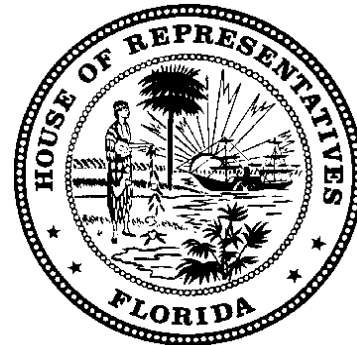


DON GAETZ
President of the Senate



WILL WEATHERFORD
Speaker of the House



Joint Legislative Auditing Committee

Representative Lake Ray, Chair
Senator Joseph Abruzzo, Vice Chair

Meeting Packet

Monday, February 17, 2014

12:30 P.M. to 3:30 P.M.

301 Senate Office Building

AGENDA
JOINT LEGISLATIVE AUDITING COMMITTEE

DATE: February 17, 2014

TIME: 12:30 p.m. to 3:30 p.m.

PLACE: 301 Senate Office Building

MEMBERS:

Representative Lake Ray, Chair
Senator Joseph Abruzzo, Vice Chair

Senator Rob Bradley
Senator Alan Hays
Senator Jeremy Ring
Senator Wilton Simpson

Representative Daphne D. Campbell
Representative Gayle B. Harrell
Representative Daniel D. Raulerson
Representative Ray Rodrigues
Representative Cynthia A. Stafford

Continuation of any unfinished business from the Committee's February 10th meeting

Annual audit of the Department of the Lottery:

Presentation of the Department's financial statements

Presentation of the Auditor General's audit of the Department's financial statements

Presentation of OPPAGA's review of the Department

Consideration of the Department's audit for the 2013-14 fiscal year

Pursuant to ss. 11.45(7) and 218.39(8), F.S., 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 s. 11.45(7)(b), F.S., the Committee is expected to consider taking action against municipalities and special districts that have failed to provide the Auditor General with significant items missing from audit reports submitted in accordance with s. 218.39, F.S.

**Continuation from Last Meeting
of Unfinished Business:
District School Board Oversight**

Joint Legislative Auditing Committee Results of Workshop on School District Oversight

Background

The Joint Legislative Auditing Committee (Committee) conducted a workshop related to school district oversight at its February 10, 2014, meeting. The workshop was conducted in response to the Auditor General's operational audit of the Manatee County District School Board (Report No. 2014-079), which included numerous serious findings. The primary purpose of the workshop was to solicit ideas to help ensure that no other school district is allowed to repeat what occurred in Manatee County. Recommendations related to suggested actions to improve the accountability of Florida's school districts were provided by the Auditor General's Office; the Florida Association of District School Superintendents; the Florida School Board Association; the Superintendent of Manatee County District Schools, Rick Mills; the Chair of the Manatee County District School Board, Julie Aranibar; and several members of the Manatee County District School Board.

A compilation of these recommendations follows.¹ They are grouped in general categories, and the source of each recommendation is identified. Adoption of some recommendations will require either a statutory or Department of Education (DOE) rule change.

Recommendations Related to Auditor General Audits, Notification

Districts with a 3% or less fund balance at the end of the fiscal year should receive a comprehensive financial and operational audit on an annual basis by the Auditor General rather than the current practice of every three years. Each audit finding should be addressed with a written goal, action plan, and timeline similar to the Manatee plan. [Rick Mills, Superintendent, Manatee County District Schools]

Auditor General operational audits will include audit testing for all years subsequent to the previous operational audit for those audit findings in which questioned costs were reported. [Auditor General's Office]

Expand the scope of work by the Auditor General to all management areas, interview and report to each board member on key areas of compliance, shorten the time frame for compliance,² have the ability to enforce consequences for noncompliance,³ interview key stakeholders, both within the district and without. [Karen Carpenter, Member, Manatee County District School Board]

Establish a hot line for school board members or the public to submit questions and concerns related to fraud or misuse of funds. This would allow for the audit team to place risk assessments and set priorities for review and audits. [Julie Aranibar, Chair, Manatee County District School Board]

¹For additional details, please refer to the Committee's online meeting packet or meeting recording for February 10, 2014, or contact the Committee's office.

² The Auditor General's responsibility is to conduct post audits. Issues related to the timing in which a school district must comply with non-compliance with a law, rule, or other regulation or correct another type of audit finding would be more appropriately addressed by the Legislature, the Department of Education, or an individual District School Board.

³ The Auditor General's function, as the State's independent external auditor, is to provide unbiased, timely, and relevant information which can be used by the Legislature. His office does not have any enforcement authority. That function has been assigned to other state and federal entities based on the area and/or issue. The Auditor General does, however, provide notification to the Joint Legislative Auditing Committee when an audit finding included in a District School Board's audit report has also been included in the two previous audit reports. The Committee is authorized, in accordance with s. 218.39(8), F.S., to take a series of actions in an effort to better understand the reasons the findings have not been corrected and/or to encourage the correction of the audit finding.

February 2014

**Joint Legislative Auditing Committee
Results of Workshop on School District Oversight**

The Auditor General should be notified when the district's approved operating budget is projected to fall below 3% of projected general fund revenues during the current fiscal year. Currently, the superintendent is required to notify the school board and the Commissioner of Education. Section 1011.51, F.S., should be amended to require notification to the Auditor General. (Statutory revision required) [Joy Frank, General Counsel, Florida Association of District School Superintendents]

Require Auditor General reports provided to a governmental entity (i.e., school district or local government) to be discussed in a public meeting at the local level. (Suggests statutory revision) [Wayne Blanton, Executive Director, Florida School Board Association]

Recommendations Related to Monthly Financial Statements

Districts with a 3% or less fund balance at the end of the fiscal year should submit their monthly financial report to the DOE for review. An estimated end of the year Fund Balance should be included. [Rick Mills, Superintendent, Manatee County District Schools]

Require a specific monthly financial statement format to be determined by the DOE for use by school districts with fiscal year-end total general fund assigned and unassigned fund balance below a specified percent of general fund revenue. (Requires DOE rule change) [Auditor General's Office].

Current State Board rules require the superintendent to submit monthly financial statements to the school board. The rule could be amended to require that the financial statement provide information on the district's general fund and include year-to-date revenues and expenditures compared to the current budget with a forecast of each through the end of the fiscal year. An explanation could also be required of the anticipated impact of this forecast on the budgeted ending fund balance. [Joy Frank, General Counsel, Florida Association of District School Superintendents]

The School Finance Council, established by the Commissioner of Education, could assist in developing a template for the monthly financial statement. This group, comprised of school finance officers from around the state meets quarterly and assists the department in financial issues. The template needs to take into account the diverse districts in Florida. For example, the financial statements developed by large urban districts may differ from small rural districts. The School Finance Council would be invaluable in providing advice in the development of a template. [Joy Frank, General Counsel, Florida Association of District School Superintendents]

Local school boards need the ability to have basic information included in monthly financial reports, but also each school district needs to do a better job in putting that report in terms that the average citizen can understand. [Wayne Blanton, Executive Director, Florida School Board Association]

Recommendations Related to Training, Technical Assistance, and State Assistance

The Legislature should reinstate training and technical assistance funding to the Florida Association of District School Superintendents and the Florida School Board Association so that studies can be conducted and ongoing support can be provided. [Rick Mills, Superintendent, Manatee County District Schools]

February 2014

**Joint Legislative Auditing Committee
Results of Workshop on School District Oversight**

Districts in the 3% or less fund balance category should receive a technical assistance study through the Florida Association of District School Superintendents with DOE participation. School board members should receive training regarding financial governance and financial oversight through the Florida School Board Association. The training should include the roles and responsibilities of the internal and external auditor. [Rick Mills, Superintendent, Manatee County District Schools]

Require Redbook and financial training as required continuing education for new school board members and require annual training in understanding school district finances and audit functions for existing school board members. [Robert Gause, Member, Manatee County District School Board]

Qualified, experienced school finance administrators are in short supply due to many reasons including retirements and higher paying positions in the private sector. Explore the possibility of the Finance Officers Association providing mentors for new Chief Financial Officers (CFOs) through a cadre of recently retired or currently successful CFOs. Funding could be provided through a Florida Association of District School Superintendents grant. [Rick Mills, Superintendent, Manatee County District Schools]

Training and technical assistance by the Florida Association of District School Superintendents should continue and be reinstated for the Florida School Board Association to train school board members, particularly in school finance. [Joy Frank, General Counsel, Florida Association of District School Superintendents]

The Florida Association of District School Superintendents has historically provided technical assistance and management studies to districts. This should continue to be funded. In the past we have assisted Union, Taylor, Jefferson, Gadsden, Franklin, and Manatee when those school districts faced financial difficulties. [Joy Frank, General Counsel, Florida Association of District School Superintendents]

The Florida School Board Association is trying to give more financial training to local school boards. Right now, we only give a two-day financial workshop on the FEFP every two years, mostly to new school board members. It is pretty obvious to us, based on what has happened in Manatee and other school districts, including a few others that are below the 2% threshold, that we're going to have to increase our efforts on financial training for school boards. What you don't want to do is over-regulate, but make sure that we are out there training the individuals who are responsible for this so that it (i.e., issues that occurred in Manatee County) does not happen again. [Wayne Blanton, Executive Director, Florida School Board Association]

The State is in position to establish a financial and student accounting program that all districts could pay to support and should include a standardization of reporting. Such a program should help to increase accuracy and reduce the paper and audit recreation of accounts that is presently happening. Not many districts are in a position to invest millions of dollars in software, but a state system that we all could participate in should assist in fraud detection, compliance with statutes, and equalize rural and high density districts with the same access to reporting processes. [Julie Aranibar, Chair, Manatee County District School Board]

February 2014

**Joint Legislative Auditing Committee
Results of Workshop on School District Oversight**

Recommendations Related to Staffing of the Auditor General’s Office, the DOE, School Districts, and School Boards

Additional audits, management studies, technical assistance and training have a fiscal impact. The DOE and the Auditor General have competent, experienced staff that can assist. However, the recession and fiscal constraints that have affected these offices may preclude them from providing the needed oversight and audit functions. [Joy Frank, General Counsel, Florida Association of District School Superintendents]

The DOE financial office has a knowledgeable team. Is the DOE financial office properly staffed to achieve their mission? [Rick Mills, Superintendent, Manatee County District Schools]

There is no substitute for competent, accountable, and knowledgeable individuals with the highest level of integrity serving in the critical role of a School Finance Officer. Coupled with a School Superintendent who is willing to learn the ins and outs of school finance and engage in the financial operations of the district, the tough decisions and hard work can result in a district team that achieves financial accountability. [Rick Mills, Superintendent, Manatee County District Schools]

Require school districts above a specified size to employ an internal auditor to periodically report to the school board on the effectiveness of budgetary control procedures, including staffing allocations and expenditure monitoring. (Requires statutory change) [Auditor General’s Office]

School district administration has been reduced over the years, particularly during the recession. Even with the recession, the perception of too many administrators remains. However, the administration and operation of school districts is complex and ever-changing. We must attract and retain competent people in finance, administration, human resources, curriculum, and the superintendency. It is becoming more and more difficult. [Joy Frank, General Counsel, Florida Association of District School Superintendents]

Authorize the school board to hire administrative or clerical assistants who shall report to, and work under the direct supervision of board members (Requires an amendment to s. 1001.42(5), F.S.) [Dave “Watchdog” Miner, Vice Chair, Manatee County District School Board]

Recommendations Related to School Boards and Superintendents

The Florida School Board Association should require annual self evaluations at the board level on management-board reporting and performances; this could be part of an early warning system. [Karen Carpenter, Member, Manatee County District School Board]

The statutes could be amended to require the superintendent to develop and present a financial emergency avoidance plan to the school board (when the budget is projected to fall below 2%) that is reasonably anticipated to avoid a financial emergency as defined in statute. The school board would also be required to provide the plan to the Commissioner of Education and the Auditor General. The Joint Legislative Auditing Committee could be notified by the Auditor General or the Commissioner of Education if corrective action was not taken.

**Joint Legislative Auditing Committee
Results of Workshop on School District Oversight**

School board members should be notified of any non-compliance. [Julie Aranibar, Chair, Manatee County District School Board]

Require school districts that are non-compliant in critical areas to implement an immediate compliance process and submit documentation required for compliance within the year of the audit findings.⁴ [Julie Aranibar, Chair, Manatee County District School Board]

Recommendations Related to the Joint Legislative Auditing Committee

Request presentations before the Joint Legislative Auditing Committee from all school districts with fiscal year ending assigned and unassigned fund balances in the general fund totaling less than 2% of general fund revenues. [Auditor General's Office]

Section 11.45, F.S., should be amended to require that the Auditor General notify the Committee of any financial or operational audit report that 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. This amendment is already included in a House bill that has passed the PreK-12 Education Committee in the House. (Requires statutory change) [Joy Frank, General Counsel, Florida Association of District School Superintendents]

Recommendation Related to Other Policies and Procedures

Require use of Consultant's Competitive Negotiation Act (CCNA) purchasing guidelines for legal and accounting services. (Note: Mr. Gause indicated that this is related to the Auditor General's Finding No. 16 in the Operational Audit of the Manatee County School District). (Requires revision of ss. 287.001 and 287.005, F.S.) [(Robert Gause, Member, Manatee County District School Board)]

Recommendations Specific to the Manatee County District School Board

Require periodic visits from the Florida Association of District School Superintendents to confirm that all measures agreed to are being complied with. [Robert Gause, Member, Manatee County District School Board]

The District may need some help as our team develops the budget if we are unsuccessful in replacing our Finance Director soon. [Robert Gause, Member, Manatee County District School Board]

General Recommendations

The Legislature should consider amending applicable Florida Statutes to establish in law the responsibility of each State and local government (including school districts) to maintain internal controls designed to: (1) prevent and detect fraud, waste, and abuse; (2) ensure the administration of assigned public duties and responsibilities in accordance with applicable laws, rules, contracts, and grant agreements; (3) promote and encourage economic and efficient operations; (4) ensure the reliability of

⁴ Recommendation provided in a written response dated February 7, 2014; it is not clear if this information should be submitted to the school board, the DOE, or both.

