

	FY Audit Report/ Finding #	Finding	Town's Response
4	2013-14 14-12	The City did include carry forward amounts in its adopted budget. However, after fiscal year-end when the final fund equities were determined, the City did not amend the budget to include the appropriate amounts	The City will amend its budget at year end and will include the cash carry forward from year to year in future budgets. This finding will not show up in future audits.
5	2012-13 13-07	The City did include carry forward amounts in its adopted budget. However, after fiscal year-end when the final fund equities were determined, the City did not amend the budget to include the appropriate amounts.	The City will amend its budget at year end and will include the cash carry forward from year to year in future budgets.
6	2011-12 09-07	The City did include carry forward amounts in its adopted budget. However, after fiscal year-end when the final fund equities were determined, the City did not amend the budget to include the appropriate amounts.	The City will amend its budget at year end and will include the cash carry forward from year to year in future budgets.
7	2010-11 09-07	The City did include carry forward amounts in its adopted budget. However, after fiscal year-end when the final fund equities were determined, the City did not amend the budget to include the appropriate amounts.	The City will amend its budget at year end. This finding will not show up on future audits. The City will include the cash carry forward from year to year in future budgets.
PPREPARE FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND SIGNIFICANT ADJUSTMENTS			
1	2016-17 2017-001	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.	A response is not expected to be requested by the Committee.
2	2015-16 2016-001	There was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process.	A response was not requested by the Committee.
3	2014-15 2015-001	There was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process.	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.
4	2013-14 14-01	There was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain material adjustments were required to be made to the accounting records during the audit process.	A response was not requested by the Committee.
5	2012-13 13-01	There was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain material adjustments were required to be made to the accounting records during the audit process.	A response was not requested by the Committee.
6	2011-12 09-01	There was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain material adjustments were required to be made to the accounting records during the audit process.	A response was not requested by the Committee.
7	2010-11 09-01	There was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain material adjustments were required to be made to the accounting records during the audit process.	The City will continue to use outside auditor due to cost issues.

Town of Carrabelle (Franklin County)

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	FY Audit Report/ Finding #	Finding	Town's Response
CAPITAL ASSETS			
1	2016-17 2017-003	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.	Pending request from Committee.
2	2015-16 2016-003	The City had not taken a complete physical inventory of property and equipment. The City also did not include an ID number for each item on the inventory listing. The auditors recommend that each property and equipment item be tagged with an ID number and the ID number be included on the physical inventory list.	The City has completed a complete inventory of vehicles and property with the assistance of the Florida League of Cities and anticipate this finding will be removed in our next audit.
3	2014-15 2015-003	The City had not taken a complete physical inventory of property and equipment. The City also did not include an ID number for each item of the inventory listing.	The City has completed a complete inventory of vehicles and property with the assistance of Florida League of Cities and anticipates this finding being removed in our next audit.
4	2013-14 14-03	The City had not taken a complete physical inventory of property and equipment. The City also did not include an ID number for each item of the inventory listing.	The City is in the process of completing an inventory list which will correlate with the Auditors' depreciation list. All department supervisors will receive a list and be responsible for property on the inventory list and for an annual physical inventory.
5	2012-13 13-03	The City had not taken a complete physical inventory of property and equipment.	The City is in the process of completing an inventory list which will correlate with the Auditors depreciation list. All department supervisors will receive a list and be responsible for property on the inventory list and for an annual physical inventory.
6	2011-12 09-03	The City had not taken a complete physical inventory of property and equipment.	The City is in the process of completing an inventory list which will correlate with the Auditors depreciation list. All department supervisors will receive a list and be responsible for property on the list and for an annual physical inventory.
7	2010-11 09-03	The City had not taken a complete physical inventory of property and equipment.	The City is in the process of completing an inventory list which will correlate with the Auditors depreciation list. All department supervisors will receive a list and be responsible for property on the inventory list and for an annual physical inventory.
DISASTER RECOVERY PLAN			
1	2016-17 2017-011	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.	Pending request from Committee.
2	2015-16 2016-010	The City does not have current, well-defined, written disaster recovery procedures. The auditors recommend that management develop a disaster recovery plan that includes specific items listed in the audit report.	Due to limited resources and staff, the City is seeking grant funding to assist in this process. Until funding is acquired this finding will remain.

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	FY Audit Report/ Finding #	Finding	Town's Response
3	2014-15 2015-009	The City does not have current, well-defined, written disaster recovery procedures.	Due to limited resources and staff the City is seeking grant funding to assist in this process. Until funding is acquired this finding will remain.
4	2013-14 14-10	The City does not have current, well-defined, written disaster recovery procedures.	The City has completed a Disaster Recovery Plan by implementing off site backup.
5	2012-13 13-05	The City does not have current, well-defined, written disaster recovery procedures.	The City has completed a Disaster Recovery Plan by implementing off site backup.
6	2011-12 09-05	The City does not have current, well-defined, written disaster recovery procedures.	The City has completed a Disaster Recovery Plan by implementing off site backup.
7	2010-11 09-05	The City does not have current, well-defined, written disaster recovery procedures.	The City has completed a Disaster Recovery Plan by implementing off site backup.
ACCOUNTING MANUAL			
1	2016-17 2017-010	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.	Pending request from Committee.
2	2015-16 2016-009	The City does not have an accounting procedures manual. The auditors state that that 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.	Due to limited resources and staff, the City is seeking grant funding to assist in this process. Until funding is acquired this finding will remain.
3	2014-15 2015-008	The City does not have an accounting procedures manual.	Due to limited resources and staff the City is seeking grant funding to assist in this process. Until funding is acquired this finding will remain.
4	2013-14 14-09	The City does not have an accounting procedures manual.	Writing of the Accounting Manual is in progress.
5	2012-13 13-04	The City does not have an accounting procedures manual.	Writing of the Accounting Manual is in progress.
6	2011-12 09-04	The City does not have an accounting procedures manual.	Writing of the Accounting Manual is in progress and will be completed by Year End 2014.
7	2010-11 09-04	The City does not have an accounting procedures manual.	Writing of the Accounting Manual is in progress and will be completed by Year End 2013.

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FY Audit Report/ Finding #	Finding	Town's Response
SEGREGATION OF DUTIES		
1	2016-17 2017-002 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, maintaining a management approved vendor list, and having all journal entries reviewed and approved by someone other than the employee who prepared it. However, the auditors believe that certain practices could be implemented to improve existing internal control without impairing efficiency. The current situation may result in errors or material misstatements in the financial statements presented to the board by management that are not detected. The auditors recommend that management develop compensating controls.	A response is not expected to be requested by the Committee.
2	2015-16 2016-002 Due to the size of the City's accounting 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 or to all phases of a transaction. However, the auditors recommended certain practices that could be implemented to improve existing internal controls without impairing efficiency, such as cash receipts deposited intact daily, the review and approval of journal entries made in accounting system reviewed by an individual other than the person preparing and making the entries, maintaining a management approved vendor list, and mailing signed checks without allowing them to be returned to the employee responsible for accounts payable.	A response was not requested by the Committee.
3	2014-15 2015-002 Due to the size of the City's accounting 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 or to all phases of a transaction. However, the auditors recommended certain practices that could be implemented to improve existing internal controls without impairing efficiency, such as cash receipts deposited intact daily and journal entries made in accounting system reviewed and approved by an individual other than the person preparing and making the entries.	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.
4	2013-14 14-02 Due to the size of the City's accounting 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 or to all phases of a transaction. However, the auditors recommended certain practices that could be implemented to improve internal controls without impairing efficiency, such as cash receipts deposited intact daily.	A response was not requested by the Committee.
5	2012-13 13-02 Due to the size of the City's accounting 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 or to all phases of a transaction. However, the auditors recommended certain practices that could be implemented to improve internal controls without impairing efficiency, such as cash receipts deposited intact daily.	A response was not requested by the Committee.
6	2011-12 09-02 Due to the size of the City's accounting 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 or to all phases of a transaction. However, the auditors recommended certain practices that could be implemented to improve internal controls without impairing efficiency.	A response was not requested by the Committee.

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	FY Audit Report/ Finding #	Finding	Town's Response
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7	2010-11 09-02	Due to the size of the City's accounting 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 or to all phases of a transaction. However, the auditors recommended certain practices that could be implemented to improve internal controls without impairing efficiency.	The City has segregated duties such as receiving and depositing cash and opening mail and this finding will not show up on future audits.

Town of Deerfield Beach (Broward County)

Consideration of Requiring Officials to Appear before the Joint Legislative Auditing Committee to Address Certain Audit Findings (Section 218.39(8)(b), F.S.)