Joint Legislative Auditing Committee
Results of Workshop on School District Oversight

financial records and reports; and (5) safeguard assets. (Requires statutory revision) [Auditor General's Office]

Define the law on malfeasance and misfeasance in office with clear penalties in place. (Requires statutory change) [Julie Aranibar, Chair, Manatee County District School Board]

Follow the example of what Manatee County District Schools have done this past year, which is to hire persons of integrity and competence, engage citizens in audit oversight and budget work, expand transparency and accountability, and honor and comply with the regulatory agencies like the Auditor General. [Karen Carpenter, Member, Manatee County District School Board]

Solicit the input of the School Finance Counsel. [Joy Frank, General Counsel, Florida Association of District School Superintendents]

**Continuation from Last Meeting
of Unfinished Business:
Non-Filers [Local Government]**

Local Government Financial Reporting – Materials Provided

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

List	Staff Recommendation
1. Municipalities	Take Action
2. Special Districts	Take action against the special district, or the municipality that created the special district, as appropriate
3. Special Districts	No action

3. **Florida Statutes:** Related to Local Government Financial Reporting

Section of Law	Subject
11.40(2)	Legislative Auditing Committee
189.4044	Special Procedures for Inactive Districts
189.421	Failure of District to Disclose Financial Reports
218.32	Annual Financial Reports
218.39	Annual Financial Audit Reports

4. **Notifications:** From the Auditor General and the Department of Financial Services

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

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

Annual Financial Report (AFR)

- All counties, municipalities, and independent special districts¹ were required to file an AFR with the Department of Financial Services (DFS) for FY 2011-12 no later than 9 months after the end of the fiscal year (June 30, 2013, for most entities)² [s. 218.32(1), F.S.]
- Dependent special districts are also required to file an AFR, but they may be required to file the report with their county or municipality rather than with DFS [s. 218.32(1)(a) & (b), F.S.]
- Either staff of the entity or a certified public accountant may complete the AFR; specified staff of the entity are required to complete the certification page
- DFS notifies the Committee of the entities that have failed to file the AFR [s. 218.32(1)(f), F.S.]
- Committee staff monitors the submission of late-filed AFRs and contacts all entities that continue to be non-compliant³
- DFS will assist entity staff in completion of the electronic AFR once the entity has the information needed
- The Committee may schedule a hearing to determine if action should be taken [s. 11.40(2), F.S.]

Annual Financial Audit⁴ (audit)

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

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

¹ As of February 3, 2014, the Department of Economic Opportunity’s website lists 1628 active special districts; 992 are independent and 636 are dependent. A dependent special district has at least one of several characteristics including: the governing board is the same as the one for a single county or single municipality or its governing board members are appointed by the governing board of a single county or single municipality. An independent special district has no dependent characteristics.

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

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

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

- Audit reports for FY 2011-12 were required to be filed with the Auditor General no later than 9 months after the end of the fiscal year (June 30, 2013, for most entities) [s. 218.39(1), F.S.]
- Audits must be conducted by an independent certified public accountant (CPA) retained by the entity and paid from its public funds [s. 218.39(1), F.S.]⁵
- If an entity has not filed an AFR, the Auditor General may not have sufficient information to determine if an audit was required
- After June 30th, the Auditor General sends a letter to all entities that either *were* or *may have been* required to provide for an audit and file the audit report with the Auditor General but have failed to do so
- The Auditor General notifies the Committee of the entities that have failed to file an audit report [s. 11.45(7)(a), F.S.]
- Committee staff monitors the submission of late-filed audit reports and contacts entities that continue to be non-compliant⁶
- The Committee may schedule a hearing to determine if action should be taken [s. 11.40(2), F.S.]

Committee Hearings: Authority and Action Taken

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

Type of Entity	Penalty
Counties and Municipalities	Direct the Department of Revenue (DOR) and DFS to withhold any funds not pledged for bond debt service satisfaction which are payable to the entity until the entity complies with the law. ⁷ Withholding begins 30 days after the agencies have received notification.
Special Districts	Notify the Department of Economic Opportunity (DEO) to proceed pursuant to provisions of ss. 189.4044 or 189.421, F.S. If no registered agent information is available, the department may declare the special district to be inactive after public notice is provided in a local newspaper. Otherwise, within 60 days of notification, or within 60 days after any extension the department has provided as authorized in law, the department files a petition for writ of certiorari in Leon County circuit court to compel compliance.

- During the years 2009 through 2013 the Committee directed action against a total of 56 municipalities and over 175 special districts. Most of these entities filed the required reports either by the date Committee staff was directed to notify DFS, DOR, or the Department of Community Affairs (DCA)/DEO, as applicable, or within the timeframe the state agencies had to commence with action once notified by the Committee.⁸ When the required reports are filed prior to the effective date of the action, revenue is not withheld (counties, municipalities) and legal action does not occur (special districts).
- As a result of the Committee's action in the past four years, revenue has been withheld from 12 municipalities, six special districts were declared inactive, and a petition was filed in court against 16 special districts.

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

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

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

⁸DCA no longer exists; this function is now handled by DEO. DFS and DOR are provided 30 days and DEO is provided 60 days to commence with action.

LIST 1:
MUNICIPALITIES

	Municipality Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Caryville, Town of (Washington)	1	5	FY 2011-12 AFR and Audit Report* (if audit threshold met)	<p>No response received to 10/11/2013 letter.</p> <p><u>History:</u> -Town was first added to Committee action list in <u>March 2009</u>. At that time, the last audit report submitted to Auditor General was for FY 1999-2000. DOR began withholding half-cent sales tax funds and municipal revenue sharing funds in excess of the minimum entitlement starting 4/15/2009. -In an effort to assist the Town in becoming compliant, in <u>October 2010</u> Chair and Vice Chair approved sending a letter to Council Chair stating that Committee would accept an audit of FY 2009-10 in lieu of past due audits. The letter listed steps that needed to be completed in order for the Town to be in full compliance. In <u>December 2011</u>, an audit engagement letter for FY 2009-10 was provided to Committee staff, and DOR and DFS were notified to cease state action against Town. -Finally in February 2013, Town submitted an audit report for FY 2009-10. However, the opinion on the financial statements included major qualifications, due to lack of accounting records. At <u>2/11/2013 meeting</u>, Committee approved to take no state action re: delinquent FY 2010-11 audit report and FY 2008-09 AFR. Decision for no state action was based on conversation with partner of CPA firm, who stated that state of accounting records for subsequent fiscal years is not any better, and he is not positive whether an audit of those fiscal years could be performed at all.</p>	Take action by 2/18/2014 and direct Committee staff to notify delegation members or staff of situation

LIST 1:
MUNICIPALITIES

	Municipality Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
2	Cottdale, City of (Jackson)	1	5	FY 2011-12 AFR and Audit Report	-E-mail received from City Clerk <u>on 10/14/2013</u> , which stated that audit was in progress and FY 2012-13 audit should begin in December 2013. -Committee staff sent e-mail to City Clerk <u>on 1/8/2014</u> requesting update status of AFR and audit. No response received to date.	Take action if not received by 2/28/2014
3	Quincy, City of (Gadsden)	3	8	FY 2011-12 AFR and Audit Report	-Committee staff spoke with City Manager in late October 2013 and discussed status of audit, which includes Quincy CRA. On 11/1/2013, received e-mail from City Manager explaining status of audit and stating that all reports should be submitted by end of November 2013. -Committee staff sent e-mail to City Manager <u>on 1/8/2014</u> requesting update status of AFR and audit. No response received to date. - <u>On 2/6/2014</u> , Committee staff spoke with City Manager regarding status of audit. He expects the audit report to be issued by end of next week. The CRA audit has been completed.	Take action if not received by 2/28/2014

LIST 1:
MUNICIPALITIES

	Municipality Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
4	Springfield, City of (Bay)	1	6	FY 2011-12 AFR and Audit Report	-Committee staff spoke with City's Finance Director <u>on 10/16/2013</u> re: status of audit, which includes Springfield CRA. Auditors were currently on-site and hope to have report issued by mid-December, but cannot promise it. In late October 2013, received letter from Finance Director explaining operational issues experienced by City that caused delay and stating that they hoped to have audit completed by end of December 2013. -Committee staff sent e-mail to Finance Director <u>on 1/8/2014</u> requesting status of AFR and audit. Received response on 1/9/2014, stating that they are working on compiling additional information requested by the auditors and hope audit will be completed with next 6-8 weeks.	Take action if not received by 3/31/2014
5	Vernon, City of (Washington)	1	5	FY 2011-12 AFR and Audit Report	-No response received to 10/11/2013 letter.	Take action by 2/18/2014

LIST 1:
MUNICIPALITIES

	Municipality Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
6	Webster, City of (Sumter)	18	33	FY 2011-12 AFR and Audit Report	- <u>On 11/12/2013</u> , Committee staff received e-mail from Mayor with attached letter explaining issues that City has been facing and stating that a government financial consultant was engaged to assist in preparing for audit, and, after months of preparation, audit now in progress. -Per update letter from Mayor <u>on 1/10/2014</u> , audit report expected to be issued and submitted with 2-3 weeks. Upon completion, FY 2012-13 audit to begin.	Take action if not received by 3/31/2014
7	Weeki Wachee, City of (Hernando)	18	35	FY 2008-09 Audit Report	- <u>AFR info for FYs 2010-2012:</u> revenue ranged from approx. \$50,000 to \$56,000 expenditures ranged from approx. \$23,000 to \$29,000 - <u>AFR info for FY 2008-09:</u> revenue = \$176,115 expenditures = \$271,265 - <u>Note:</u> Based on Auditor General's records, City has not submitted an audit report since at least the 1990s. Audit threshold has not been met since FY 2008-09.	In lieu of FY 2008-09 audit, require City to have an audit for either FY 2012-13 or FY 2013-14

LIST 2:
SPECIAL DISTRICTS
(INDEPENDENT)

[NOTE: (1) CDD boundaries are often difficult to determine. Therefore, for most CDDs listed, all House and Senate districts for the county in which the CDD is located are listed.]

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Eastpoint Water & Sewer District (Franklin) [created by Chapter 67-1399, Laws of Florida]	3	7	FY 2011-12 AFR and Audit Report	-No response received to 10/24/2013 letter. -Committee staff received e-mail from DEO on 1/14/2014, which included an e-mail from district office manager explaining history of why financial reports are delinquent. Auditors scheduled to begin audit fieldwork on 1/23/2014, and audit report is expected to be issued and approved by Board within 30 days.	Take action if not received by 2/28/2014
2	Flagler Soil and Water Conservation District (Flagler) [created by the State Soil Conservation Board, which has not been replaced by the Soil and Water Conservation Council]	6	24	FY 2011-12 AFR and Audit Report* (if audit threshold met)	-No response received to 10/24/2013 letter. -Committee staff received e-mail from DEO on 1/27/2014, which stated that district's registered agent had resigned. - Currently, no registered agent information has been provided to DEO.	Take action by 2/18/2014
3	Moultrie Creek Community Development District (St. Johns) [established by St. Johns County]	6	17, 24	FY 2011-12 AFR and Audit Report	-Currently, no registered agent information has been provided to DEO.	Take action by 2/18/2014

LIST 2:
SPECIAL DISTRICTS
(INDEPENDENT)

[NOTE: (1) CDD boundaries are often difficult to determine. Therefore, for most CDDs listed, all House and Senate districts for the county in which the CDD is located are listed.]

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
4	Solterra Resort Community Development District (Polk) [established by Polk County]	15	41	FY 2011-12 AFR and Audit Report	- <u>On 9/13/2013</u> , Committee staff received e-mail from DEO with status update e-mail from district's accounting manager - expect to file financial reports on November 30, 2013 or sooner - <u>On 12/20/2013</u> , Committee staff sent e-mail to district's accounting manager requesting status of delinquent financial reports. - <u>On 1/9/2014</u> , Committee staff spoke with district accounting manager's office. Audit is in progress and should be completed within next few months.	Take action if not received by 3/31/2014
5	Villages of Avignon Community Development District (Manatee) [established by Manatee County]	26	71	FY 2011-12 Audit Report	-AFR submitted on 10/24/2013. - <u>On 1/22/2014</u> , Committee staff spoke with District management company. There was a misunderstanding on when an audit was required. District took ownership of certain land located within its boundaries thru foreclosure and is not assessing debt service assessments on such land. -District has accepted a proposal from a CPA firm to perform FY 2012-13 audit.	Allow District to provide FY 2012-13 audit in lieu of FY 2011-12 audit No state action relating to FY 2011-12 audit

LIST 2:
SPECIAL DISTRICTS
(DEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Quincy Community Redevelopment Agency (Gadsden) [created by City of Quincy]	3	8	FY 2011-12 AFR	-Per City Manager for City of Quincy (City), the CRA will be included in the City's audit, which is currently in progress. CRA's AFR is linked to City's AFR, which cannot be submitted until audit is completed. -See "Comments" for City (on List 1) regarding status of AFR and audit.	No action on special district since City of Quincy is responsible for submitting AFR
2	Springfield Community Redevelopment Agency (Bay) [created by City of Springfield]	1	6	FY 2011-12 AFR	-Per Finance Director for City of Springfield (City), the CRA will be included in the City's audit, which is currently in progress. CRA's AFR is linked to City's AFR, which cannot be submitted until audit is completed. -See "Comments" for City (on List 1) regarding status of AFR and audit.	No action on special district since City of Springfield is responsible for submitting AFR

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Bella Verde East CDD (Pasco) [established by Pasco County]	17	38	FY 2011-12 AFR and Audit Report	<p>-<u>On 8/6/2013</u>, Committee staff received an e-mail from DEO with letter from District's registered agent attached re: status of AFR and audit report. Could file AFR on basis of unaudited financials in 60 days; however, audited financial statements may take a year or more depending on legal actions.</p> <p>-<u>On 1/9/2014</u>, DEO was provided information from the registered agent's office that the District has filed a request for dissolution. Attorney is handling the process. Per Pasco County staff <u>on 1/10/2014</u>, public hearing for dissolution ordinance to be considered is set for 1/28/2014.</p> <p>-<u>On 1/28/2014</u>, Pasco County BOCC adopted an ordinance to dissolve the District. DEO's records now show District as dissolved.</p>	No state action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
2	Bella Verde Golf CDD (Pasco) [established by Pasco County]	17	38	FY 2011-12 AFR and Audit Report; FY 2010-11 AFR and Audit Report; FY 2009-10 AFR and Audit Report; FY 2008-09 AFR and Audit Report; FY 2007-08 Audit Report	- <u>In 2010 and 2011</u> , previous Committees and Committee Chairs approved delays of state action due to foreclosure and developer bankruptcy issues at CDD. Based on correspondence from CDD management company in <u>12/2011</u> , the previous Committee approved an extension until 6/30/2012, since pledge of funds from landowners/potential new owners had not yet been received to complete audit. <u>In July 2012</u> , since financial reports were not submitted and no additional communication was received from registered agent, DEO was notified to proceed with state action in accordance with law. <u>On 9/7/2012</u> , Committee staff received an e-mail from DEO with letter from District's registered agent attached re: status of FY 2010-11 AFR and audit report. Could file AFR on basis of unaudited financials in 60 days; however, audited financial statements may take a year or more depending on legal actions. <u>At 2/11/2013</u> meeting, Committee approved to delay state action on FY 2010-11 reports based on status from registered agent. <u>At 9/23/2013</u> meeting, Committee approved to delay state action and notify DEO to cease state action on prior year reports, based on correspondence from registered agent. <u>On 1/9/2014</u> , DEO was provided information from the registered agent's office that the District has filed a request for dissolution. Attorney is handling the process. Per Pasco County staff <u>on 1/10/2014</u> , public hearing for dissolution ordinance to be considered is set for 1/28/2014. - <u>On 1/28/2014</u> , Pasco County BOCC adopted an ordinance to dissolve the District. DEO's records now show District as dissolved.	No state action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
3	Bella Verde Lake CDD (Pasco) [established by Pasco County]	17	38	FY 2011-12 AFR and Audit Report	<p>-<u>On 8/6/2013</u>, Committee staff received an e-mail from DEO with letter from District's registered agent attached re: status of AFR and audit report. Could file AFR on basis of unaudited financials in 60 days; however, audited financial statements may take a year or more depending on legal actions.</p> <p>-<u>On 1/9/2014</u>, DEO was provided information from the registered agent's office that the District has filed a request for dissolution. Attorney is handling the process, but the required hearings have not yet been held. Per Pasco County staff <u>on 1/10/2014</u>, public hearing for dissolution ordinance to be considered is set for 1/28/2014.</p> <p>-<u>On 1/28/2014</u>, Pasco County BOCC adopted an ordinance to dissolve the District. DEO's records now show District as dissolved.</p>	No state action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
4	Business Improvement District of Coral Gables (Miami-Dade) [created by City of Coral Gables]	40	114	FY 2011-12 Audit Report	<p>-Spoke with registered agent <u>on 10/23/2013</u>, who claims District is not a special district since it is a marketing organization and is challenging special district designation. Audit report was submitted to AG, but it was not accepted since it was in not-for-profit format rather than in governmental format.</p> <p>-Called DEO <u>on 10/24/2013</u> to discuss and was provided the following reasons why it is a special district: (1) established by city resolutions under statutory authority (ch. 170), (2) has a governing board with policy making authority, (3) imposing a non-ad valorem assessment on businesses, (4) operating within limited geographic boundaries, and (5) not excluded by definition in s. 189.43. [Note: Also, City of Coral Gables reported District as a special district to Committee staff in July 2012.]</p> <p>-Spoke with registered agent again on <u>10/25/2013</u> and discussed District's status. Explained why it is a special district and that JLAC was notified of such by City of Coral Gables. She was going to talk with District's Board and attorney and call back. <u>Current status</u>: No follow-up phone call or other correspondence has been received from the District to date.</p>	<p>No state action since an audit was performed.</p> <p>If governmental audit is not performed for FY 2012-13, take state action.</p>

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
5	CrossCreek CDD (Manatee) [established by Manatee County]	26	73	FY 2011-12 AFR and Audit Report; FY 2010-11 AFR and Audit Report; FY 2009-10 AFR and Audit Report; FY 2008-09 AFR and Audit Report	<p>-<u>In 2011</u>, previous Committee Chairs approved a delay of state action due to lack of funds and foreclosure issues at CDD. Based on correspondence from CDD management company in <u>December 2011</u>, the previous Committee approved an extension until 6/30/2012, since pledge of funds from landowners/potential new owners not yet received to complete audit. <u>In July 2012</u>, since financial reports were not submitted and no additional communication was received from district's registered agent, DEO was notified to proceed with state action in accordance with law. <u>On 9/7/2012</u>, Committee staff received an e-mail from DEO with letter from registered agent attached re: status of FY 2010-11 AFR and audit report. Could file AFR on basis of unaudited financials in 60 days; however, audited financial statements may take a year or more depending on legal actions. <u>At 2/11/2013 meeting</u>, Committee approved to delay state action on FY 2010-11 reports based on status from registered agent.</p> <p>-<u>On 8/6/2013</u>, Committee staff received an e-mail from DEO with letter from registered agent attached re: status of AFR and audit report. Could file AFR on basis of unaudited financials in 60 days; however, audited financial statements may take a year or more depending on legal actions. <u>At 9/23/2013 meeting</u>, Committee approved to delay state action and notify DEO to cease state action on prior year reports.</p> <p>-<u>On 1/14/2014</u>, Committee staff received an e-mail from registered agent's office with updated status. Auditors are working on audit of FY 2009- FY 2011 and anticipate issuing audit report within 60 days. Immediately following the completion of that audit, auditors will be engaged to audit FYs 2012 & 2013.</p>	<p>Delay action on FY 2011-12 financial reports</p> <p>Continue to delay action on other delinquent financial reports</p>

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
6	Freedom Walk Community Development District (Okaloosa) [established by City of Crestview]	1	4	FY 2011-12 Audit Report	-On 10/29/2013, Committee staff spoke with Controller at registered agent's office re: this CDD - no revenues, barely over threshold for expenditures (\$59,483) - he will get with district manager to check on CDD's status and send e-mail or letter re: such. On 10/30/2013, Committee staff received e-mail from district manager re: status. District has no board of supervisors or developer to develop project - no info as to whether or not District will become active in near future, but it's possible if land is ever sold and another developer builds out the project.	Delay action
7	Morningside Community Development District (Bay) [established by Town of Cedar Grove, which was dissolved in October 2008 – since dissolution, local governing authority is now Bay County]	1	6	FY 2010-11 Audit Report FY 2009-10 Audit Report	-At December 2011 meeting, Committee approved to delay state action since no one can locate developer, and District is unable to pay for audit due to lack of funds, per registered agent. Bank is trying to foreclose on land, but has been unsuccessful to date. JLAC staff will continue to monitor progress. At 2/11/2013 meeting, Committee approved to continue to delay state action since District's status had not changed. -Per telephone conversation with registered agent's office on 1/10/2014, the District's situation has not changed. District is not active; they are waiting for District to be dissolved or have land purchased.	No state action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
8	Santa Rosa Bay Bridge Authority (Santa Rosa) [created by Chapter 348, Part IX, F.S., now Part IV]	2	3	FY 2011-12 AFR and Audit Report* (if audit threshold met); FY 2010-11 AFR and Audit Report; FY 2009-10 Audit Report; FY 2008-09 Audit Report	<p>-<u>At 4/4/2011 meeting</u>, Committee approved to delay state action until a later date since correspondence from registered agent in April 2011 stated that Authority does not have funds to pay for an audit and expects that soon there will not be sufficient funds for bond payments. Same situation as in previous years (Authority only has restricted funds, which cannot be used to pay for an audit. DOT's Inspector General's Office compiles financial statements for Authority and also staffs day-to-day operations of Authority.)</p> <p>-<u>On 6/30/2011</u>, the Authority was unable to make its \$5 million bond payment, and the trustee alerted the bondholders to the default. Since the bonds were not backed by the full faith and credit of the state the state is not liable for the debt. DOT continues to operate and maintain the bridge. <u>At 12/4/2011 meeting</u>, Committee approved to delay state action until a later date. FY 2009-10 AFR was submitted to DFS on 12/21/2011. <u>At 2/11/2013 meeting</u>, Committee approved to continue to delay state action until a later date since District's situation has not changed.</p> <p>-<u>On 11/7/2013</u>, spoke with registered agent regarding any change in status. DOT is not longer performing compilation and submitting AFR for Authority. DOT and bond trustee have agreed to each pay half of cost for independent reviewer/consultant to help review financial information and get AFRs submitted. He will send written status once he speaks with Authority's attorney. Pending receipt of written response.</p>	Continue to delay action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
9	Southbay CDD (Manatee) [established by Manatee County]	19, 24	73	FY 2007-08 Audit Report	<p>-In August 2010, previous Chairs approved delay of state action until a later date since District is unable to pay for an audit due to lack of funding. Negotiations are ongoing with all relevant parties to redress situation. <u>At 4/4/2011 meeting</u>, Committee approved to continue to delay state action until a later date since District's situation has not changed. Correspondence received from registered agent on 9/30/2011 indicates that the District's situation has not changed. Correspondence from CDD management company <u>on 11/15/ 2011</u> stated that the District's situation has not changed. <u>At 2/11/2013 meeting</u>, Committee approved to continue to delay state action until a later date since District's situation has not changed.</p> <p>-Current status: AFRs for FY 2008-09 through FY 2011-12 have been submitted prior to the due date, and the audit threshold was not met for any of those fiscal years.</p>	No state action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
10	Southern Hills Plantation III CDD (Hernando) [established by City of Brooksville]	18	35	FY 2010-11 Audit Report	<p>-<u>On 8/3/2012</u>, FY 2010-11 AFR submitted to DFS. <u>On 10/9/2012</u>, Committee staff received an e-mail from DEO with letter from District's registered agent attached re: status of FY 2010-11 audit report. It stated that "the District is waiting on funding, and if received, will have the audit completed." It further stated that "At this time we are unable to estimate when the audit will be completed."</p> <p>-Correspondence from registered agent's office <u>on 2/8/2013</u> stated that the District's situation has not changed.</p> <p>-Per telephone conversation with registered agent's office <u>on 1/10/2014</u>, the District's situation has not changed.</p>	Continue to delay action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
11	Tidewater Preserve Community Development District (Manatee) [established by City of Bradenton]	26	71	FY 2009-10 AFR and Audit Report; FY 2008-09 Audit Report	<p>-In August 2010, previous Committee Chairs approved no state action since District is in process of dissolving. At 4/4/2011, meeting, Committee approved to delay state action until a later date since correspondence from registered agent in March 2011 stated that City of Bradenton (City) has passed an ordinance to allow dissolution of the District subject to no objection by Manatee County (County). The County has objected for reasons addressed in his letter, which has delayed the dissolution. Correspondence received from registered agent on 9/30/2011 indicates that the County still has objections. The city attorney will be attempting to mediate a resolution shortly which will allow the County to withdraw its objections.</p> <p>-Sent letter to County on 10/13/2011, requesting status of dissolution. Per correspondence received from registered agent on 11/17/2011, no change in District's situation; he has not heard from the County either.</p> <p>-Letter received from County Administrator for County on 1/30/2013, regarding status relating to dissolution of District. County is working with City toward resolution of issues.</p> <p>-Current status: Pending correspondence from Manatee County.</p>	No state action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
12	Venetian Community Development District (Sarasota) [established by City of Venice]	28	74	FY 2011-12 AFR and Audit Report	<p>-On 9/10/2013, Committee staff received e-mail from DEO with status update e-mail from finance officer at management company - expect financial reports to be filed by 10/31/2013.</p> <p>-On 11/26/2013, Committee staff received e-mail from DEO with status e-mail from new management company for CDD. Their understanding of FY 2011-12 audit status is that auditors are waiting on info from firm managing operation of amenities the CDD purchased during the FY. No firm estimate on date that audit will be completed, but will continue to talk to auditors and management firm about status and will let DEO know when he has new info.</p>	Delay action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
13	Vizcaya in Kendall Community Development District (Miami-Dade) [established by Miami-Dade County]	37	105, 119	FY 2011-12 AFR and Audit Report* (if audit threshold met); FY 2010-11 AFR and Audit Report; FY 2009-10 AFR and Audit Report; FY 2008-09 AFR and Audit Report; FY 2007-08 Audit Report	-In August 2010, previous Committee Chairs approved delay of state action until a later date since developer has filed bankruptcy and bank is looking at property, but no agreement yet. No funds for audit now, but anticipate having audit performed once situation is resolved. <u>At 4/4/2011 meeting</u> , Committee approved to continue to delay state action until a later date since District's situation has not changed. Per telephone conversation with registered agent on <u>10/13/2011</u> , District is in process of finalizing agreements with its new owners, and he expects progress to be made toward getting all financial requirements of the District current once active development is underway. <u>At 2/11/2013 meeting</u> , Committee approved to continue to delay state action until a later date. -On <u>12/27/2013</u> , Committee staff received e-mail from registered agent. District is now fully funded and operational. Specifics regarding status of audit to be provided by management company. -On <u>1/9/2014</u> , Committee staff spoke with management company regarding status of District. Audits for FY 2008 through 2011 are currently in progress; however, the prior financial problems of the District are causing delays in issuing these reports, but progress is being made. Hope to issue these reports in the near future.	Continue to delay action

Florida Statutes Related to Local Government Financial Reporting

Section	Subject
11.40(2)	Legislative Auditing Committee
189.4044	Special Procedures for Inactive Districts
189.421	Failure of District to Disclose Financial Reports
218.32	Annual Financial Reports
218.39	Annual Financial Audit Reports

11.40 Legislative Auditing Committee.—

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

(a) In the case of a local governmental entity or district school board, direct the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for bond debt service satisfaction which are payable to such entity until the entity complies with the law. The committee shall specify the date such action shall begin, and the directive must be received by the Department of Revenue and the Department of Financial Services 30 days before the date of the distribution mandated by law. The Department of Revenue and the Department of Financial Services may implement 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 s. 189.4044 or s. 189.421.