FY Audit Report/ Finding #	Finding	Town's Response
ACCOUNTING POLICIES AND PROCEDURES MANUAL		
1	2016-17 ML 08-2 The City is in the process of preparing its policies and procedures manual. The auditors noted that, once the written policies and procedures have been formally approved, the finding will be addressed and will no longer be relevant.	Pending request from Committee
2	2015-16 ML 08-2 Although the City has policies and procedures in place for purchasing through codification in City ordinances, there is no actual documentation of the individual employee job responsibilities and descriptions of how each process is performed. UPDATE: The City is in the process of preparing its policies and procedures manual. The auditors recommend that an accounting policy and procedures manual be developed to provide documentation of transaction flows, accounting routines, editing routines, and internal controls including review and supervision. Additional details are provided in audit report.	The City has made substantial progress in the development of its accounting policies and procedures and has been in some stage of active development since receipt of the management letter from the external auditors. It has since updated its purchasing policies and has incorporated the updates into its code of ordinances. The City has also updated its investments as well as its debt management policies. All of these policies have been compiled into the draft accounting policies and procedures manual, which should be finalized and submitted no later than 5/31/18.
3	2014-15 ML 08-2 Although the City has policies and procedures in place for purchasing through codification in City ordinances, there is no actual documentation of the individual employee job responsibilities and descriptions of how each process is performed. The auditors recommend that an accounting policy and procedures manual be developed to provide documentation of transaction flows, accounting routines, editing routines, and internal controls including review and supervision. Additional details provided in audit report.	The City has made substantial progress in the development of its accounting policies and procedures. It has also updated its purchasing policies and has incorporated the updates into its code of ordinances. The City is almost done with its policies and procedures manual and hopes to present it to the City Commission for formal approval by the end of the calendar year.
4	2013-14 ML 08-2 The City is in the process of preparing its policies and procedures manual which should be available during FY 2014-15. Once the manual has been formally approved, the finding will no longer be relevant.	The City has made substantial progress in the development of its accounting policies and procedures. The City has updated its purchasing policies and has incorporated the updates into its code of ordinances. The City is almost done with its policies and procedures manual and hopes to present it to the City Commission for formal approval by the end of FY 2015-16.
5	2012-13 ML 08-2 The manual continues to be a work in progress as of 9/30/2013 and has not been completed and approved.	The City has made substantial progress in the development of its accounting policies and procedures. The City has since updated its purchasing policies and has incorporated the updates into its code of ordinances. The City is almost done with its policies and procedures manual and hopes to present it to the City Commission for formal approval by the end of 2015.
6	2011-12 ML 08-2 The manual continues to be a work in progress as of 9/30/2011 and has not been completed and approved.	The Policies and Procedures manual continues to be a work in progress. The City plans to hire a consultant to help implement the policies and procedures in FY 2014-15.
7	2010-11 ML 08-2 The manual continues to be a work in progress as of 9/30/2011 and has not been completed and approved.	The City's accounting policies and procedures manual have been in some stage of active development since receipt of the management letter from our external auditors. The City is confident that the accounting policies and procedures manual will be completed by September 30, 2014.

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FY Audit Report/ Finding #	Finding	Town's Response
SEGREGATION OF DUTIES		
1	2016-17 ML 10-2 <p>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.</p>	Pending request from Committee
2	2015-16 ML 10-2 <p>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.</p>	All personnel actions are entered into the payroll system by the Payroll Coordinator, who is also responsible for processing the City's payroll. The City understands that this poses a major internal control risk. As such, the City's Human Resources Department will be assuming the duty of entering all personal actions. The City plans to create a new position in its FY 2018-19 budget to perform this role.
3	2014-15 ML 10-2 <p>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.</p>	The City's HR Department, rather than the Payroll Coordinator, will be assuming the duty of entering all personnel actions. The City is currently in the process of migrating a new ERP (Enterprise Resource Planning System) and plans to migrate to this system by January 2018. Once this occurs, the person assigned to process the City's payroll will no longer be involved in updating employees' personnel files. For the time being however, before every payroll is processed, the City's Financial Services Manager will run a payroll audit to verify all payroll changes against approved personnel action forms. Furthermore, each payroll check register is reviewed for reasonableness by the Financial Services Manager.
4	2013-14 ML 10-2 <p>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.</p>	The City's Human Resources Department will be assuming the duty of entering all personal actions. The City is currently in the process of migrating to a new ERP System and plans to migrate to this system by September 30, 2016. Upon conversion to the new system, the person assigned to process the City's payroll will no longer be involved in updating employees' personnel files.
5	2012-13 ML 10-2 <p>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.</p>	The City's Human Resources Department will be assuming the duty of entering all personal actions. The City is currently in the process of migrating to a new Enterprise Resource Planning System, and plans to migrate to this system by March 2016. Upon conversion to the new system, the person assigned to process the City's payroll will no longer be involved in updating employees' personnel files.
6	2011-12 ML 10-2 <p>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.</p>	The Finance and HR departments will work collaboratively to devise a solution that will alleviate the incompatible duties. The City is currently implementing an ERP (Enterprise Resource Planning) system, which will streamline some of the processes. The testing and implementation phases of this system will occur FY 2014-15.

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FY Audit Report/ Finding #	Finding	Town's Response
COMPLIANCE WITH INVESTMENT POLICY		
1	2016-17 ML 11-1 Prior year issues have been partially addressed. Written policies and procedures have been drafted, but have not been finalized or approved. The auditors further noted that, once the written policies and procedures have been formally approved, the finding will be addressed and will no longer be relevant.	Pending request from Committee
2	2015-16 ML 11-1 Written policies and procedures have been drafted, but have not been finalized or approved.	The City has since updated its investment policies. The City provided a copy of the investment policy that was approved by the City Commission on March 6, 2018.
3	2014-15 ML 11-1 Written policies and procedures have been drafted, but have not been finalized or approved.	The City has since updated its investment policies. All individuals who have check-signing authority have been bonded.
4	2013-14 ML 11-1 The City was not in compliance with two provisions of its investment policy. New written policies and procedures have been drafted, but have not been finalized and approved. Once the written policies and procedures have been formally approved, the finding will no longer be relevant.	The City has since updated its investment policies. All individuals who have check-signing authority have been bonded.
5	2012-13 ML 11-1 The City was not in compliance with two provisions of its new investment policy.	The City has since updated its investment policies. All individuals who have check-signing authority have been bonded.
NEW HIRE ACCESS REQUEST PROCESS AND TERMINATED USER DISABLEMENT AND REMOVAL PROCESS		
1	2016-17 ML 11-4 The City has only partially addressed the prior audit finding which noted that the City's HR and IT management need to establish better control and communication processes to standardize the access request process so all requests for specific access privileges to be granted and approvals are clearly documented and to ensure timely disablement of terminated user accounts, including the periodic reporting and review of terminated users against active user lists on the network and relevant applications. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual and note that, once the written policies and procedures have been formally approved, the finding will be addressed and will no longer be relevant.	Pending request from Committee
2	2015-16 ML 11-4 The City has only partially addressed the prior audit finding which noted that the City does not have a consistent, formal communication process in place either to ensure that all terminated employees or other resources having access to City applications are promptly disabled and/or removed from the network and relevant applications. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual.	Due to a shortage of staff in the City's Information Technology Department, the implementation of the City's new hire access Request Policy has not yet been implemented. This finding should be resolved during FY 2018-19.
3	2014-15 ML 11-4 The City has only partially addressed the prior audit finding which noted that the City does not have a consistent, formal communication process in place either to ensure that all terminated employees or other resources having access to City applications are promptly disabled and/or removed from the network and relevant applications. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual.	Due to a shortage of staff in the City's Human Resources and Information Technology Services Departments, the implementation of the City's new hire access Request Policy has not yet been implemented. New staff has been hired and it is the City's hope to have this finding resolved during FY 2018. To address this finding in the interim, an Employee Provisioning/De-Provisioning Policy has been drafted as a compensating control measure.
4	2013-14 ML 11-4 The City does not have a consistent, formal communication process in place either to ensure that all terminated employees or other resources having access to City applications are promptly disabled and/or removed from the network and relevant applications. The City should continue the process of completing its Information Technology Department Policies and Procedures Manual. Once the written policies and procedures have been formally approved, the finding will no longer be relevant.	The section of IT Policies and Procedures that directly addresses this topic is in review and will be implemented prior to the end of FY 2015-16.

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	FY Audit Report/ Finding #	Finding	Town's Response
5	2012-13 ML 11-4	The City does not have a consistent, formal communication process in place either to ensure that all terminated employees or other resources having access to City applications are promptly disabled and/or removed from the network and relevant applications. The City should continue the process of completing its IT Department Policies and Procedures Manual.	Due to a shortage of staff in the City's Human Resources and Information Technology Services Departments, the implementation of the City's new hire access Request Policy has not yet been implemented. During FY 2014-15, however, both departments have hired additional staff. It is our hope to have this finding resolved during FY 2015-16.
NETWORK DOMAIN AND PASSWORD PARAMETERS			
1	2016-17 ML 11-5	The City has only partially implemented the recommendation for the prior audit finding, which noted that the City's domain policy parameters are not set sufficiently to align with industry standards and best practices as it relates to network access due to increasing changes in the information technology (IT) security arena and the increased vulnerabilities that exist in today's world. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual and note that, once the written policies and procedures have been formally approved, the finding will be addressed and will no longer be relevant.	Pending request from Committee.
2	2015-16 ML 11-5	The City has only partially addressed the prior audit finding which noted that the City's domain policy parameters are not set sufficiently to align with industry standards and best practices as it relates to network access due to increasing changes in the IT security arena and the increased vulnerabilities that exist in today's world. The auditors recommend that the City continue the process of completing its Information Technology Department Policies and Procedures Manual.	The Access Control Policy has been documented in the draft IT Department Policies and Procedures Manual. Access Control Policy provides guidance in User Management Controls, Operating Systems User Access Controls, and Application System Access Controls. This policy remains a high priority of the IT Department (Department); however, due to significant turnover in the Department, the policy was placed on hold until a new Chief Information Officer is hired.
3	2014-15 ML 11-5	The City has only partially addressed the prior audit finding which noted that the City's domain policy parameters are not set sufficiently to align with industry standards and best practices as it relates to network access due to increasing changes in the IT security arena and the increased vulnerabilities that exist in today's world. The auditors recommend that the City continue the process of completing its Information Technology Department Policies and Procedures Manual.	The Access Control Policy has been documented in the draft IT Department Policies and Procedures Manual. Access Control Policy provides guidance in User Management Controls, Operating Systems User Access Controls, and Application System Access Controls. This policy remains a high priority of the Department during this fiscal year.
4	2013-14 ML 11-5	Policy parameters are not set sufficiently to align with industry standards and best practices as it relates to network access due to increasing changes in the IT security arena and the increased vulnerabilities that exist in today's world. The City should continue the process of completing its Information Technology Department Policies and Procedures Manual. Once the written policies and procedures have been formally approved, the finding will no longer be relevant.	Network Domain and AS-400 Password Parameters are maintained separately within the environment. Current IT efforts and projects will allow IT to roll out Single Sign On to users, which combined with approved Policies and Procedures, will make this item no longer relevant. AS 400 passwords are set to expire on most accounts and will be implemented across all accounts by September 30, 2016.
5	2012-13 ML 11-5	Policy parameters are not set sufficiently to align with industry standards and best practices as it relates to network access due to increasing changes in the IT security arena and the increased vulnerabilities that exist in today's world. The City should continue the process of completing its IT Department Policies and Procedures Manual.	The Access Control Policy has been documented in the draft Information Technology Department Policies and Procedures Manual. The policy remains a high priority of the Department during this fiscal year.