(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.

189.4044 Special procedures for inactive districts.—

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

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

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

2. Following an inquiry from the department, the registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government notifies the department in writing that the district has not had a governing board or a sufficient number of governing board members to constitute a quorum for 2 or more years or the registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government fails to respond to the department's inquiry within 21 days;

3. The department determines, pursuant to s. 189.421, that the district has failed to file any of the reports listed in s. 189.419;

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

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

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

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

(2) If any special district is declared inactive pursuant to this section, the property or assets of the special district are subject to legal process for payment of any debts of the district. After the payment of all the debts of said inactive special district, the remainder of its property or assets shall escheat to the county or municipality wherein located. If, however, it shall be necessary, in order to pay any

such debt, to levy any tax or taxes on the property in the territory or limits of the inactive special district, the same may be assessed and levied by order of the local general-purpose government wherein the same is situated and shall be assessed by the county property appraiser and collected by the county tax collector.

(3) In the case of a district created by special act of the Legislature, the department shall send a notice of declaration of inactive status to the Speaker of the House of Representatives and the President of the Senate. The notice of declaration of inactive status shall reference each known special act creating or amending the charter of any special district declared to be inactive under this section. The declaration of inactive status shall be sufficient notice as required by s. 10, Art. III of the State Constitution to authorize the Legislature to repeal any special laws so reported. In the case of a district created by one or more local general-purpose governments, the department shall send a notice of declaration of inactive status to the chair of the governing body of each local general-purpose government that created the district. In the case of a district created by interlocal agreement, the department shall send a notice of declaration of inactive status to the chair of the governing body of each local general-purpose government which entered into the interlocal agreement.

(4) The entity that created a special district declared inactive under this section must dissolve the special district by repealing its enabling laws or by other appropriate means. Any special district declared inactive pursuant to subparagraph (1)(a)5. may be dissolved without a referendum.

History.—s. 10, ch. 89-169; s. 10, ch. 97-255; s. 143, ch. 2001-266; s. 17, ch. 2004-305; s. 12, ch. 2011-144; s. 3, ch. 2012-16.

189.421 Failure of district to disclose financial reports.—

(1)(a) If notified pursuant to s. 189.419(1), (4), or (5), the department shall attempt to assist a special district in complying with its financial reporting requirements by sending a certified letter to the special district, and, if the special district is dependent, sending a copy of that letter to the chair of the local governing authority. The letter must include a description of the required report, including statutory submission deadlines, a contact telephone number for technical assistance to help the special district comply, a 60-day deadline for filing the required report with the appropriate entity, the address where the report must be filed, and an explanation of the penalties for noncompliance.

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

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

2. If the written response refers to the reports or information requirements listed in s. 189.419(1), the local general-purpose government or governments for their consideration in determining whether the oversight review process set forth in s. 189.428 should be undertaken.

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

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

(3) Pursuant to s. 11.40(2)(b), the Legislative Auditing Committee shall notify the department of those districts that fail to file the required reports. If the procedures described in subsection (1) have not yet been initiated, the department shall initiate such procedures upon receiving the notice from the

Legislative Auditing Committee. Otherwise, within 60 days after receiving such notice, or within 60 days after the expiration of the 60-day deadline provided in subsection (1), whichever occurs later, the department, notwithstanding the provisions of chapter 120, shall file a petition for writ of certiorari with the circuit court. Venue for all actions pursuant to this subsection is in Leon County. The court shall award the prevailing party attorney's fees and costs unless affirmatively waived by all parties. A writ of certiorari shall be issued unless a respondent establishes that the notification of the Legislative Auditing Committee was issued as a result of material error. Proceedings under this subsection are otherwise governed by the Rules of Appellate Procedure.

(4) Pursuant to s. 112.63(4)(d)2., the Department of Management Services may notify the department of those special districts that have failed to file the required adjustments, additional information, or report or statement after the procedures of subsection (1) have been exhausted. Within 60 days after receiving such notice or within 60 days after the 60-day deadline provided in subsection (1), whichever occurs later, the department, notwithstanding chapter 120, shall file a petition for writ of certiorari with the circuit court. Venue for all actions pursuant to this subsection is in Leon County. The court shall award the prevailing party attorney's fees and costs unless affirmatively waived by all parties. A writ of certiorari shall be issued unless a respondent establishes that the notification of the Department of Management Services was issued as a result of material error. Proceedings under this subsection are otherwise governed by the Rules of Appellate Procedure.

History.—s. 10, ch. 79-183; s. 79, ch. 81-259; s. 27, ch. 89-169; s. 80, ch. 92-279; s. 55, ch. 92-326; s. 961, ch. 95-147; s. 32, ch. 96-410; s. 20, ch. 97-255; s. 21, ch. 2004-305; s. 23, ch. 2011-34; s. 16, ch. 2011-144; s. 19, ch. 2012-5.

Note.—Former s. 189.008.

218.32 Annual financial reports; local governmental entities.—

(1)(a) Each local governmental entity that is determined to be a reporting entity, as defined by generally accepted accounting principles, and each independent special district as defined in s. 189.403, shall submit to the department a copy of its annual financial report for the previous fiscal year in a format prescribed by the department. The annual financial report must include a list of each local governmental entity included in the report and each local governmental entity that failed to provide financial information as required by paragraph (b). The chair of the governing body and the chief financial officer of each local governmental entity shall sign the annual financial report submitted pursuant to this subsection attesting to the accuracy of the information included in the report. The county annual financial report must be a single document that covers each county agency.

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

(c) Each regional planning council created under s. 186.504, each local government finance commission, board, or council, and each municipal power corporation created as a separate legal or administrative entity by interlocal agreement under s. 163.01(7) shall submit to the department a copy of its audit report and an annual financial report for the previous fiscal year in a format prescribed by the department.

(d) Each local governmental entity that is required to provide for an audit under s. 218.39(1) must submit a copy of the audit report and annual financial report to the department within 45 days after the completion of the audit report but no later than 9 months after the end of the fiscal year.

(e) Each local governmental entity that is not required to provide for an audit under s. 218.39 must submit the annual financial report to the department no later than 9 months after the end of the fiscal year. The department shall consult with the Auditor General in the development of the format of annual financial reports submitted pursuant to this paragraph. The format must include balance sheet information used by the Auditor General pursuant to s. 11.45(7)(f). The department must forward the financial information contained within the annual financial reports to the Auditor General in electronic form. This paragraph does not apply to housing authorities created under chapter 421.

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

(g) Each local governmental entity's website must provide a link to the department's website to view the entity's annual financial report submitted to the department pursuant to this section. If the local governmental entity does not have an official website, the county government's website must provide the required link for the local governmental entity.

(2) The department shall annually by December 1 file a verified report with the Governor, the Legislature, the Auditor General, and the Special District Information Program of the Department of Economic Opportunity showing the revenues, both locally derived and derived from intergovernmental transfers, and the expenditures of each local governmental entity, regional planning council, local government finance commission, and municipal power corporation that is required to submit an annual financial report. The report must include, but is not limited to:

(a) The total revenues and expenditures of each local governmental entity that is a component unit included in the annual financial report of the reporting entity.

(b) The amount of outstanding long-term debt by each local governmental entity. For purposes of this paragraph, the term "long-term debt" means any agreement or series of agreements to pay money, which, at inception, contemplate terms of payment exceeding 1 year in duration.

(3) The department shall notify the President of the Senate and the Speaker of the House of Representatives of any municipality that has not reported any financial activity for the last 4 fiscal years. Such notice must be sufficient to initiate dissolution procedures as described in s. 165.051(1)(a). Any special law authorizing the incorporation or creation of the municipality must be included within the notification.

History.—s. 2, ch. 73-349; s. 15, ch. 77-165; s. 46, ch. 79-164; s. 5, ch. 79-183; s. 4, ch. 79-589; s. 42, ch. 80-274; s. 18, ch. 81-167; s. 16, ch. 83-55; s. 2, ch. 83-106; s. 43, ch. 89-169; s. 55, ch. 91-45; s. 93, ch. 92-152; s. 90, ch. 92-279; s. 55, ch. 92-326; s. 36, ch. 94-249; s. 18, ch. 96-324; s. 8, ch. 2000-152; s. 5, ch. 2000-264; s. 62, ch. 2001-266; s. 26, ch. 2004-305; s. 25, ch. 2011-34; s. 85, ch. 2011-142; s. 18, ch. 2011-144; s. 27, ch. 2013-15.

218.39 Annual financial audit reports.—

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

(a) Each county.

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

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

(d) Each district school board.

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

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

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

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

(2) The county audit report must be a single document that includes a financial audit of the county as a whole and, for each county agency other than a board of county commissioners, an audit of its financial accounts and records, including reports on compliance and internal control, management letters, and financial statements as required by rules adopted by the Auditor General. In addition, if a board of county commissioners elects to have a separate audit of its financial accounts and records in the manner required by rules adopted by the Auditor General for other county agencies, the separate audit must be included in the county audit report.

(3)(a) A dependent special district may provide for an annual financial audit by being included in the audit of the local governmental entity upon which it is dependent. An independent special district may not make provision for an annual financial audit by being included in the audit of another local governmental entity.

(b) A special district that is a component unit, as defined by generally accepted accounting principles, of a local governmental entity shall provide the local governmental entity, within a reasonable time period as established by the local

governmental entity, with financial information necessary to comply with this section. The failure of a component unit to provide this financial information must be noted in the annual financial audit report of the local governmental entity.

(4) A management letter shall be prepared and included as a part of each financial audit report.

(5) At the conclusion of the audit, the auditor shall discuss with 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, all of the auditor's comments that will be included in the audit report. If the officer is not available to discuss the auditor's comments, their discussion is presumed when the comments are delivered in writing to his or her office. The auditor shall notify each member of the governing body of a local governmental entity, district school board, charter school, or charter technical career center for which:

(a) Deteriorating financial conditions exist that may cause a condition described in s. 218.503(1) to occur if actions are not taken to address such conditions.

(b) A fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements of entities required to report under governmental financial reporting standards or on the basic financial statements of entities required to report under not-for-profit financial reporting standards, for which sufficient resources of the local governmental entity, charter school, charter technical career center, or district school board, as reported on the fund financial statements, are not available to cover the deficit. Resources available to cover reported deficits include fund balance or net assets that are not otherwise restricted by federal, state, or local laws, bond covenants, contractual agreements, or other legal constraints. Property, plant, and equipment, the disposal of which would impair the ability of a local governmental entity, charter school, charter technical career center, or district school board to carry out its functions, are not considered resources available to cover reported deficits.

(6) The officer's written statement of explanation or rebuttal concerning the auditor's findings, including corrective action to be taken, must be filed with the governing body of the local governmental entity, district school board, charter school, or charter technical career center within 30 days after the delivery of the auditor's findings.

(7) All audits conducted pursuant to this section must be conducted in accordance with the rules of the Auditor General adopted pursuant to s. 11.45.

Upon completion of the audit, the auditor shall prepare an audit report in accordance with the rules of the Auditor General. The audit report shall be filed with the Auditor General within 45 days after delivery of the audit report to the governing body of the audited entity, but no later than 9 months after the end of the audited entity's fiscal year. The audit report must include a written statement describing corrective actions to be taken in response to each of the auditor's recommendations included in the audit report.

(8) The Auditor General shall notify the Legislative Auditing Committee of any audit report prepared pursuant to this section 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).

(9) The predecessor auditor of a district school board shall provide the Auditor General access to the prior year's working papers in accordance with the Statements on Auditing Standards, including documentation of planning, internal control, audit results, and other matters of continuing accounting and auditing significance, such as the working paper analysis of balance sheet accounts and those relating to contingencies.

(10) Each charter school and charter technical career center must file a copy of its audit report with the sponsoring entity; the local district school board, if not the sponsoring entity; the Auditor General; and with the Department of Education.

(11) This section does not apply to housing authorities created under chapter 421.

(12) Notwithstanding the provisions of any local law, the provisions of this section shall govern.

History.—s. 65, ch. 2001-266; s. 924, ch. 2002-387; s. 28, ch. 2004-305; s. 2, ch. 2006-190; s. 2, ch. 2009-214; s. 20, ch. 2011-144; s. 25, ch. 2012-5; s. 1, ch. 2012-38.

From: DAVID WARD <DAVIDWARD@AUD.STATE.FL.US>
Sent: Tuesday, September 24, 2013 10:58 AM
To: ABRUZZO.JOSEPH
Cc: Dubose, Kathy; White, Deborah
Subject: 2011-12 FY Section 11.45(7)(a), FS, Notification
Attachments: Attachment A and B.xlsb

Pursuant to Section 11.45(7)(a), Florida Statutes, this letter is to notify you of the results of our determination as to which local governmental entities were required to provide for an audit for the 2011-12 fiscal year but failed to do so. A separate notification regarding district school boards, charter schools, and charter technical career centers that failed to provide for an audit for the 2011-12 fiscal year was made to you in emails dated May 2, 2013, and June 6, 2013. A recap of our determination for local governmental entities as of September 24, 2013, is as follows:

Description	Counties (1)	Municipalities (1)	Special Districts	Total
Individual Entity Reports Received	66	384	793	1,243
Included in Another Entity's Audit Report (2)	n/a	n/a	452	452
Not Required to File (3)	n/a	10	252	262
Unable to Determine Whether Audit Was Required (4)	n/a	3	33	36
Did Not File Required Audit Report	<u>0</u>	<u>13</u>	<u>32</u>	<u>45</u>
Total Entities	<u>66</u>	<u>410</u>	<u>1,562</u>	<u>2,038</u>

- (1) The consolidated city/county government of Jacksonville/Duval County is classified as a municipality for purposes of this letter.
- (2) Includes dependent special districts that were included in audit reports of counties or municipalities.
- (3) Entities that did not meet the threshold for required submission of audit reports.
- (4) Unable to obtain an annual financial report or other sufficient information to determine whether these entities met the threshold requiring submission of audit reports.

For the 2011-12 fiscal year, pursuant to Section 218.39(1), Florida Statutes, the following local governments were required to provide for an annual financial audit of their accounts and records within 9 months after the end of their respective fiscal year:

- Each county
- Each municipality with revenues, or the total of expenditures and expenses, in excess of \$250,000
- Each municipality with revenues, or the total of expenditures and expenses, between \$100,000 and \$250,000 that has not been subject to a financial audit for the two preceding fiscal years
- Each special district with revenues, or the total of expenditures and expenses, in excess of \$100,000
- Each special district with revenues, or the total of expenditures and expenses, between \$50,000 and \$100,000 that has not been subject to a financial audit for the two preceding fiscal years

Section 218.39(7), Florida Statutes, requires that any financial audit report required under Section 218.39(1), Florida Statutes, be submitted to the Auditor General within 45 days after delivery of the audit report to the local governmental entity, but no later than 9 months after the end of the fiscal year of the local governmental entity. The following is a summary of those local governmental entities that did not submit audit reports to us:

- A total of 45 local governmental entities that were required to provide for an audit for the 2011-12 fiscal year have not submitted an audit report to us. These local governmental entities are listed on Attachment A.
- An additional 36 local governmental entities may have been required to provide for an audit for the 2011-12 fiscal year, but have not submitted an audit report to us. Because sufficient financial information was not readily available, it was not practical for us to determine whether an audit was required. These local governmental entities are listed on Attachment B.

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

Attachments

**Alphabetical List of Local Governmental Entities
For Which 2011-12 Fiscal Year Audit Reports
Have Not Been Received - Audit Was Required**

Attachment A

**Applicable
Note**

MUNICIPALITIES

1	Alford, Town of	1, 3
2	Astatula, Town of	1, 3
3	Boynton Beach, City of	1
4	Century, Town of	1
5	ChIPLEY, City of	1, 3
6	Cottondale, City of	1, 3
7	Gretna, Town of	1
8	Opa-Locka, City of	1
9	Quincy, City of	1, 3
10	Springfield, City of	1, 3
11	Sweetwater, City of	1, 3
12	Vernon, City of	1
13	Webster, City of	1, 3

INDEPENDENT SPECIAL DISTRICTS

1	Almarante Fire District	2
2	Aqua Isles Community Development District (Dissolved 12/11/12)	1
3	Buckeye Park Community Development District	1, 3
4	Business Improvement District of Coral Gables	1
5	Central County Water Control District	1, 3
6	Cory Lakes Community Development District	1
7	CrossCreek Community Development District	1, 3
8	Cypress Cove Community Development District	1, 3
9	Cypress Creek of Hillsborough County Community Development District	1
10	Eastpoint Water And Sewer District	1
11	Fiddlers Creek Community Development District	1, 3
12	Fiddler's Creek Community Development District #2	1, 3
13	Freedom Walk Community Development District	2, 4
14	Hamilton County Development Authority	1
15	Hawk's Point Community Development District	1
16	Hendry-LaBelle Recreation Board	1, 3
17	Hollywood Beach Community Development District I (Created 6/1/11)	2
18	K-Bar Ranch Community Development District	1
19	Magnolia Park Community Development District	1
20	Renaissance Community Development District	1
21	River Bend Community Development District	1, 3
22	Six Mile Creek Community Development District	1, 3
23	Solterra Resort Community Development District (FKA Oakmont Grove)	1
24	South Fork East Community Development District	1, 3
25	Spring Hill Fire Rescue and Emergency Medical Services District (Dissolved 4/13/12)	1

**Alphabetical List of Local Governmental Entities
For Which 2011-12 Fiscal Year Audit Reports
Have Not Been Received - Audit Was Required**

Attachment A

**Applicable
Note**

INDEPENDENT SPECIAL DISTRICTS

26	Stonebrier Community Development District	1
27	Sunrise Lakes Phase IV Recreation District	1
28	Sweetwater Creek Community Development District	1, 3
29	Tri-County Airport Authority	1
30	Venetian Community Development District	1, 3
31	Verano Center Community Development District	1
32	Villages of Avignon Community Development District	1

NOTES

- (1) Based on previous audit reports or other financial reports filed by the entity, the entity was required to provide for an audit for the 2011-12 fiscal year.
- (2) According to available financial information, the entity did not provide for an audit for either of the prior two fiscal years and had revenues or expenditures/expenses in an amount that requires an audit.
- (3) Entity indicated that the audit was in progress; however, as of September 24, 2013, we had not received the audit report.
- (4) Entity responded that no funds are available to obtain an audit.

**Alphabetical List of Local Governmental Entities
For Which 2011-12 Fiscal Year Audit Reports
Have Not Been Received - Audit May Have Been Required**

Attachment B

**Last FY Audit
Received**

MUNICIPALITIES

1	Belleair Shore, Town of	2008-09
2	Caryville, Town of	2009-10
3	Esto, Town of	2010-11

INDEPENDENT SPECIAL DISTRICTS

1	Alexen Community Development District (Dissolved 9/25/12)	1
2	Bella Verde East Community Development District	2005-06
3	Bella Verde Golf Community Development District	2006-07
4	Bella Verde Lake Community Development District	2005-06
5	Clay Soil & Water Conservation District	1
6	Flagler Soil & Water Conservation District	1
7	Hacienda Lakes Community Development District	1
8	Harbour Lake Estates Community Development District (Dissolved 4/4/12)	2004-05
9	Heritage Harbour East Community Development District	1
10	Huntington Community Development District (Dissolved 6/6/12)	2005-06
11	Lafayette Soil & Water Conservation District	2010-11
12	Lanark Village Water and Sewer District (Dissolved 7/11/13)	1
13	Laurel Highlands Community Development District	1
14	Moultrie Creek Community Development District	1
15	Polk Soil & Water Conservation District	1
16	Santa Rosa Bay Bridge Authority	1
17	Stone Dairy Creek Community Development District (Dissolved 6/12/12)	1
18	Sumter Soil & Water Conservation District	1
19	Twin Creeks Community Development District (Dissolved 6/25/12)	1
20	Vizcaya Community Development District (Dissolved 4/4/12)	2007-08
21	Vizcaya in Kendall Community Development District	2006-07
22	Woodbrook Community Development District (Dissolved 1/10/12)	1

DEPENDENT SPECIAL DISTRICTS

23	Ali-Baba Neighborhood Improvement District	1
24	ChIPLEY Redevelopment Agency	1
25	East-West Neighborhood Improvement District	1
26	Gretna Neighborhood Improvement District	1
27	Harbour Waterway Special District	1
28	Isle of Palms Special District	1
29	Martin County Health Facilities Authority	1
30	Niles Garden Neighborhood Improvement District	1
31	Northern Sweetwater Improvement District (Dissolved 1/7/13)	1
32	Town of Marineland Community Redevelopment Agency	1
33	Westwood Dependent Tax District	1

NOTES

- (1) No record of audit received for the 2003-04 through 2010-11 fiscal years.

Subject: AFR Non Filers for FY 2012
Attachments: No AFR Filed for FY 2012 - 9-30-2013.pdf

From: Jones, Brendan G [mailto:Brendan.Jones@myfloridacfo.com]
Sent: Tuesday, October 01, 2013 3:48 PM
To: White, Deborah
Cc: localgov; Hsieh, Tim W
Subject: AFR Non Filers for FY 2012

Debbie,

Good afternoon. Please see the attached report. It lists the Local Government entities that have not filed an AFR for FY 2012. If you have any questions or need additional information, please let me know.

Thanks,

Brendan Jones
Financial Administrator
Florida Department of Financial Services
Bureau of Financial Reporting
200 East Gaines Street
Tallahassee, FL 32399
(850)413-5592
Brendan.Jones@myfloridacfo.com

The information contained in this message and any accompanying attachments may contain privileged, private, and/or confidential information protected by state and federal law. If you have received this information in error, please notify the sender immediately and destroy the information.

Local Government No AFR Filed for FY 2012

Government ID	Local Government Name	AFR Received
Cities		
200002	Alford	
200010	Astatula	
200028	Belleair Shore	
200031	Biscayne Park	
200036	Boynton Beach	
200053	Caryville	
200058	Century	
200061	Chipley	
200074	Cottondale	
200081	Davenport	
200101	Esto	
200115	Fort White	
200118	Fruitland Park	
200132	Gretna	
200140	Hastings	
200146	High Springs	
200169	Islandia	
200208	Lawtey	
200229	Marineland	
200276	Opa-locka	
200317	Quincy	
200352	Springfield	
200358	Sweetwater	
200372	Vernon	
200375	Virginia Gardens	
200379	Webster	
200393	Windermere	
Special Districts		
301548	Alexen Community Development District	
300835	Ali-Baba Neighborhood Improvement District *	
300850	Apalachicola Housing Authority * #1	
301794	Aqua Isles Community Development District	
301444	Bella Verde East Community Development District	
301445	Bella Verde Golf Community Development District	
301446	Bella Verde Lake Community Development District	
301796	Bellalago Educational Facilities Benefit District *	
300198	Central County Water Control District	
301946	Children's Services Council of Alachua County	
301000	Chipley Redevelopment Agency *	
300130	Clay Soil and Water Conservation District	
300901	Crestview Housing Authority * #3	
301568	CrossCreek Community Development District	
300094	Cypress Cove Community Development District	
301569	Cypress Creek of Hillsborough County Community Development District	
300176	Eastpoint Water and Sewer District	
300836	East-West Neighborhood Improvement District *	
300138	Fiddler`s Creek Community Development District	
301303	Fiddler`s Creek Community Development District #2	
300172	Flagler Soil and Water Conservation District	
301244	Fruitland Park Community Redevelopment Agency *	
300854	Gretna Housing Authority *	
300855	Gretna Neighborhood Improvement District *	
301940	Hacienda Lakes Community Development District	

Notes:

#1: FY ended 3/31/12 AFR was due 12/31/12

#2: FY ended 6/30/12 AFR was due 3/31/12

#3: FY ended 12/31/12 AFR was due 9/30/13

*Indicates Dependent Special Districts

Local Government No AFR Filed for FY 2012

Government ID	Local Government Name	AFR Received
300191	Hamilton County Development Authority	
301247	Harbour Lake Estates Community Development District	
301890	Harbour Waterway Special District *	
301858	Hardee County Housing Authority	
301687	Hawk's Point Community Development District	
300204	Hendry-La Belle Recreation Board	
301843	Heritage Harbour East Community Development District	
300815	Hialeah Housing Authority * #3	
300755	High Springs Community Redevelopment Agency *	
300409	Highlands Road and Bridge District	
301891	Hillcrest Preserve Community Development District	
300789	Hollywood Housing Authority * #3	
300838	Housing Authority of The City of Arcadia * #2	
300899	Housing Authority of The City of Fernandina Beach * #3	
300818	Housing Authority of The City of Homestead * #3	
300961	Housing Authority of The City of Lakeland * #3	
300996	Housing Authority of The City of New Smyrna Beach * #1	
300868	Housing Authority of The City of Tampa * #1	
301378	Huntington Community Development District	
301932	Isle of Palms Special District *	
301581	K-Bar Ranch Community Development District	
300254	Lafayette Soil and Water Conservation District	
300537	Lake Asbury Municipal Service Benefit District *	
300957	Lake Wales Housing Authority * #2	
300179	Lanark Village Water and Sewer District	
301583	Laurel Highlands Community Development District	
300987	Live Oak Housing Authority * #1	
301792	Magnolia Park Community Development District	
301641	Main Street Community Development District (St. Johns Co.)	
300657	Martin County Health Facilities Authority *	
300658	Martin County Industrial Development Authority *	
300334	Monroe County Housing Authority #3	
301587	Moultrie Creek Community Development District	
300837	Niles Garden Neighborhood Improvement District *	
301949	Northern Sweetwater Improvement District *	
300028	Northwest Florida Regional Housing Authority #3	
301394	Oakmont Grove Community Development District	
300694	Pasco County Road and Bridge District *	
300417	Pasco Heights Road and Bridge District	
300436	Polk Soil and Water Conservation District	
300189	Port St. Joe Port Authority	
301149	Quincy Community Redevelopment Agency *	
301212	Renaissance Community Development District	
301508	River Bend Community Development District	
300461	Santa Rosa Bay Bridge Authority	
300471	Seminole County Housing Authority #3	
301404	South Fork East Community Development District	
300578	Spring Hill Fire Rescue and Emergency Medical Services District	
301734	Springfield Community Redevelopment Agency *	
301778	Stone Dairy Creek Community Development District	
300473	Sumter Soil and Water Conservation District	
300045	Sunny Isles Reclamation and Water Control Board	
300110	Sunrise Lakes Phase IV Recreation District	
301608	Sweetwater Creek Community Development District	