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FY Audit Report/ Finding #	Finding	Town's Response
LOGGING AND MONITORING OF SECURITY AND AUDITABLE EVENTS		
1	2016-17 ML 11-6 The Information Technology (IT) Department has only partially addressed the prior audit finding which noted that no formal logging and monitoring of security and auditable events at the network, AS-400 or Sunguard application level was currently being performed. This was because the City had not reviewed available monitoring mechanisms and reports and had not established formal review controls and related processes. The auditors recommend that the City continue to improve its attempts to create a formal policy to standardize a formal review process and controls of the network and relevant applications.	Pending request from Committee.
2	2015-16 ML 11-6 The Information Technology Department has only partially addressed the prior audit finding which noted that the City had not reviewed available monitoring mechanisms and reports and had not established formal review controls and related processes. The auditors recommend that the City continue to improve its attempts to create a formal policy.	The City's IT Department (Department) is logging both successful and unsuccessful logon attempts to its Active Directory Network and the AS-400. The Department will continue to review industry policies that take into consideration storage and review requirements. The Department also reviews reports on an as needed basis and will improve this review to occur formally and on a routine basis. In addition, the Department has updated network monitoring tools and will review the numerous reports provided by the tool to make necessary improvements.
3	2014-15 ML 11-6 The Information Technology Department has only partially addressed the prior audit finding which noted that the City had not reviewed available monitoring mechanisms and reports and had not established formal review controls and related processes. The auditors recommend that the City continue to improve its attempts to create a formal policy.	The City's IT Department is logging both successful and unsuccessful logon attempts to its Active Directory Network and the AS-400. The Department reviews reports on an as needed basis and will improve this review to occur formally and on a routine basis. IT has updated network monitoring tools and will review the numerous reports provided by the tool to make necessary improvements.
4	2013-14 ML 11-6 The City has not reviewed available monitoring mechanisms and reports and has not established formal review controls and related processes. The City should continue its attempts to create a formal policy.	Network monitoring mechanisms are in place along with the logging of failed and successful attempts on the network. The department will improve in providing a formal review cycle of logged data that can be shown as evidence. This item has been formalized and will be implemented by September 30, 2016.
5	2012-13 ML 11-6 The City has not reviewed available monitoring mechanisms and reports and has not established formal review controls and related processes. The City should continue its attempts to create a formal policy.	IT Department is logging both successful and unsuccessful logon attempts to its Active Directory Network and the AS-400. IT will continue to review industry policies that take into consideration storage and review requirements. The department reviews reports on an as needed basis and will improve this review to occur formally and on a routine basis.

Town of Deerfield Beach (Broward County)

Consideration of Requiring Officials to Appear before the Joint Legislative Auditing Committee to Address Certain Audit Findings (Section 218.39(8)(b), F.S.)

FY Audit Report/ Finding #	Finding	Town's Response
CHANGE MANAGEMENT POLICIES AND PROCEDURES AND CHANGE MANAGEMENT APPROVAL AND TESTING		
1	2016-17 ML 11-8 The Information Technology (IT) Department has only partially addressed the prior audit finding recommendation which noted that the City should maintain a record of every change executed in the production environment and document formal change management policies and procedures to include the different types of changes and requirements for testing, validation, and approvals prior to being placed into production. Additional details are provided in the audit report. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual and note that, once the written policies and procedures have been formally approved, the finding will be addressed and will no longer be relevant.	Pending request from Committee.
2	2015-16 ML 11-8 The Information Technology Department has only partially addressed the prior audit finding which noted that the City should maintain a record of every change executed in the production environment and document formal change management policies and procedures to include the different types of changes and requirements for testing, validation, and approvals prior to being placed into production. Additional details are provided in the audit report. The City should continue the process of completing its Information Technology Department Policies and Procedures Manual.	This finding has been partially corrected. A change management policy has been documented in the City's draft IT policies and procedures. However, due to significant turnover in the IT Department, the policy was placed on hold until a new Chief Information Officer is hired.
3	2014-15 ML 11-8 The Information Technology Department has only partially addressed the prior audit finding which noted that the City should maintain a record of every change executed in the production environment and document formal change management policies and procedures to include the different types of changes and requirements for testing, validation, and approvals prior to being placed into production. Additional details provided in the audit report. The City should continue the process of completing its Information Technology Department Policies and Procedures Manual.	This finding has been partially corrected. A change management policy has been documented in the City's draft IT policies and procedures.
4	2013-14 ML 11-8 Appropriate controls are not in place to ensure that all changes made to the IT systems are tested, validated, and approved prior to implementation into the production environment. The City should continue the process of completing its Information Technology Department Policies and Procedures Manual. Once the written policies and procedures have been formally approved, the finding will no longer be relevant.	A Change Management Policy and Procedure has been formally documented and will satisfy this statement. The process includes the elements of testing and attaching results to the Change Request showing before and after conditions for scenarios under scope. This item will be implemented by September 30, 2016.
5	2012-13 ML 11-8 Appropriate controls are not in place to ensure that all changes made to the IT systems are tested, validated, and approved prior to implementation into the production environment. The City should continue the process of completing its IT Department Policies and Procedures Manual.	A change in management policy has been documented in the City's draft Information Technology policies and procedures.
DISASTER RECOVERY PLAN AND DATA RESTORATION TESTING		
1	2016-17 ML 11-9 The Information Technology Department has only partially addressed the prior audit finding which noted that the City does not appear to have a documented Disaster Recovery Plan or process in place for periodic data restoration testing and communication of results. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual and note that, once the Disaster Recovery Plan has been formally approved, the finding will be addressed and will no longer be relevant.	Pending request from Committee.

Town of Deerfield Beach (Broward County)

Consideration of Requiring Officials to Appear before the Joint Legislative Auditing Committee to Address Certain Audit Findings (Section 218.39(8)(b), F.S.)

	FY Audit Report/ Finding #	Finding	Town's Response
2	2015-16 ML 11-9	The Information Technology Department has only partially addressed the prior audit finding which noted that the City does not appear to have a documented Disaster Recovery Plan or process in place for periodic data restoration testing and communication of results. Although the IT Department has a draft of its Disaster Recovery Plan, a formal review cycle is needed. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual.	This finding has been partially corrected. A Disaster Recovery Plan is in its draft stages; however, due to significant turnover in the City's IT Department, the plan was placed on hold until a new Chief Information Officer is hired. It is the City's hope to adopt and implement this plan during the upcoming fiscal year.
3	2014-15 ML 11-9	The Information Technology Department has only partially addressed the prior audit finding which noted that the City does not appear to have a documented Disaster Recovery Plan or process in place for periodic data restoration testing and communication of results. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual.	This finding has been partially corrected. A Disaster Recovery Plan is in its draft stages; however, it is currently under review. It is the City's hope to adopt and implement this plan during the upcoming fiscal year.
4	2013-14 ML 11-9	The City does not appear to have a documented Disaster Recovery Plan or process in place to periodic data restoration testing and communication of results in place. The City should continue the process of completing its Information Technology Department Policies and Procedures Manual. Once the Disaster Recovery Plan has been formally approved, the finding will no longer be relevant.	IT has a Disaster Recovery Plan & Data Retention policy. A contractor has been hired to work with the department to improve upon existing backup strategies, thereby increasing the success in executing the Recovery plan to a second server. This exercise will allow IT to bring up a remote server location for business continuity in the event of a disaster. As a compensating control, the department routinely refreshes data from production into the test environment providing confidence that data can be restored in an emergency situation with formalized processes. This item will be implemented by September 30, 2016.
5	2012-13 ML 11-9	The City does not appear to have a documented Disaster Recovery Plan or process in place to periodic data restoration testing and communication of results in place. The City should continue the process of completing its IT Department Policies and Procedures Manual.	A Disaster Recovery Plan is in its draft stages; however, it is currently under review. It is the City's hope to adopt and implement this plan during FY 2015-16.

Town of Oakland (Orange County)

Consideration of Requiring Officials to Appear before the Joint Legislative Auditing Committee to Address Certain Audit Findings (Section 218.39(8)(b), F.S.)

FY Audit Report/ Finding #	Finding	Town's Response
UTILITY BILLING SUBLEDGERS SHOULD BE RECONCILED TO THE GENERAL LEDGER		
1	2016-17 10-01 In the past eight audits the auditors have recommended that management implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledger control accounts. Although the Town has hired a consultant to assist with this recommendation and the Town has provided the necessary adjustment to reconcile the September 30, 2017 general ledger balance to agree to the accounts receivable subsidiary ledger to the general ledger control accounts, a monthly reconciliation has yet to be implemented.	Pending request from Committee
2	2015-16 10-01 It was necessary for the auditors to propose immaterial adjustments to the general ledger control accounts to reconcile them to the detail customer accounts receivable subsidiary ledger. The auditors also noted that a monthly analysis is not taking place as recommended. In the past seven audits the auditors have recommended that management implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts.	The Town has hired a CPA firm to assist Town staff in correcting this finding.
3	2014-15 10-01 It was necessary for the auditors to propose immaterial adjustments to the general ledger control accounts to reconcile them to the detail customer accounts receivable subsidiary ledger. The auditors also noted that a monthly analysis is not taking place as recommended. In the past six audits the auditors have recommended that management implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts.	The Town is still in the process of implementing internal controls.
4	2013-14 10-01 Management should implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts.	The Town is still in the process of implementing internal controls.
5	2012-13 10-01 Management should implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts.	The Town is still in the process of implementing internal controls.
6	2011-12 10-01 Management should implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts.	The Town has converted to a new accounting system and added a staff member to assist with better internal controls which will address all the audit findings by the end of FY 2014-15.
7	2010-11 09-01 Management should implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts.	No response received from the Town. The response in the audit report stated: Monthly reconciliations will be done.
PAYROLL		
1	2016-17 10-04 Payroll related activity is still being posted to the general ledger incorrectly and without reconciliation between the accrued liabilities and the actual amounts paid for benefits.	Pending request from Committee
2	2015-16 10-04 Payroll related activity is still being posted to the general ledger incorrectly and without reconciliation between the accrued liabilities and the actual amounts paid for benefits.	The Town has hired a CPA firm to assist Town staff in correcting this finding.
3	2014-15 10-04 Payroll related activity is still being posted to the general ledger incorrectly and without reconciliation between the accrued liabilities and the actual amounts paid for benefits.	The Town has made progress on this item; however, it is still in the process of implementing additional internal controls.

Town of Oakland (Orange County)

Consideration of Requiring Officials to Appear before the Joint Legislative Auditing Committee to Address Certain Audit Findings (Section 218.39(8)(b), F.S.)

	FY Audit Report/ Finding #	Finding	Town's Response
4	2013-14 10-04	Internal control procedures over payroll processing and human resources have not been adequately designed or were not operating properly: (1) payroll data is being entered incorrectly into general ledger, and there is no reconciliation of payroll-related liabilities to the actual amounts paid; and (2) several employees were receiving annual leave time in excess of the annual leave provisions.	Resolved in FY 2014-15.
5	2012-13 10-04	Internal control procedures over payroll processing and human resources have not been adequately designed or were not operating properly: (1) payroll data is being entered incorrectly into general ledger, and there is no reconciliation of payroll-related liabilities to the actual amounts paid; and (2) several employees were receiving annual leave time in excess of the annual leave provisions.	Finding has been resolved in FY 2014-15.
6	2011-12 10-04	Internal control procedures over payroll processing and human resources have not been adequately designed or were not operating properly: (1) payroll data is being entered incorrectly into general ledger, and there is no reconciliation of payroll-related liabilities to the actual amounts paid; and (2) several employees were receiving annual leave time in excess of the annual leave provisions.	The Town has recently moved to a new payroll company and the issues relating to incorrect data entries will all be resolved in FY 2014-15. As of the end of FY 2013-14, the other issues have been resolved.
7	2010-11 09-04	Internal control procedures over payroll processing and human resources have not been adequately designed or were not operating properly: (1) payroll data is being entered incorrectly into general ledger, and there is no reconciliation of payroll-related liabilities to the actual amounts paid; and (2) several employees were receiving annual leave time in excess of the annual leave provisions.	No response received from the Town. The response in the audit report stated: Management team has scheduled times to present revised vacation and sick leave before end of FY 2013.
INTERNAL CONTROL OVER FINANCIAL REPORTING			
1	2016-17 10-05	Auditors continued to find many financial statement misstatements, some considered material.	Pending request from Committee
2	2015-16 10-05	Auditors continued to find many financial statement misstatements, some considered material.	The Town has hired a CPA firm to assist Town staff in correcting this finding.
3	2014-15 10-05	Auditors continued to find many financial statement misstatements, some considered material.	The Town is still in the process of implementing controls and procedures.
4	2013-14 10-05	Internal control over financial reporting failed to detect many financial statement misstatements resulting in audit adjustments.	The Town is still in the process of implementing controls and procedures.
5	2012-13 10-05	Internal control over financial reporting failed to detect many financial statement misstatements resulting in audit adjustments.	The Town is still in the process of implementing controls and procedures.
6	2011-12 10-05	Internal control over financial reporting failed to detect many financial statement misstatements resulting in audit adjustments.	The Town has converted to a new accounting system and added a staff member to assist with better internal controls which will address all the audit findings by the end of FY 2014-15.
7	2010-11 09-05	Internal control over financial reporting failed to detect many financial statement misstatements resulting in audit adjustments.	No response received from the Town. The response in the audit report stated: Concur with findings and are in process of implementing auditors' recommendations.

Town of Oakland (Orange County)

Consideration of Requiring Officials to Appear before the Joint Legislative Auditing Committee to Address Certain Audit Findings (Section 218.39(8)(b), F.S.)

FY Audit Report/ Finding #	Finding	Town's Response
RESTRICTED CASH MONITORING NEEDS IMPROVEMENT		
1	2016-17 10-06 The auditors noted that, prior to their proposed adjusting entries, the amount of cash set aside for restricted purposes in the general fund and the water fund was less than required. It was also noted that monthly transfers to the Town's required debt sinking and reserve funds were not being made or monitored. As noted in previous audit reports, management was not always monitoring the restrictions placed on revenues that are restricted as to use by enabling legislation or contract.	Pending request from Committee
2	2015-16 10-06 The auditors noted that, prior to their proposed adjusting entries, the amount of cash set aside for restricted purposes in the general fund and the water fund was less than required. It was also noted that monthly transfers to the Town's required debt sinking and reserve funds were not being made or monitored. As noted in previous audit reports, management was not always monitoring the restrictions placed on revenues that are restricted as to use by enabling legislation or contract.	The Town has hired a CPA firm to assist Town staff in correcting this finding.
3	2014-15 10-06 The auditors noted that the amount of cash set aside in the water fund was approximately \$83,000 less than required and cash set aside in the general fund was approximately \$497,000 less than required. As noted in previous audit reports, management was not always monitoring the restrictions placed on revenues that are restricted as to use by enabling legislation or contract.	The Town is still in the process of implementing controls and procedures.
4	2013-14 10-06 Management was not always monitoring the restrictions places on revenues that are restricted as to use by enabling legislation or contract.	Resolved in FY 2014-15.
5	2012-13 10-06 Management was not always monitoring the restrictions places on revenues that are restricted as to use by enabling legislation or contract.	Finding has been resolved in FY 2014-15.
6	2011-12 10-06 Management was not always monitoring the restrictions places on revenues that are restricted as to use by enabling legislation or contract.	The Town has converted to a new accounting system and added a staff member to assist with better internal controls which will address all the audit findings by the end of FY 2014-15.
APPROVAL AND SUPPORT OF JOURNAL ENTRIES		
1	2016-17 11-5 Some journal entries lack adequate documentation and evidence of supervisory review. In prior years the auditors have recommended that management adopt procedures that ensure all journal entries are supported by adequate documentation and are subject to supervisory review.	Pending request from Committee
2	2015-16 11-5 Some journal entries lack adequate documentation and evidence of supervisory review. In prior years the auditors have recommended that management adopt procedures that ensure that all journal entries are supported by adequate documentation and are subject to supervisory review.	The Town has implemented a process to cure this finding.
3	2014-15 11-5 Some journal entries lack adequate documentation and evidence of supervisory review.	The Town has implemented a process to cure this item.
4	2013-14 11-5 Some journal entries lack adequate documentation and evidence of supervisory review.	Due to the size of the Town, the Town is seeking options to correct this finding.
5	2012-13 11-5 The Town could not produce any documentation or support for several transactions, including a \$62,792 transaction related to the payment and allocation of insurance costs for FY 2012-13.	Due to the size of the Town, the Town is seeking options to correct this finding.

Town of Oakland (Orange County)

Consideration of Requiring Officials to Appear before the Joint Legislative Auditing Committee to Address Certain Audit Findings (Section 218.39(8)(b), F.S.)

	FY Audit Report/ Finding #	Finding	Town's Response
CAPITAL ASSET INVENTORY			
1	2016-17 12-3	An inventory of the Town's capital asset property for FY 2016-17 was not performed. In prior years, the auditors have recommended that the Town implement procedures to ensure that a physical inventory of all capital asset property is completed annually and in accordance with the Florida Administrative Code.	Pending request from Committee
2	2015-16 12-3	An inventory of the Town's capital asset property for FY 2015-16 was not performed. In prior years, the auditors have recommended that the Town implement procedures to ensure that a physical inventory of all capital asset property is completed annually and in accordance with Florida Administrative Code.	Due to limited staff, the Town is seeking options to handle an inventory of all Town property.
3	2014-15 12-3	An inventory of the Town's capital asset property for FY 2014-15 was not performed.	Due to limited staff, the Town is seeking options to handle an inventory of all Town property.
4	2013-14 12-3	An inventory of the Town's capital asset property for FY 2013-14 was not performed.	Due to limited staff, the Town is seeking options to handle an inventory of all Town property.

City of Starke
Operational Audits Performed by the Auditor General – Findings Not Fully Corrected

Summary

The Auditor General has performed two operational audits of the City of Starke (City). The initial audit report included 35 findings. Later, the Auditor General performed procedures to determine the City’s progress in addressing the audit findings, as required by law. In the second report, released approximately four years later, the Auditor General reported that the City had fully corrected eight findings. The remaining 27 findings were classified as either not corrected or partially corrected.

On February 7, 2019, staff of the Auditor General reported the results of its follow-up audit of the City to the Joint Legislative Auditing Committee (Committee). In addition, the City’s elected Clerk briefly spoke to the Committee regarding the City’s effort to correct the outstanding audit findings. He indicated that staff have been working on correcting the findings, but that staffing issues have contributed to the delay. When asked when he expected the City to correct the findings, he stated, “by the end of the [City’s] fiscal year [September 30, 2019], we could probably wrap these [outstanding findings] up.” Chair Brandes advised the City to expect the Committee, at its next meeting, to direct the Auditor General to perform a wrap-up review of the City.