Notes:

#1: FY ended 3/31/12 AFR was due 12/31/12

#2: FY ended 6/30/12 AFR was due 3/31/12

#3: FY ended 12/31/12 AFR was due 9/30/13

*Indicates Dependent Special Districts

Local Government No AFR Filed for FY 2012

Government ID	Local Government Name	AFR Received
301338	Town of Marineland Community Redevelopment Agency *	
301920	Twin Creeks Community Development District	
301952	Union Park Community Development District	
301279	Venetian Community Development District	
301491	Verano Center Community Development District	
301617	Villages of Avignon Community Development District	
301283	Vizcaya Community Development District	
301519	Vizcaya in Kendall Community Development District	
300236	Westchase East Community Development District	
300626	Westwood Dependent Tax District *	
301766	Woodbrook Community Development District	
Other Entities		
500061	Central Florida Fire Academy	
500021	Florida Intergovernmental Financing Commission	
500020	Florida Ports Financing Commission	
500044	Florida Rural Utility Financing Commission	
500015	Treasure Coast Regional Planning Council	

Unless noted, the remaining governments' FY ended 9/30/12, AFR was due 6/30/13

Notes:

#1: FY ended 3/31/12 AFR was due 12/31/12

#2: FY ended 6/30/12 AFR was due 3/31/12

#3: FY ended 12/31/12 AFR was due 9/30/13

*Indicates Dependent Special Districts

**Department of the Lottery
Financial Statements**

Florida Lottery Financial Statement Overview

Cynthia F. O'Connell
Secretary

Joint Legislative Auditing Committee
February 17, 2014

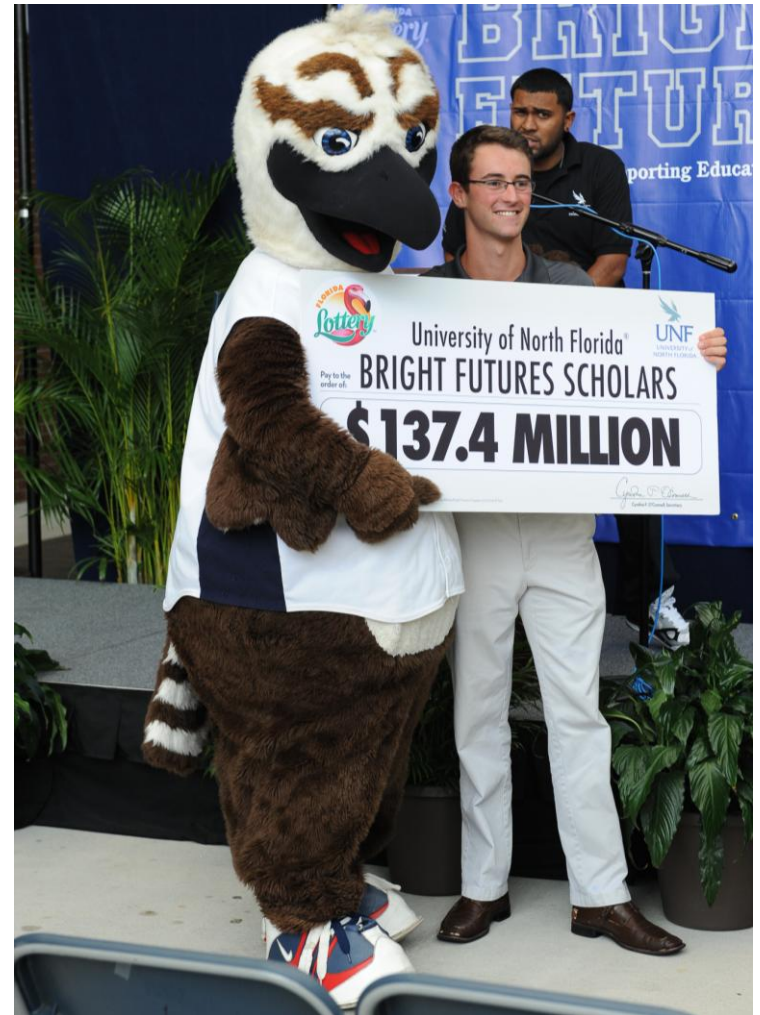


Purpose

“...to operate the state lottery...so as to maximize revenues [for the Educational Enhancement Trust Fund] in a manner consonant with the dignity of the state and the welfare of its citizens.”

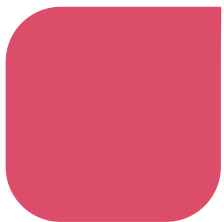
Intent

“That the lottery games be operated by a department of state government that functions as much as possible in the manner of an entrepreneurial business enterprise.”



The Florida Lottery is an industry leader with a 25-year record of integrity, efficiency and economic benefits for the state.

- We are a dependable source of revenue for the education system and Bright Futures.
- Our games are making dreams come true for our players and retailers.
- Our business model is proven effective as we continue to shatter sales records which lead to record-breaking funds to education.



Financial Highlights

Fiscal Year 2012-2013

- Record Breaking Sales Year (\$560 M higher than fiscal year 11-12)

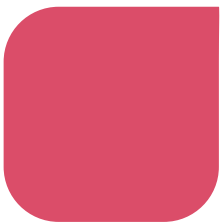
25th Year Anniversary rebranding activities

Deployment of Full Service Vending Machines

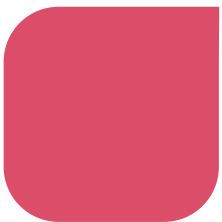
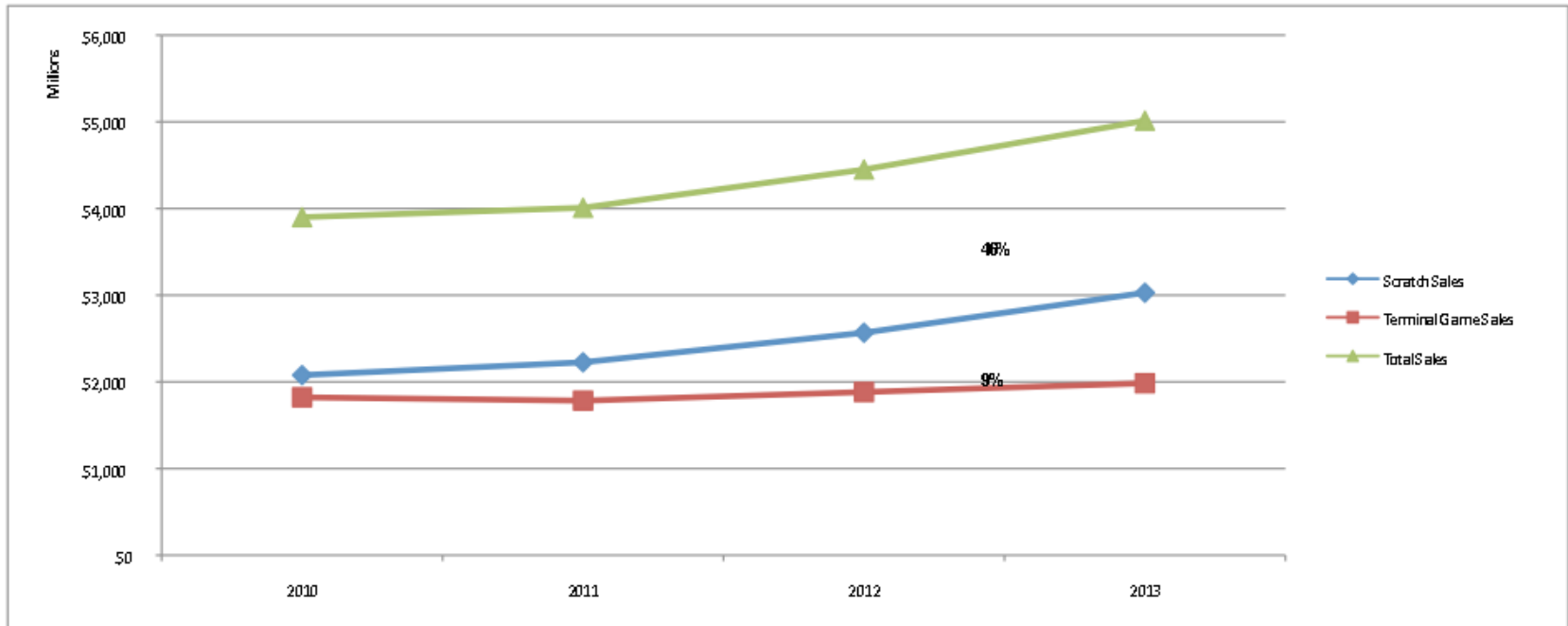
Introduction of Mega Millions with Megaplier

Strong Scratch-Off product offering

- Transfer to Educational Enhancement Trust Fund higher (\$103 M) than fiscal year 2011-12
- Focus on enhancing operational efficiencies
- Balance Sheet in compliance with Statutes



Florida Lottery total sales have grown by 29% over the past three years and Scratch-off game sales are leading the pace.



The Florida Lottery has continuously set new revenue transfer records

EETF Transfers from Sales Have Set New Records

Fiscal Year	EETF Transfers from Sales Only (in thousands)
2010	\$1,147,130
2011	\$1,122,591
2012	\$1,258,622
2013	\$1,359,977

Source: Florida Lottery Audited Financial Statements

Florida currently ranks 2nd in total dollars transferred to government beneficiary among all U.S. Lotteries ¹

State	FY12 Government Revenues (Total)
New York	\$2,877.99
Florida	\$1,321.60
California	\$1,300.24
Texas	\$1,155.52
Pennsylvania	\$1,060.89
Massachusetts	\$983.79
New Jersey	\$950.08
Georgia	\$901.33
Michigan	\$786.92
Ohio	\$771.03

¹ Source: LaFleur's Magazine, Sept/Oct 2013.

The Lottery Dollar

Ticket Vendor Fees: 1.5%

Prizes: 63.1%

Over **\$41.2 billion**
in player prizes life to date.

Education (EETF): 28.4%

Over **\$26 billion** to
Florida Education life to date.



Operations: 1.4%

The Florida Lottery remains one of the
most efficient lotteries in the nation.

*Operations include advertising, staff and all office
operations. As of 6/30/2013.

Retailer Commissions: 5.6%

Over **\$4.1 billion** to
Florida businesses life to date.

98% of Lottery Revenues are returned to the Florida economy in the form of prizes, commissions and vendor payments.