Timeline

- April 2013: Joint Legislative Auditing Committee directs the Auditor General to perform an operational audit of the City of Starke. Representative Van Zant requested the audit based on concerns raised by citizens.
- August 2014: Initial audit report issued ([Report No. 2015-009](#))
- July 2018: Follow-up audit report issued ([Report No. 2019-003](#))

Outstanding Audit Findings

Finding Number	Audit Findings Reported in 2014	Status in 2018
2	The City had not provided for an adequate separation of duties, or established adequate compensating controls in several areas of its business functions.	Partially Corrected
3	The City had not established written policies and procedures necessary to assure the efficient and consistent conduct of accounting and other business-related functions and the proper safeguarding of assets.	Partially Corrected
4	Minutes of City workshop meetings were not timely reviewed and approved.	Partially Corrected
6	The City maintained an excessive number of bank accounts, and bank account reconciliations were not adequately prepared.	Partially Corrected
7	Some banks used as depositories were not approved by the Commission, contrary to the City Charter; banking agreements and signature cards were not maintained for all banks and accounts; and payroll checks were only signed by the City Clerk, contrary to the City Charter.	Partially Corrected
8	The City had not developed written procedures for Electronic Fund Transfers (EFT), contrary to law, and the City’s EFT agreement with the financial institution from which EFTs were made did not sufficiently limit EFTs or address all bank accounts used for EFTs.	Partially Corrected
9	Certain cash collections were not recorded at the initial point of collection, and checks were not restrictively endorsed immediately upon receipt.	Partially Corrected
10	The City did not actively pursue collection of delinquent business tax receipts or enforce late payment penalties.	Not Corrected
11	The City did not periodically reconcile its utility deposits subsidiary ledger, general ledger, and bank account balance.	Not Corrected
13	The City did not always follow its procedures for determining uncollected utility accounts, disconnecting services, and granting refunds to customers for unexpended deposits related to water and sewer extensions. City also did not have documented procedures for reviewing, calculating, and approving utility account adjustments.	Not Corrected
14	The City did not maintain detailed separate accountability for each of its utilities. Also, the City Commission did not, of record, address recommendations received from a contracted electric utility rate study and did not obtain a rate study for the gas utility system.	Not Corrected

City of Starke
Operational Audits Performed by the Auditor General – Findings Not Fully Corrected

Finding Number	Audit Findings Reported in 2014	Status in 2018
15	The City Commission has not established a policy indicating minimum target levels of working capital funds to be maintained for the Enterprise Fund.	Partially Corrected
17	The City's budget amendments were not advertised and approved in the manner required by law, and certain General Fund expenditure functions were overexpended for two prior fiscal years.	Partially Corrected
19	Salaries of elected City officials were not in accordance with applicable ordinances and the salary increases for elected officials were not properly authorized. Also, City records did not evidence the specific authority for, or public purpose of, providing safety pay bonuses to City employees other than firefighters.	Partially Corrected
20	City Commission had not, of record, approved position descriptions to be used as a basis for establishing minimum qualifications for candidates for employment, and the City did not document the authorization to hire two of ten new employees tested.	Partially Corrected
21	Contrary to the City's <i>Personnel Rules and Regulations Manual</i> , the City Commission had not adopted a classification plan and pay plan to specify job requirements and salary rates for authorized City positions.	Not Corrected
23	The City's monitoring of employee overtime could be improved.	Not Corrected
24	The City Commission did not, of record, approve the issuance of credit cards for use by City employees and did not adopt guidance as to the assignment and proper use of City credit cards, and the City needed to enhance controls over the use of credit cards.	Partially Corrected
25	City records did not always evidence adequate supporting documentation for purchases and disbursements, including properly approved purchase orders, invoices detailing the cost of goods and services, and evidence that goods and services were received.	Not Corrected
26	The City did not require that invoices for auditing services be provided in sufficient detail to demonstrate compliance with the terms of the contract, and \$64,822 of noncontract auditing services were requested and provided without apparent authority. In addition, the City overpaid \$2,567 for auditing services.	Partially Corrected
27	The City did not authorize individual projects under its engineering services agreement in accordance with agreement terms and revised the arrangement for payments to be made on a retainer basis without entering into a revised agreement. Also, contrary to law, the agreement did not include a provision prohibiting contingent fees.	Not Corrected
30	City procedures for obtaining certain other professional services, and the review of related invoices, could be enhanced.	Not Corrected
31	The City had not established procedures to document the basis for classifying individuals as independent contractors rather than City employees, and the review disclosed four individuals the City classified as independent contractors that perhaps should have been more appropriately classified as employees based on Internal Revenue Service Guidelines.	Not Corrected
32	The City needed to enhance its written policies and procedures to ensure compliance with the Internal Revenue Code regarding the reporting of personal use of unmarked police vehicles in employees' gross compensation reported to the IRS.	Not Corrected
33	The City had not developed standardized procedures for documenting the preventative maintenance and periodic testing of diesel generators for the City's water and sewer system, contrary to Florida Department of Environmental Protection rules.	Not Corrected
34	The City did not timely reconcile the results of a prior fiscal year tangible personal property inventory to the property records.	Not Corrected
35	The City had not developed written policies and procedures governing the acquisition, assignment, control, use, and disposition of motor vehicles, and providing for the timely renewal of vehicle registrations.	Partially Corrected

Number of Findings Reported in 2014	35
Number of Findings <i>Partially Corrected</i> by 2018	14
Number of Findings <i>Not Corrected</i> by 2018	13

The City corrected the remaining eight findings that were originally reported in the 2014 audit.

Committee Action

At the February 21, 2019 meeting, the Committee is expected to consider a motion to direct the Auditor General to perform procedures, during the fourth quarter of 2019, to determine the City's progress in addressing the findings that were not fully corrected in the follow-up audit (Report Number 2019-003).

4 Overview of Lobbying Firm
Quarterly Compensation
Reports (2018)

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 2017 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.

A RFP process was used to solicit CPAs / CPA firms who were qualified and interested in conducting the audits. Four audit firms responded to the RFP and were approved to conduct the audits; however, one firm withdrew from consideration before the contracts were executed. The contracts were renewable for up to three additional years, with the last renewal occurring in early 2018. In October 2018, a new RFP was issued with six audit firms submitting proposals.

For each year, a random number generator was used to determine the lobbying firms that were selected for an audit. In 2018, 26 lobbying firms (12 executive branch firms; 14 legislative branch firms) were selected for an audit of their 2017 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 maximum travel 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 2017 compensation were completed by September 1, 2018. The audit firms billed the Legislature a total of \$183,851.97 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.

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.

JOE NEGRON
President of the Senate



Senator Dennis Baxley
Senator Audrey Gibson
Senator Kathleen Passidomo
Senator Perry E. Thurston, Jr.

THE FLORIDA LEGISLATURE
JOINT LEGISLATIVE AUDITING COMMITTEE

RICHARD CORCORAN
Speaker of the House



Representative Tracie Davis
Representative Randy Fine
Representative Joe Gruters
Representative Roy Hardemon
Representative Cyndi Stevenson

Representative Jennifer Mae Sullivan, Chair
Senator Debbie Mayfield, Vice Chair

September 7, 2018

The Honorable Joe Negron, President
The Florida Senate
409 The Capitol
Tallahassee, Florida 32399-1100

The Honorable Richard Corcoran, Speaker
The Florida House of Representatives
420 The Capitol
Tallahassee, Florida 32399-1300

Dear President Negron and Speaker Corcoran:

As required by s. 11.40(3), F.S., the Joint Legislative Auditing Committee is pleased to provide you with the results of the agreed-upon procedures (AUP) engagements performed on the 2017 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. All reports are also 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 16 of the AUP reports.

Honorable Joe Negron, President
Honorable Richard Corcoran, Speaker
September 7, 2018
Page 2

Excluding Legislative member and staff time, the total cost of this year's AUP engagements was \$183,851.97. Of this amount, \$110,856.60 will be paid by the Executive Branch Lobbyist Registration Trust Fund for the audits of executive branch compensation, and \$72,995.37 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,



Representative Jennifer Mae Sullivan
Chair



Senator Debbie Mayfield
Vice Chair

cc (w/o reports): Members of the Joint Legislative Auditing Committee
Reynold Meyer, President's Office
Celeste Lewis, Speaker's Office
Tom Hamby, Rules and Policy Committee
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

2017 Lobbying Firm Compensation Audits

Summary of All 26 Engagements

Sorted by Size of Lobbying Firm

Lobbying Firm (Location)	Number of Lobbyists	Number of Principals											Compensation Audited	Audit Firm Selected	Cost of Engagement	Exceptions (Findings) Reported?			
		1	2	3	5	9	13	15	28	60	83	131							
1 Anna H Upton, PL (Tallahassee)	1	X													Executive	CRI	\$ 1,875.00	Yes	
2 c6 Strategies, LLC (Woodbridge, VA)		X														Executive	CRI	\$ 1,875.00	No
3 Conforme Nappi, P.A. (Miami)		X														Legislative	Carroll & Company	\$ 2,925.00	Yes
4 CS Consulting Group, LLC (Pompano Beach)		X														Legislative	CRI	\$ 1,875.00	No
5 Damon Smith Consulting LLC (Tallahassee)		X														Legislative	CRI	\$ 1,875.00	Yes
6 Doster and Associates Inc. (Tallahassee)		X														Legislative	Carroll & Company	\$ 1,911.00	No
7 Dunlap & Shipman, P.A. (Tallahassee)		X														Legislative	Carroll & Company	\$ 1,345.50	No
8 Horton & Associates LLC (Tallahassee)		X														Executive	CRI	\$ 1,875.00	No
9 Law Office of Todd Sumner (Tallahassee)		X														Executive	Carroll & Company	\$ 1,501.50	No
10 Kenneth Wayne Lawson, O.D. (Bradenton)		X														Legislative	CRI	\$ 1,875.00	Yes
11 Michael Bascom Consulting (Tallahassee)		X														Executive	Carroll & Company	\$ 2,925.00	Yes
12 Andrew J. Liles (Tallahassee)			X													Executive	Warren Averett	\$ 2,016.00	No
13 W. Michael Goldie (Tallahassee)			X													Legislative	Carroll & Company	\$ 2,632.50	Yes
14 Patsy Eccles & Associates (Tallahassee)				X												Legislative	CRI	\$ 2,875.00	No
15 Gentry & Associates LLC (Tallahassee)							X									Legislative	Carroll & Company	\$ 5,109.00	Yes
16 Michael Cusick and Associates (Tallahassee)							X									Legislative	Carroll & Company	\$ 8,248.50	Yes
17 Impact GR (Tallahassee)								X								Executive	Carroll & Company	\$ 4,914.00	Yes
18 The Merchant Strategy, Inc. (West Palm Beach)	2	X													Legislative	Warren Averett	\$ 2,314.80	No	
19 Clark Partington Hart Larry Bond & Stackhouse (Pensacola)					X											Executive	Warren Averett	\$ 3,681.00	Yes
20 Sunshine State Consultants, LLC (Tallahassee)					X											Executive	Warren Averett	\$ 3,009.60	No
21 Gomez Barker Associates Inc. (Miami)								X								Legislative	Carroll & Company	\$ 15,809.57	Yes
22 Littlejohn Mann & Associates (Tallahassee)	4				X										Legislative	Carroll & Company	\$ 6,279.00	Yes	
23 The Mayernick Group LLC (Tallahassee)										X						Legislative	Carroll & Company	\$ 17,920.50	Yes
24 Carlton Fields Jordan Burt PA (Tallahassee)	5				X										Executive	Carroll & Company	\$ 9,165.00	Yes	
25 Corcoran & Johnston (Land O' Lakes)	6										X				Executive	Carroll & Company	\$ 15,054.00	Yes	
26 Greenberg Traurig PA (Tallahassee)	11											X			Executive	Carroll & Company	\$ 62,965.50	Yes	
Total Cost																	\$ 183,851.97		

2017 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	Andrew J. Liles (Tallahassee)	Warren Averett	Destin	\$ 2,016.00	No
2	Anna H Upton, PL (Tallahassee)	CRI	Tallahassee	\$ 1,875.00	Yes
3	c6 Strategies, LLC (Woodbridge, VA)	CRI	Tallahassee	\$ 1,875.00	No
4	Carlton Fields Jordan Burt PA (Tallahassee)	Carroll & Company	Tallahassee	\$ 9,165.00	Yes
5	Clark Partington Hart Larry Bond & Stackhouse (Pensacola)	Warren Averett	Destin	\$ 3,681.00	Yes
6	Corcoran & Johnston (Land O' Lakes)	Carroll & Company	Tallahassee	\$ 15,054.00	Yes
7	Greenberg Traurig PA (Tallahassee)	Carroll & Company	Tallahassee	\$ 62,965.50	Yes
8	Horton & Associates LLC (Tallahassee)	CRI	Tallahassee	\$ 1,875.00	No
9	Impact GR (Tallahassee)	Carroll & Company	Tallahassee	\$ 4,914.00	Yes
10	Law Office of Todd Sumner (Tallahassee)	Carroll & Company	Tallahassee	\$ 1,501.50	No
11	Michael Bascom Consulting (Tallahassee)	Carroll & Company	Tallahassee	\$ 2,925.00	Yes
12	Sunshine State Consultants, LLC (Tallahassee)	Warren Averett	Destin	\$ 3,009.60	No
	Total Cost			\$ 110,856.60	

2017 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	Conforme Nappi, P.A. (Miami)	Carroll & Company	Tallahassee	\$ 2,925.00	Yes
2	CS Consulting Group, LLC (Pompano Beach)	CRI	Tallahassee	\$ 1,875.00	No
3	Damon Smith Consulting LLC (Tallahassee)	CRI	Tallahassee	\$ 1,875.00	Yes
4	Doster and Associates Inc. (Tallahassee)	Carroll & Company	Tallahassee	\$ 1,911.00	No
5	Dunlap & Shipman, P.A. (Tallahassee)	Carroll & Company	Tallahassee	\$ 1,345.50	No
6	Gentry & Associates LLC (Tallahassee)	Carroll & Company	Tallahassee	\$ 5,109.00	Yes
7	Gomez Barker Associates Inc. (Miami)	Carroll & Company	Tallahassee	\$ 15,809.57	Yes
8	Kenneth Wayne Lawson, O.D. (Bradenton)	CRI	Tallahassee	\$ 1,875.00	Yes
9	Littlejohn Mann & Associates (Tallahassee)	Carroll & Company	Tallahassee	\$ 6,279.00	Yes
10	Michael Cusick and Associates (Tallahassee)	Carroll & Company	Tallahassee	\$ 8,248.50	Yes
11	Patsy Eccles & Associates (Tallahassee)	CRI	Tallahassee	\$ 2,875.00	No
12	The Mayernick Group LLC (Tallahassee)	Carroll & Company	Tallahassee	\$ 17,920.50	Yes
13	The Merchant Strategy, Inc. (West Palm Beach)	Warren Averett	Destin	\$ 2,314.80	No
14	W. Michael Goldie (Tallahassee)	Carroll & Company	Tallahassee	\$ 2,632.50	Yes
Total Cost				\$ 72,995.37	

Summary of Agreed-Upon Procedures (AUP) Findings Reported

Note: Only engagements in which one or more exceptions (findings) were noted 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 revised in November 2015. In February 2018, 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 three audit firms approved to perform the AUP engagements. One lobbying firm deferred this decision to the Committee; therefore, the Committee assigned an audit firm to this AUP engagement. 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 August 2018 on the 2017 Quarterly Lobbying Firm Compensation Reports filed.

Of the 26 AUP engagements performed, exceptions (findings) were reported for 16 lobbying firms (62%). Findings were reported for 7 of the 12 AUP engagements (58%) 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 12 lobbying firms for one or more quarters for one or more principals. Compensation was understated by seven lobbying firms for one or more quarters for one or more principals. Of these, five lobbying firms both overstated and understated compensation for one or more quarters for one or more principals. Two lobbying firms overstated compensation for one or more quarters and two lobbying firms understated total compensation, each for one quarter.

Exceptions noted that did not relate to the compensation amounts reported during 2017 include:

- One lobbying firm registered in the first quarter, but did not associate with a lobbying firm until the second quarter even though the firm's sole lobbyist was under contract during the first quarter. The firm should have filed a compensation report for the first quarter even if no compensation was received.
- Three lobbying firms listed one or more principals on one or more compensation reports; however, in all three situations, the respective firm's lobbyist(s) were not registered to lobby for the principal during the year for that branch.
- Two lobbying firms double reported compensation by reporting the same amount on the executive and legislative branch compensation reports.
- Three lobbying firms' compensation reports listed duplicate principals, often due to minor typographical differences when the respective firm's lobbyist(s) registered to represent these

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.

principals. However, except as noted below for one principal and one quarter,² the lobbying firms reported compensation only for one of each duplicate principal and no over-reporting of compensation occurred.

- One lobbying firm provided a detailed listing of expenses reimbursed, but did not provide documentation to substantiate the reimbursed expenses.

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 2017 Executive Branch Compensation

(Listed in alphabetical order)

1. Anna H. Upton, PL

Anna H. Upton registered to represent the principal The Everglades Foundation, Inc. within the executive branch effective January 9, 2017. However, the principal was not officially associated with the lobbying firm of Anna H. Upton, PL until May 16, 2017. The lobbyist Anna H. Upton was retained as an independent contractor effective beginning January 1, 2017. A 2017 first quarter executive branch compensation report was not filed when one was required, even if no compensation was received for executive branch lobbying services.

Number of Registered Lobbyists: 1; Number of Registered Principals: 1
Audit Firm: Carr, Riggs & Ingram, LLC

2. Carlton Fields Jordan Burt PA

Compensation for the principal The Villages was understated for the first quarter of 2017. Compensation for the quarter for this principal should have been reported as \$1.00-\$9,999.00 instead of \$0.00. An amended report reflecting \$1.00-\$9,999.00 for this principal, for this quarter, was filed on June 26, 2018.

Total executive branch compensation was understated for the first quarter of 2017. Total compensation for this quarter should have been reported in the range of \$1.00-\$49,999.00 instead of \$0.00. An amended report reflecting total compensation in the range of \$1.00-\$49,999.00 for this quarter was filed on June 26, 2018.

Number of Registered Lobbyists: 5; Number of Registered Principals: 9
Audit Firm: Carroll and Company, CPAs

3. Clark Partington Hart Larry Bond & Stackhouse

Compensation for the principal Northwest Florida Professional Baseball, LLC was overstated for the second quarter of 2017. Compensation for the quarter for this principal should have been reported as \$0.00 instead of \$1.00-\$9,999.00. An amended compensation report reflecting \$0.00 for this principal, for this quarter, was filed on June 26, 2018.

² Greenberg Traurig PA reported compensation for the duplicate principals Humana and Humana Medical Plan. Further details are provided in the exceptions listed for the lobbying firm that follows.

Number of Registered Lobbyists: 2; Number of Registered Principals: 5
Audit Firm: Warren Averett, LLC

4. Corcoran & Johnston

Quarterly executive branch lobbying compensation reports for the first, second, and third quarters list the following duplicate principals: (1) Florida Optometry Eye Health Fund, Inc and Florida Optometry Eye Health Fund, Inc.; (2) Purdue Pharma and Purdue Pharma LP; and (3) Williams Communications, Inc and Williams Communications, Inc. In each case, compensation was consistently reported under only one of the principal names each quarter; therefore compensation was not duplicated.

Response from Matthew Blair, a partner in the lobbying firm, related to both Florida Optometry Eye Health Fund Inc. and Williams Communication, Inc.: "A minor typographical error omitted a period on a principal's name during registration of one lobbyist in the firm. This resulted in an entry which the Lobbyist Registration System reports as an additional principal. When reporting compensation, we entered the compensation under the accurate and correct principal entry. We did not remove the incorrect entry with the typographical error because we were advised to report the compensation completely under the correct entry, and because Lobbyist Registration does not permit the correction of a minor, typographical error without requiring both a withdrawal of registration for the principal with the lobbyist, and a new registration for the lobbyist and principal. We have modified our process so that, in such instances, the errant registration is corrected when identified.

Mr. Blair provided an identical response related to Purdue Pharma LP, except that the "minor typographical error" was the omission of "LP" from the entity name.