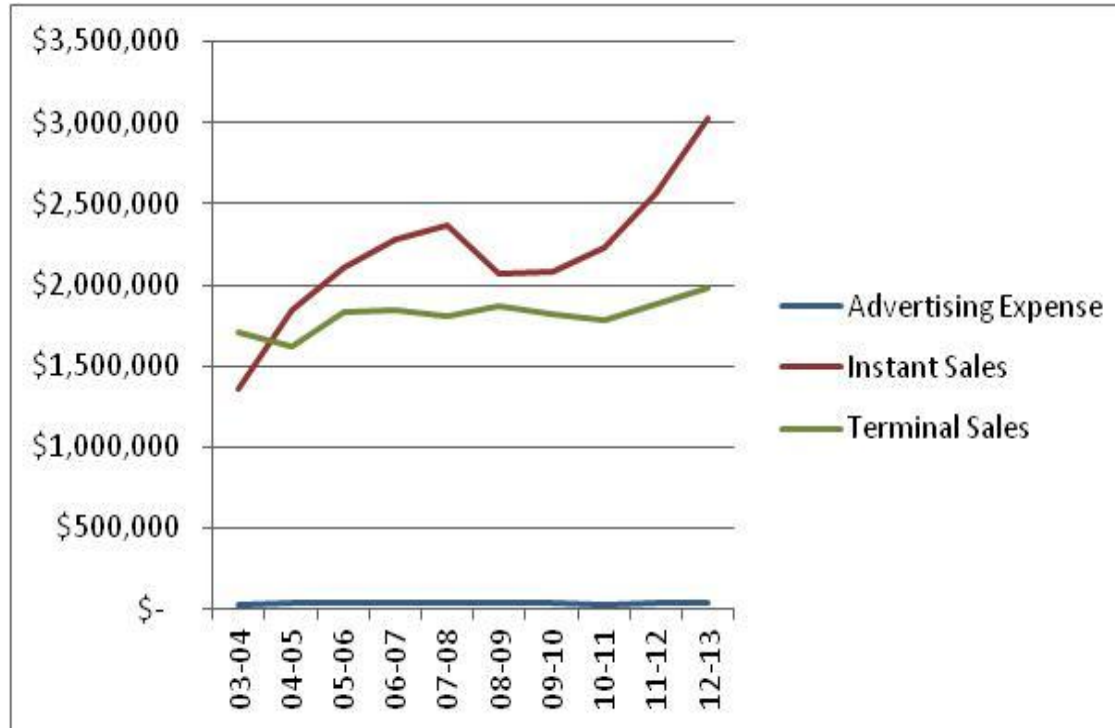
The Games of the Florida Lottery



Formula for Success

Operating Efficiency Effect on Sales

(In Millions – based on June 30 audited financial data)



Performance FY 12-13

Over 75% of the advertising budget used for promotion of Instant - Scratch Ticket Sales

Terminal game advertising through billboard signage, regardless of jackpot size

\$590 M Powerball Jackpot and a \$50 M Florida Powerball winner

Strong Instant – Scratch Game sales

Installed 500 Full Service Vending Machines

New Florida Lottery Record \$5.0B in Sales

2013 Sales Goal REC \$4.83B

Terminal 40% - Scratch Off 60%

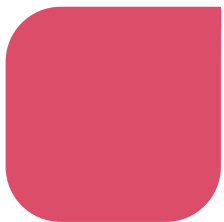
New Record of \$1.424B in transfers to EETF

March 6, 2013 REC transfer goal of \$1.38B



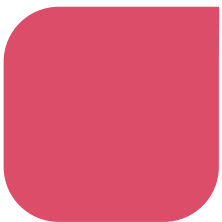
Lottery Industry Comparisons

State	Ad Budget as % of Sales	Sales per \$1 Spend
Texas	0.73%	\$136
Florida	0.75%	\$133
Ohio	0.80%	\$122
Pennsylvania	1.00%	\$99
Illinois	1.60%	\$61
New York	1.29%	\$77
California	1.30%	\$77



Strategy for Success

1. Continue to deliver on behalf of Florida's students and schools
2. Serve as an economic engine for the state
3. Enhance Operations
4. Integrity Above All

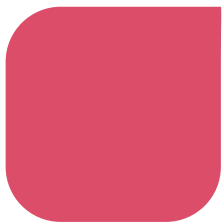


Advertising Spend Compared to other C-Store Categories

Category	Ad Budget as % of Sales
Florida Lottery*	0.75%
Beverages	6.1%
Bottled/Canned Soft Drinks and Water	3.6%
Food Related Products	13.3%
Sugar & Confectionery Products	4.1%



What else do you need?SM



District Office Operations

Lottery Headquarters

Tallahassee

- 234 Staff

Nine District Offices

Statewide

- 113 Sales Representatives
Servicing 13,200 retail locations.
- 74 Office Support Staff
Selling tickets and paying prizes to players
up to \$250,000



Statements of Net Position
(in thousands)

Current Assets:	
Cash and cash equivalents	\$ 146,137
Interest receivable	165
Accounts receivable, net	46,562
Due from other departments	1
Prepaid expenses	4
Inventories	863
Security deposits	<u>2,142</u>
Total Current Assets	195,874
Noncurrent Assets:	
Restricted Assets	
Cash and cash equivalents	77,063
Securities lending income receivable	373
Deposit with MUSL	19,037
Investments, grand prize	523,992
Investments, security lending collateral	<u>433,111</u>
Total Restricted Assets	1,053,576
Capital assets, net	<u>3,215</u>
Total Noncurrent Assets	<u>1,056,791</u>
Total Assets	1,252,665



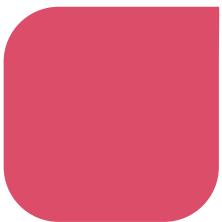
Statements of Net Position
(in thousands)

Current Liabilities:	
Accounts payable and accrued liabilities	\$ 7,196
Prizes payable	104,279
Due to Educational Enhancement Trust Fund	76,111
Other	<u>2,912</u>
Total Current Liabilities	190,498
Current Liabilities Payable from Restricted Assets:	
Securities lending Obligations & fees payable	494,803
Grand prizes payable	<u>112,751</u>
Total Current Liabilities Payable from Restricted Assets	607,554
Noncurrent Liabilities:	
Grand prizes payable from restricted assets	343,442
Other long-term liabilities	<u>5,870</u>
Total Noncurrent Liabilities	<u>349,312</u>
Total Liabilities	1,147,364



Statements of Net Position
(in thousands)

Total Current Assets	\$ 195,874
Total Noncurrent Assets	<u>1,056,791</u>
Total Assets	1,252,665
Total Current Liabilities	190,498
Total Current Liabilities Payable from Restricted Assets	607,554
Total Noncurrent Liabilities	<u>349,312</u>
Total Liabilities	1,147,364
Net Position	
Invested in capital assets	3,215
Restricted for undistributed appreciation on restricted investments	67,195
Restricted for MUSL	19,037
Restricted for future prizes or special prize promotions	<u>15,854</u>
Total Net Position	105,301



Statements of Revenues, Expenses, and Changes in Net Position (in thousands)

Operating Revenues:	
Ticket sales	\$ 5,012,996
Bad debt expense	(912)
Terminal fees and miscellaneous	7,773
Retailer fees	<u>206</u>
Total Operating Revenues	5,020,063
Operating Expenses:	
Prizes	3,162,889
Retailer commissions	278,493
Scratch-Off tickets	44,193
Terminal games	31,012
Advertising	37,696
Personal services	25,730
Other contractual services	6,801
Materials and supplies	2,156
Depreciation	<u>270</u>
Total Operating Expenses	<u>3,589,240</u>
Operating Income	<u>1,430,823</u>



**Statements of Revenues, Expenses, and Changes in Net Position
(in thousands)**

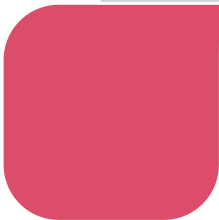
Nonoperating Revenues (Expenses):	
	\$
Interest	3,984
Securities lending income	2,543
Securities lending fees	(1,090)
Investment management fees	(376)
Net appreciation (depreciation) in fair value of investments	(13,749)
Property disposition (loss)	(60)
Amortization of grand prizes payable	<u>(29,068)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(37,816)</u>
Income Before Operating Transfers	1,393,007
Transfers to Educational Enhancement Trust Fund:	
Transfers from revenue and reserves	1,373,668
Transfers from unclaimed prizes	<u>50,639</u>
Total Transfers to Educational Enhancement Trust Fund	\$ 1,424,307



Final Operating Budget for FY 2012-13

Category	Amount
Salary & Benefits	\$25,001,136
OPS	385,096
Expenses	5,497,614
Contracted Services	3,160,094
Contracted Legal Services	120,000
Risk Management Insurance	208,568
Other Capital Outlay	519,784
Law Enforcement Salary Incentives	16,060
Full Service Vending Machines	2,940,000
Transfer to DMS HR Services	147,142
Data Process. Services - SSRC	24,995

Category	Amount
Terminal Games Contracts	28,418,103
Instant Ticket Contracts	39,977,900
Instant Ticket Vending Machines	5,010,600
Tenant Broker Commissions	121,668
Paid Advertising/Promotion (Media)	34,693,508
Advertising Agency Fees	3,056,945
Retailer Incentives	1,850,000
Acquisitions of Motor Vehicles	340,000
Lease/Lease Purchase of Equip	375,000
Grand Total	\$151,864,213



Compliance

Statutory Requirements for Minority Participation

- Governed by Section 24.113, Florida Statutes

15% of the retailers shall be minority business enterprises (compliant)

No more than 35% of such retailers shall be owned by the same type of minority person (out of compliance)

Category*	Independent	Corporate	Total	¹ % of Distribution	² % of Minority
African American	197	0	197	1.48	5
Caucasian Woman	204	0	204	1.53	5
Asian American	2,718	19	2,737	20.54	65
Hispanic American	923	103	1,026	7.70	24.5
Native American	<u>20</u>	<u>3</u>	<u>23</u>	<u>0.17</u>	<u>0.5</u>
Total Minority	4,062	125	4,187	31.42	100
Non-Minority	<u>4,302</u>	<u>4,839</u>	<u>9,141</u>	<u>68.58</u>	
Totals:	8,364	4,964	13,328	100	

* Category is self reported at the time of application

Retailers

Selection Criteria

- Valid FEIN or Social Security #
- Background Investigation
- In the selection of retailers, the Lottery considers the following factors:
 - Financial responsibility
 - Integrity and reputation
 - Sufficiency of existing retailers to serve the public convenience
 - Security of the premises
 - Accessibility of the place of business or activity to the public
 - Projected sales volume



Terminal Games System Provider – GTECH Corp.

Provides statewide system and backup system that produces all terminal game tickets as well as tracks Instant - scratch ticket inventory, validates winning tickets for payment and marks and tracks all tickets presented.

Instant – Scratch Ticket and Services Provider – Scientific Games Inc.

Provides for the print production, warehousing, tele-sell services, packing and distribution of inventory for the instant tickets sold by the Lottery.

General Market Advertising Agency – St. John & Partners

Provides for media production and placement for the general markets. This includes creative concepts, story boarding, media buying and tracking, all media invoicing verification, and review prior to presentment to DFS for processing.



Major Contracts



Spanish Language Advertising Agency – Machado/Garcia-Serra, LLC

Provides for media production and placement for Spanish language markets (Miami, Orlando, Fort Myers, Tampa). This includes creative concepts, story boarding, media buying and tracking, all media invoicing verification and review prior to presentment to DFS for processing.

Public Relations – Golin Harris International

This contract provides for public relations, communications and crisis management services. The services include brand research, logo development, website design, education awareness, crisis management planning and on going media and public communication projects.



Major Contracts (continued)

Accountability

Oversight by Policy Committees: operating expenditures are monitored and appropriated by the Legislature

Weekly: Sales monitored and sales forecasts revised by EDR at least twice yearly

Monthly: Financial activities reported to Governor and legislative leadership

Quarterly: FSVM Performance Reports to Appropriations Chairmen

Annual: Financial Audit by Auditor General

Review requested by JLAC

Performance Audit by OPPAGA

Official statement update to Revenue Bonds required by SEC

Biennial: Security Audit by independent consultant required by statute

Intermittent: Program audits by Auditor General

Financial statements for bond issuances which are rated by financial rating agencies

Continuous program and issue analysis by Lottery Inspector General

Weekly, Monthly, and Quarterly accomplishment and issue reports to the Governor

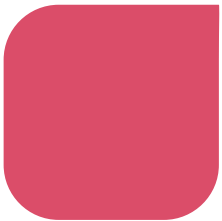


Efficiency Projects

Completed, Developing, and Upcoming Initiatives

- **Completed Projects**
 - Renegotiation of major contracts
- **In Progress**
 - IRS TIN Matching
 - Positive Pay file upload to Wells Fargo
 - Implementation of an integrated business accounting system
 - Document Management System
- **Upcoming**
 - Gaming System solicitation
 - Spanish Language
 - Sales Force Mobility Tool solicitation and implementation





**Department of the Lottery
Auditor General's Audit of the
Financial Statements**



DEPARTMENT OF THE LOTTERY

Financial Audit

For the Fiscal Year Ended June 30, 2013

Audit Scope and Objectives

- ❖ Basic financial statements
- ❖ Effectiveness of internal controls
- ❖ Compliance with legal requirements

Basic Financial Statements

In our opinion, the financial statements for the FYE June 30, 2013, present fairly, in all material respects, the financial position and changes in financial position and cash flows of the Lottery in accordance with GAAP.

Internal Controls and Compliance

- In our opinion, the Lottery maintained, in all material respects, effective internal control over financial reporting as of June 30, 2013.
- No instances of noncompliance of material consequence to the financial statements.

Other Observations and Findings

- Information Technology Controls.
- Noncompliance with Section 24.113, F.S.

Questions?

Contact Information:

Kathryn Walker, CPA
Audit Manager
Auditor General's Office
412-2781

E-mail: kathrynwalker@aud.state.fl.us

DEPARTMENT OF THE LOTTERY

Financial Audit

For the Fiscal Years Ended
June 30, 2013, and 2012



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

SECRETARY OF THE DEPARTMENT OF THE LOTTERY

The State of Florida, Department of the Lottery (Lottery) was established as a State agency with the enactment of the Florida Public Education Lottery Act, Chapter 24, Florida Statutes, in 1987. The head of the Lottery is the Secretary, who, pursuant to Section 20.317, Florida Statutes, is appointed by the Governor subject to the confirmation of the Senate. Cynthia F. O'Connell served as Secretary during the audit period.

The Auditor General conducts 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.