Number of Registered Lobbyists: 6; Number of Registered Principals: 83
Audit Firm: Carroll and Company, CPAs

5. Greenberg Traurig PA

Compensation for one or more quarters of 2017 for the following eight principals was either overstated or understated. The following table shows the amount of compensation that was reported for these principals and the amount of compensation that should have been reported based on a review of supporting documentation:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm ³	Result
1st Quarter			
Humana / Humana Medical Plan ⁴	\$1.00-\$9,999.00	\$0.00	Overstated
LiveWell at Courtyard Plaza	\$0.00	\$1.00-\$9,999.00	Understated
2nd Quarter			
Integrity Life Insurance Company	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Oliver Wyman	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
SAP Public Services, Inc.	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
3rd Quarter			
Amica Mutual Insurance Company	\$0.00	\$1.00-\$9,999.00	Understated
Vault Risk Management Services, LLC	\$10,000.00-\$19,999.00	\$20,000.00-\$29,999.00	Understated
Vertical Bridge Holdings, LLC	\$1.00-\$9,999.00	\$30,000.00-\$39,999.00	Understated
4th Quarter			
SAP Public Services, Inc.	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Vault Risk Management Services, LLC	\$30,000.00-\$39,999.00	\$20,000.00-\$29,999.00	Overstated
Vertical Bridge Holdings, LLC	\$20,000.00-\$29,999.00	\$30,000.00-\$39,999.00	Understated

Amended compensation reports reflecting compensation in the correct range as determined by the CPA were filed for each principal and for each quarter on August 23, 2018.

Quarterly executive branch compensation reports for 2017 list the following duplicate principals:

- Accredited Surety & Casualty Company, Inc and Accredited Surety Casualty Company, Inc. (1st and 2nd quarters)
- Humana and Humana Medical Plan, Inc (2nd, 3rd, and 4th quarters)
- North Broward Hospital District and North Broward Hospital District d/b/a Broward Health (all quarters)
- MLU Serivces, Inc. and MLU Services, Inc. (4th quarter)

In each case, compensation was consistently reported under only one of the principal names each quarter; therefore, compensation was not duplicated.

Response from lobbying firm (addressed to the auditors): “The exceptions in your audit report virtually all resulted from a different understanding between us as to when the law requires that compensation be reported. Specifically, we understood the law to require reporting in the quarter in which services were billed to the client, and reported our Firm’s compensation on that basis; whereas, your exceptions interpret the law as requiring reporting when the services were rendered. Thus, we did not intentionally misreport our compensation; rather the variances identified in your exceptions were solely the result of that difference of understanding. We have now adjusted our reporting process to comply in the future with the auditor’s interpretation of when the report is to be made. We note in this regard that, for the

³ In accordance with Section 11.045(3)(a)2.b., *Florida Statutes*, if total compensation provided or owed to a lobbying firm for a principal is \$50,000 or more, the specific dollar amount of compensation must be reported, rounded up or down to the nearest \$1,000.

⁴ The compensation report included a duplicate listing for this principal and duplicate compensation.

2017 audit period, while Greenberg Traurig did more than 400 filings for executive lobby compensation, totaling more than \$2 million, the net dollar amount of the 8 exceptions in your audit report was less than 1% of that total. We believe that corroborates that we acted in good faith in our past reporting of compensation.”⁵

Number of Registered Lobbyists: 11; Number of Registered Principals: 131

Audit Firm: Carroll and Company, CPAs

6. Impact GR

Compensation for the principal Flagler College was understated for the first quarter of 2017. Compensation for the quarter for this principal should have been reported as \$1.00-\$9,999.00 instead of \$0.00. An amended report reflecting \$1.00-\$9,999.00 for this principal, for this quarter, was filed on June 6, 2018.

Compensation for the principal Modern Health Concepts was understated for the first quarter of 2017. Compensation for the quarter for this principal should have been reported as \$1.00-\$9,999.00 instead of \$0.00. An amended report reflecting \$1.00-\$9,999.00 for this principal, for this quarter, was filed on June 6, 2018.

Response from Mr. Bautista, the lobbying firm’s owner (addressed to the auditors): “In regards to the two exceptions noted in your audit, after reviewing our records, we have determined that we mistakenly reported those amounts wrong. Both errors have since been addressed through amending our report.”

Number of Registered Lobbyists: 1; Number of Registered Principals: 15

Audit Firm: Carroll and Company, CPAs

7. Michael Bascom Consulting

Alico, Inc. was listed as a principal on the first quarter’s compensation report submitted; however, the firm’s lobbyist was not registered for executive branch lobbying for this principal for 2017.

Compensation for the principal Alico, Inc. was overstated for the first quarter of 2017. Compensation for the quarter for this principal should have been reported as \$0.00 instead of \$1.00-\$9,999.00. Also, total executive branch compensation was overstated for this quarter. Total compensation for the quarter should have been reported as \$0.00 instead of \$1.00-\$49,999.00. An amended report reflecting \$0.00 compensation for this principal and \$0.00 total compensation was filed for this quarter on May 3, 2018.

⁵ Committee staff comments: Section 112.3215(1)(c), *Florida Statutes*, defines compensation for lobbying before the executive branch as “a payment, distribution, loan, advance, reimbursement, deposit, salary, fee, retainer, or anything of value **provided or owed** [emphasis added] to a lobbying firm, directly or indirectly, by a principal for any lobbying activity.” Rule 34-12.400(3), *Florida Administrative Code*, requires that compensation “provided or owed” be reported using the accrual basis of accounting. Under this accounting method, revenues are recognized when they are earned rather than when the cash is received. Therefore, for example, if a lobbying firm provides lobbying services for a principal in February, but does not bill for such services until several months later, the quarterly compensation report for the first quarter should include the compensation for such services because it has been earned and is, therefore, owed to the lobbying firm.

Response from Mr. Bascom: "In February 2018 I received a MISC-1099 from ACT, LLC for payment of \$2000.00 in January 2017. The payment was for work associated with my verbal contract with ACT as a subcontractor on a contract with Alico, INC. I assumed this was for payment for works completed in 2017 and hastily amended my compensation reports for Q1 in 2017.

After reaching out to ACT and upon review of their records, I was informed that it was payment for December 2016 that was sent out after the first of the next year and that our contract ended as of December 31, 2016. At that point I went back and reamended the compensation reports for Q1 2017 to show that I received no compensation."

Number of Registered Lobbyists: 1; Number of Registered Principals: 1
Audit Firm: Carroll and Company, CPAs

Reports on 2017 Legislative Branch Compensation

(Listed in alphabetical order)

1. Conforme Nappi, P.A.

Compensation for the principal LKQ Corporation was overstated for all quarters of 2017. Compensation for each quarter for this principal should have been reported in the range of \$1.00-\$9,999.00 instead of \$30,000.00-\$39,999.00 (second quarter) and \$40,000.00-\$49,999.00 (first, third, and fourth quarters). Amended reports reflecting compensation in the range of \$1.00-\$9,999.00 for this principal were filed for all quarters on May 24, 2018.

Response from Mr. Conforme: "Conforme Nappi, P.A., is retained to represent LKQ Corporation in a total of ten states. The total compensation for each quarter was amended to reflect the correct proportional compensation for legislative lobbying in Florida."

Number of Registered Lobbyists: 1; Number of Registered Principals: 1
Audit Firm: Carroll and Company, CPAs

2. Damon Smith Consulting, LLC

Compensation for the principal The GEO Group, Inc. was overstated for all quarters of 2017. Compensation for each quarter for this principal should have been reported in the range of \$10,000-\$19,999.00 instead of \$20,000.00-\$29,999.00. Amended reports reflecting compensation in the range of \$10,000-\$19,999.00 for this principal were filed for all quarters on June 20, 2018.

On all 2017 quarterly compensation reports for both the legislative branch and executive branch the same overstated compensation range of \$20,000.00-\$29,999.00 was reported. This resulted in the compensation provided by the The GEO Group, Inc. being double reported. The guidelines issued by the Joint Legislative Auditing Committee explicitly prohibit double reporting of compensation on the legislative branch and the executive branch quarterly compensation reports. The correct compensation range for the legislative branch compensation reports should be \$10,000.00-\$19,999.00. When the matter of double reporting was discussed with firm lobbyist Damon Smith, he proceeded to correct all 2017 compensation report filings for both the legislative and executive branches.

Number of Registered Lobbyists: 1; Number of Registered Principals: 1
 Audit Firm: Carr, Riggs & Ingram, LLC

3. Gentry & Associates LLC

Compensation for one or more quarters of 2017 for the following five principals was either overstated or understated. The following table shows the amount of compensation that was reported for these principals and the amount of compensation that should have been reported based on a review of supporting documentation:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm ⁶	Result
1st Quarter			
Anfield Consulting	\$1.00-\$9,999.00	\$0.00	Overstated
2nd Quarter			
Anfield Consulting	\$1.00-\$9,999.00	\$0.00	Overstated
Rubber Manufacturers Association	\$20,000.00-\$29,999.00	\$10,000.00-\$19,999.00	Overstated
3rd Quarter			
Anfield Consulting	\$10,000.00-\$19,999.00	\$0.00	Overstated
Florida Crystals Corporation	\$0.00	\$1.00-\$9,999.00	Understated
Sarasota Manatee Airport Authority	\$0.00	\$1.00-\$9,999.00	Understated
4th Quarter			
Anfield Consulting	\$10,000.00-\$19,999.00	\$0.00	Overstated
Economic Council of Palm Beach County, Inc.	\$0.00	\$1.00-\$9,999.00	Understated

Total legislative branch compensation was overstated for the second quarter of 2017. Total compensation for this quarter should have been reported in the range of \$50,000.00-\$99,999.00 instead of \$100,000.00-\$249,999.00.

Amended compensation reports reflecting compensation in the correct range as determined by the CPA were filed for each quarter on May 16, 2018.

Response from Mr. Gentry (addressed to the auditors): “Each of your quarterly comments resulted in an amendment to my reports, in part because of the accounting method applied. I have used the cash method, meaning that whatever monies came in during the quarter, I reported them for that quarter; you have applied the accrual method which I understand from our conversations is the appropriate method, which has necessitated amending the reports. As an observation, I would note that the accrual method would likely cause amendments from time to time as in when a client makes no payments during one reporting period, but rather waits until the following reporting period to get “caught up.” Since I can’t report monies I haven’t received, such a late quarterly payment would necessitate an amendment.”⁷

⁶ In accordance with Section 11.045(3)(a)2.b., *Florida Statutes*, if total compensation provided or owed to a lobbying firm for a principal is \$50,000 or more, the specific dollar amount of compensation must be reported, rounded up or down to the nearest \$1,000.

⁷ Committee staff comments: Section 11.045(1)(b), *Florida Statutes*, defines compensation for lobbying before the Legislature as “a payment, distribution, loan, advance, reimbursement, deposit, salary, fee, retainer, or anything of

The other issue brought up in your draft comments involves reported payments from Anfield consulting. I have deleted those fees from my reports as they were referral rather than lobbying fees; as you and I have discussed, I never registered on behalf of those Anfield clients, and never lobbied for them.”

Number of Registered Lobbyists: 1; Number of Registered Principals: 13

Audit Firm: Carroll and Company, CPAs

4. Gomez Barker Associates Inc.

Compensation for one or more quarters of 2017 for the following six principals was either overstated or understated. The following table shows the amount of compensation that was reported for these principals and the amount of compensation that should have been reported based on a review of supporting documentation:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm ⁸	Result
1st Quarter			
Miami Dade Citizens for Property Rights	\$10,000.00-\$19,999.00	\$0.00	Overstated
Miami-Dade County	\$10,000.00-\$19,999.00	\$0.00	Overstated
OUR MicroLending	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
2nd Quarter			
City of Coral Gables	\$10,000.00-\$19,999.00	\$20,000.00-\$29,999.00	Understated
Florida Power & Light Company	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
OUR MicroLending	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
3rd Quarter			
Florida Power & Light Company	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
OUR MicroLending	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
4th Quarter			
City of West Miami	\$1.00-\$9,999.00	\$10,000.00-\$19,999.00	Understated
OUR MicroLending	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated

Amended compensation reports reflecting compensation in the correct range as determined by the CPA were filed for each quarter on June 27, 2018.

value **provided or owed** [emphasis added] to a lobbying firm, directly or indirectly, by a principal for any lobbying activity.” Therefore, lobbyists are required to report monies they have not received if such monies are owed. The quarterly compensation reports are considered a compliance report, not a financial accounting report. As such, different standards apply. For example, if a principal owes but never pays a lobbying firm for services, accounting standards require that the nonpayment must be reflected in the lobbying firm’s financial records. However, the quarterly compensation report(s) should only reflect that the monies were owed, at the appropriate time(s). If a lobbying firm determines that a principal does not intend to pay an amount that was reported on a previous quarterly compensation report, the lobbying firm should not adjust future quarterly compensation reports to reflect the nonpayment.

⁸ In accordance with Section 11.045(3)(a)2.b., *Florida Statutes*, if total compensation provided or owed to a lobbying firm for a principal is \$50,000 or more, the specific dollar amount of compensation must be reported, rounded up or down to the nearest \$1,000.

For the first quarter of 2017, AM Analytics and the Village of Palmetto Bay were listed as principals with \$0.00 compensation reported on the legislative branch lobbying compensation report filed on May 10, 2017. Neither of the lobbyists of the lobbying firm were registered for these principals for 2017.

Response from Mr. Gomez: "I appreciate Carroll and Company's review of Gomez Barker Associates 2017 Compensation Reports and am heartened that the findings do not impact the total compensation reported nor the overall category amounts. The findings evidence that the firm reported what it made and was transparent in its submissions."

Response from Isela Monteagudo, the lobbying firm's CPA (addressed to the auditors): "In reviewing your findings of Gomez Barker Associates, Inc.'s audit of Compensation Reports we feel we must bring to your attention the following:

The Lobbyists, Mr. Fausto Gomez and Mr. Manny Reyes did not register to represent AM Analytics and Village of Palmetto Bay in 2017, as can be evidenced from the Florida Legislature Registration by Lobbyists Name for 2017.

However, when we went to prepare the first quarter of 2017 Compensation Report, these 2 principals appeared on the report.

The reports give the option to add a Principal or to edit one that is already there but there is no option to remove them.

Therefore, we did the only thing that was possible and that was to enter 0 Compensation for the period."⁹

Number of Registered Lobbyists: 2; Number of Registered Principals: 28
Audit Firm: Carroll and Company, CPAs

5. Kenneth Wayne Lawson, O.D.

Compensation for the principal the Florida Optometric Association was overstated for all quarters of 2017. Compensation for each quarter for this principal should have been reported in the range of \$10,000.00-\$19,999.00 instead of \$30,000.00-\$39,999.00.

On all 2017 quarterly compensation reports for both the legislative branch and executive branch the same overstated compensation range of \$30,000.00-\$39,999.00 was reported. This resulted in the compensation provided by the Florida Optometric Association, Inc. being double reported. The guidelines issued by the Joint Legislative Auditing Committee explicitly prohibit double reporting of compensation

⁹ Committee staff attempted to verify this information. The list of principals that pre-populated the compensation report should have included only those principals for which the firm's lobbyists were registered to represent during that quarter. Therefore, the compensation report should not have included AM Analytics and the Village of Palmetto Bay, unless they were inadvertently added by a representative of the lobbying firm. The compensation reporting system does allow lobbying firms to manually add principals; however, once added they cannot be deleted by either the lobbying firm or the Office of Lobbyist Registration. It appears that either a system glitch occurred or, without the knowledge of the firm's CPA, a representative of the lobbying firm manually added the two principals.

on the legislative branch and the executive branch quarterly compensation reports. The correct compensation range for the legislative branch compensation reports should be \$10,000.00-\$19,999.00.

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

Audit Firm: Carr, Riggs & Ingram, LLC

6. Littlejohn Mann & Associates

Compensation for the principal Southern Waste Exchange (SWIX) was overstated for the third quarter of 2017. Compensation for this quarter for this principal should have been reported as \$0.00 instead of \$1.00-\$9,999.00. An amended report reflecting compensation of \$0.00 for this principal was filed for this quarter on April 12, 2018.

Response from Mr. Littlejohn (addressed to the auditors): “For the quarter ending September 30, 2017, only executive branch lobbying was performed for SWIX. The legislative branch compensation report should have reflected an amount of \$0.00, and this mistake has been corrected on an amended compensation report.”

Number of Registered Lobbyists: 4; Number of Registered Principals: 9

Audit Firm: Carroll and Company, CPAs

7. Michael Cusick and Associates

All four quarterly compensation reports filed for 2017 listed Larry Williams as a Firm Lobbyist; however, per the registration forms, Mr. Williams was not a registered lobbyist for the lobbying firm during the year. Amended reports excluding Larry Williams as a firm lobbyist were filed for each quarter on May 1, 2018.

Compensation for the principal Florida Society of Ambulatory Surgical Centers was overstated for the fourth quarter of 2017. Compensation for this quarter for this principal should have been reported as \$1.00-\$9,999.00 instead of \$10,000.00-\$19,999.00. An amended report reflecting compensation of \$1.00-\$9,999.00 for this principal was filed for this quarter on May 1, 2018.

Response from Mr. Cusick (addressed to the auditors): “With regard to the issue concerning Larry Williams, I retained Larry to help me, if it became necessary, for the session but I did not need him and he never lobbied anyone for me or my clients. I listed him because I thought I was required to do that at the time. Regarding the expenses for the Florida Society of Ambulatory Surgical Centers I simply made a mistake and listed it in the wrong period. I amended my reports to correct both of these issues.”

Number of Registered Lobbyists: 1; Number of Registered Principals: 13

Audit Firm: Carroll and Company, CPAs

8. The Mayernick Group LLC

Compensation for one or more quarters of 2017 for the following six principals was either overstated or understated. The following table shows the amount of compensation that was reported for these

principals and the amount of compensation that should have been reported based on a review of supporting documentation.

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm ¹⁰	Result
1st Quarter			
Florida for Care	\$61,000.00	\$60,000.00	Overstated
2nd Quarter			
Citizens Against Rail Expansion (CARE FL)	\$30,000.00-\$39,999.00	\$20,000.00-\$29,999.00	Overstated
Excellence in Education	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
3rd Quarter			
The Rubin Group	\$0.00	\$20,000.00-\$29,999.00	Understated
Smart Pharmacy	\$20,000.00-\$29,999.00	\$10,000.00-\$19,999.00	Overstated
Wal-Mart Stores, Inc.	\$10,000.00-\$19,999.00	\$0.00	Overstated
4th Quarter			
The Rubin Group	\$0.00	\$10,000.00-\$19,999.00	Understated

The lobbying firm amended all quarterly reports, to reflect the correct compensation amounts noted above, on June 12, 2018.

Quarterly legislative branch compensation reports for 2017 list the following duplicate principals:

- Florida Optometry Eye Health Fund, Inc and Florida Optometry Eye Health Fund, Inc.
- Jacksonville Greyhound Racing, Inc and Jacksonville Greyhound Racing, Inc.
- Walmart and Wal-Mart Stores, Inc.

In each case, compensation was consistently reported under only one of the principal names each quarter; therefore, compensation was not duplicated.

The lobbying firm provided a detailed listing of expenses reimbursed, but did not provide documentation to substantiate the reimbursed expenses.

Number of Registered Lobbyists: 4; Number of Registered Principals: 60
 Audit Firm: Carroll and Company, CPAs

9. W. Michael Goldie

Compensation for the principal FCCI Insurance Group was overstated for the first quarter and understated for the second, third, and fourth quarters of 2017. Compensation for each quarter should have been reported as \$10,000.00-\$19,999.00 instead of \$40,000.00-\$49,999.00 (first quarter) and \$0.00 (second, third, and fourth quarters). Amended reports reflecting compensation in the range of \$10,000.00-\$19,999.00 for this principal were filed for all quarters on April 23, 2018.

¹⁰ In accordance with Section 11.045(3)(a)2.b., *Florida Statutes*, if total compensation provided or owed to a lobbying firm for a principal is \$50,000 or more, the specific dollar amount of compensation must be reported, rounded up or down to the nearest \$1,000.

Total compensation for the second, third, and fourth quarters should have been reported as \$1.00-\$49,999.00 instead of \$0.00. Amended reports reflecting total compensation of \$1.00-\$49,999.00 for each of these quarters were filed on April 23, 2018.

Number of Registered Lobbyists: 1; Number of Registered Principals: 2
Audit Firm: Carroll and Company, CPAs