The audit team leader was Jon M. Bardin, CPA, and the audit was supervised by Allen G. Weiner, CPA. Please address inquiries regarding this report to Kathryn D. Walker, CPA, Audit Manager, by e-mail at kathrynwalker@aud.state.fl.us or by telephone at (850) 412-2781. For the information technology portion of this audit, the project team leader was Suzanne Varick, CPA, and the supervisor was Tina Greene, CPA, CISA. Please address inquiries regarding the information technology portions of this report to Arthur Hart, CPA, Audit Manager, by e-mail at arthart@aud.state.fl.us or by telephone at (850) 412-2941.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

DEPARTMENT OF THE LOTTERY
TABLE OF CONTENTS

	PAGE NO.
EXECUTIVE SUMMARY	i
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4
BASIC FINANCIAL STATEMENTS	12
Statements of Net Position.....	12
Statements of Revenues, Expenses, and Changes in Net Position	13
Statements of Cash Flows	14
Notes to Financial Statements	15
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	35
MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING.....	37
SCHEDULE OF FINDINGS	38
EXHIBIT A - MANAGEMENT'S RESPONSE	39

EXECUTIVE SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the basic financial statements prepared by the Department of the Lottery (Lottery) present fairly, in all material respects, the net position of the Lottery as of June 30, 2013, and 2012, and the changes in the financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Summary of Report on Internal Control and Compliance

In our opinion, Lottery management maintained, in all material respects, effective internal control over financial reporting.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*; however, we noted certain additional matters as summarized below.

ADDITIONAL MATTERS

INFORMATION TECHNOLOGY CONTROLS

Finding No. 1: During our audit, we identified the need for enhancements to the Lottery's information technology (IT) control practices. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Lottery information. However, the appropriate Lottery personnel have been notified of these issues.

MINORITY RETAILER PARTICIPATION

Finding No. 2: Section 24.113, Florida Statutes, requires that 15 percent of the Lottery's retailers be minority business enterprises, as defined in Section 288.703(3), Florida Statutes; however, no more than 35 percent of such retailers shall be owned by the same type of minority person, as defined by Section 288.703(4), Florida Statutes. Our audit disclosed that as of July 1, 2013, retailers comprising one minority type totaled 65 percent of the total number of minority retailers. A similar finding has been included in prior reports.

Audit Objectives and Scope

Our audit objectives were to determine whether the Lottery had:

- Presented the Lottery's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements;
- Complied with the various provisions of laws, rules, regulations, and contracts that are material to the financial statements; and
- Taken corrective actions for findings included in our report No. 2013-089.

The scope of this audit included an examination of the Lottery's basic financial statements as of and for the fiscal years ended June 30, 2013, and 2012, and an examination of the effectiveness of the Lottery's internal control over financial reporting. With respect to internal control over financial reporting, our examination included obtaining an understanding of the internal control over financial reporting, testing and evaluating the design and operating effectiveness of the internal control, and performing such other procedures as we considered necessary in the circumstances. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, and contracts.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent Lottery records in connection with the application of procedures required by auditing standards generally accepted in the United States of America, and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



PHONE: 850-412-2722
FAX: 850-488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the Department of the Lottery (Lottery), an enterprise fund of the State of Florida, as of and for the fiscal years ended June 30, 2013, and 2012, and the related notes to the financial statements which collectively comprise the Lottery's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the Lottery as of June 30, 2013, and 2012, and the respective changes in financial position and cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Lottery are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities and major funds of the State that is attributable to the transactions of the Lottery. They do not purport to, and do not, present fairly the operations of the State of Florida as of June 30, 2013, and 2012, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the **MANAGEMENT'S DISCUSSION AND ANALYSIS** (pages 4 through 11) be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Governmental Auditing Standards

In accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements in *Government Auditing Standards*, we have also issued a report on our examination of the Lottery's internal control over financial reporting, and on our tests of the Lottery's compliance with certain provisions of laws, rules, regulations, contracts, and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. As noted by that report dated January 24, 2014, we have examined, in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements in *Government Auditing Standards*, the Lottery's internal control over financial reporting as of June 30, 2013, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and expressed an unqualified opinion. With

respect to compliance, the purpose of that report is not to provide an opinion on compliance, but rather to describe the scope of our testing of compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lottery's internal control over financial reporting and compliance.

Respectfully submitted,



David W. Martin, CPA

January 24, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS**YEARS ENDED JUNE 30, 2013, AND JUNE 30, 2012**

The information presented in the Management's Discussion and Analysis (MD&A) introduces the Florida Lottery's (Lottery) financial statements and provides readers an analytical overview of the Lottery's financial activities and performance for the fiscal years ended June 30, 2013, and 2012. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

The Lottery has as its mission the maximization of revenues for the benefit of education in a manner consistent with the dignity of the State of Florida and the welfare of its citizens. The Lottery is considered a mature lottery and offers its players a full range of both Scratch-Off and Terminal products. The Lottery has been successful in sustaining ticket sales in excess of \$2 billion for the twenty-fourth consecutive fiscal year, with the past three fiscal years exceeding \$4 billion. During the same twenty-four year period the transfer to the Educational Enhancement Trust Fund (EETF) has been a minimum of \$800 million annually, with the fiscal year 2013 transfer exceeding \$1 billion for the eleventh consecutive year.

For the fiscal year ended June 30, 2013:

- Transfers to the EETF increased to approximately \$1.42 billion compared to \$1.32 billion in the prior fiscal year.
- The Lottery's ticket sales increased by 12.65% over the prior fiscal year from approximately \$4.45 billion to \$5.01 billion.
- Approximately 60.41% of total sales were provided by the Scratch-Off product line. This shift in product mix from the higher profit margin Terminal product to the lower profit-margin Scratch-Off product directly impacts the amount transferred the EETF.
- Prize expense increased \$396.77 million, which represents a 14.34% increase during fiscal year 2013. The Lottery has the authority to vary the prize expense in order to maximize transfers. This expense typically increases or decreases in proportion to ticket sales and represented approximately 63.09% of net ticket sales.
- The gaming vendors' fees and retailer commissions are based on sales and therefore fluctuate in direct correlation with sales revenue. Fiscal year 2013 expenses for these items increased 12.56% over the prior fiscal year expenses in conjunction with the increase in sales.
- Administrative operating expenses, which include advertising, salaries and benefits, rent, utilities and maintenance, professional fees, depreciation, and other administrative expenses, experienced an increase of \$2.35 million. Administrative operating expenses for fiscal years 2013 and 2012 were \$72.65 million and \$70.30 million, respectively.
- Nonoperating income decreased \$68.49 million over the prior fiscal year. Unrealized depreciation on investments accounted for \$73.97 million of the decrease due to lower market values of investments of similar securities and a reduction in holdings in fiscal year 2013 compared to fiscal year 2012.
- EETF transfers from unclaimed prize money increased \$15.04 million over the prior fiscal year. Unclaimed generation from Terminal games experienced a \$2.72 million decrease over last year. Scratch-Off games increased by \$17.76 million compared to the unclaimed from fiscal year 2012. This increase can be attributed

to the fact that during fiscal year 2013 the Lottery closed 61 games compared to 29 games closed during fiscal year 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Lottery is accounted for as an enterprise fund, reporting transactions using the accrual basis of accounting similar to the method used by business entities. This MD&A is intended to serve as an introduction to the Lottery's basic financial statements, including the notes to the financial statements. The Statements of Net Position on page 12; the Statements of Revenues, Expenses, and Changes in Net Position on page 13; and the Statements of Cash Flows on page 14 report the Lottery's net position and changes therein. The notes to the financial statements provide additional information that is essential to a reader's understanding of the data provided in the financial statements.

The Lottery transfers its net profits each fiscal year to the EETF. As a result, the Lottery's net position consists of funds invested in fixed capital assets and restricted assets. The restricted net position consists of the investments being held by the Lottery to fund deferred prize payouts, 20 percent of unclaimed prizes designated for future prize payouts or promotions, and the Multi-State Lottery Association (MUSL) deposit amounts. The financial statements do include the cumulative effect of periodic adjustments to recognize the fair value of the grand prize investments despite the fact that the Lottery purchased the investments with the intention of holding the investments until maturity in order to meet the future obligations and, therefore, would not realize any gains or losses related to these investments for distribution as net proceeds.

SUMMARY OF NET POSITION

Table 1 presents a comparative summary of the Lottery's Statements of Net Position for fiscal years 2013, 2012, and 2011.

Table 1
Condensed Statements of Net Position
As of June 30, 2013, 2012, and 2011
(In Thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets			
Current Assets	\$ 195,874	\$ 165,785	\$ 189,859
Restricted Assets	1,053,576	1,291,004	1,511,185
Capital Assets, Net of Depreciation	3,215	1,356	1,248
Total Assets	<u>1,252,665</u>	<u>1,458,145</u>	<u>1,702,292</u>
Liabilities			
Current Liabilities	190,498	158,871	184,155
Current Liabilities Payable from Restricted	607,554	735,382	882,439
Noncurrent Liabilities	349,312	427,291	513,728
Total Liabilities	<u>1,147,364</u>	<u>1,321,544</u>	<u>1,580,322</u>
Net Position			
Net Investment in Capital Assets	3,215	1,356	1,248
Restricted Net Position	102,086	135,245	120,722
Total Net Position	<u>\$ 105,301</u>	<u>\$ 136,601</u>	<u>\$ 121,970</u>

Assets

Total assets at the end of fiscal year 2013 decreased \$205.48 million from \$1.46 billion at June 30, 2012, to \$1.25 billion at June 30, 2013. At the end of fiscal year 2012, total assets were \$244.15 million less than the \$1.70 billion at the end of fiscal year 2011.

- Current assets increased from \$165.79 million in 2012 to \$195.87 million in 2013, representing an increase of \$30.09 million. This net increase was primarily due to an increase of \$21.26 million in cash and cash equivalents mostly on deposit with the State Treasurer and an increase of \$9.27 million in accounts receivable. The increase in accounts receivable for fiscal year 2013 was due to timing in the weekly sweeps at June 30, 2013.
- Restricted assets decreased \$237.42 million from \$1.29 billion in 2012 to \$1.05 billion in 2013. This decrease was predominately due to the continued decrease in the deferred payment investment portfolio as the preference in payout options for jackpot prizewinners progressively shifted toward the cash option instead of the alternative annuity option. There were \$134.95 million in payouts of annuities and \$9.05 million in purchases of new investments in fiscal year 2013 in comparison to fiscal year 2012, which had annuity payouts of \$156.14 million, and purchases of new investments of \$12.74 million. Coupled with the downward trend in the investment portfolio was a decrease in the fair value of the grand prize investments. The amount of invested collateral and time deposits from the lending of those securities also continues to decline. The Lottery held \$494.32 million in invested collateral and time deposits at June 30, 2013, \$603.81 million at June 30, 2012, and \$731.07 million at June 30, 2011.

Liabilities

Total liabilities at June 30, 2013, were \$1.15 billion, which was approximately \$174.18 million lower than the total liabilities of \$1.32 billion at June 30, 2012. The total liabilities at June 30, 2012, were \$258.78 million lower than the June 30, 2011, amount of \$1.58 billion.

- Current liabilities increased from \$158.87 million at June 30, 2012, to \$190.50 million at June 30, 2013. This increase can be attributed to the increase in the amount due to EETF at June 30, 2013. As expected, current liabilities payable from restricted assets decreased \$127.83 million from \$735.38 million at June 30, 2012, to \$607.55 million at June 30, 2013. The amount of grand prizes payable due within one year and the obligations under securities lending, which are the two primary components of this liability class, are associated with the amounts payable to jackpot winners who have chosen the deferred payment option. The obligations under securities lending decreased by \$109.80 million and the current portion of grand prizes payable decreased by \$17.98 million. At June 30, 2012, the current liabilities payable from restricted assets of \$735.38 million was \$147.06 million less than the balance of \$882.44 million at June 30, 2011.
- Noncurrent liabilities principally consist of the long-term portion of grand prizes payable, which represents the amount to be paid to grand prizewinners in future years. Correlative to current grand prizes payable, the long-term grand prizes payable decreased \$78.86 million from fiscal year-end 2012 to 2013 and decreased \$87.22 million from fiscal year-end 2011 to 2012.

Net Position

Net position decreased \$31.30 million from June 30, 2012, to June 30, 2013. Net position at June 30, 2013, 2012, and 2011 were \$105.30 million, \$136.60 million, and \$121.97 million, respectively. The decrease in net position for the 2013 fiscal year was predominately due to the \$42.82 million decrease in the amount restricted for undistributed appreciation on restricted investments.

The Lottery joined MUSL four years ago in order to participate in the Powerball® with Power Play® game and on May 15, 2013, the Lottery began participating in Mega Millions® with Megaplier®. In accordance with MUSL's rules, the Lottery must contribute to various prize reserve funds maintained by MUSL for unforeseen prize payouts related

to the Powerball with Power Play and Mega Millions with Megaplier games. The Lottery's deposits in reserve funds with MUSL totaled \$19.04 million and \$19.99 million as of June 30, 2013, and June 30, 2012, respectively. Refer to Note 7, Multi-State Lottery Association for further detail.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The most important element demonstrated with the Lottery's financial statements is the transfer to the EETF. Accordingly, the primary focus of these financial statements is determining net income available for transfer, rather than the change in net position of the Lottery, which primarily reflects the changes in fair value of restricted investments.

Table 2 presents a condensed Summary of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2013, and the prior fiscal years ended June 30, 2012, and June 30, 2011, as derived from the Lottery's Statement of Revenues, Expenses, and Changes in Net Position.

Table 2
Condensed Statements of Revenues, Expenses, and Changes in Net Position
As of June 30, 2013, 2012, and 2011
(In Thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating Revenues			
Ticket Sales	\$ 5,012,996	\$ 4,449,896	\$ 4,008,716
Bad Debt Expense	(912)	(1,360)	(1,212)
Terminal & Retailer Fees and Miscellaneous	<u>7,979</u>	<u>7,658</u>	<u>7,436</u>
Total Operating Revenues	<u>5,020,063</u>	<u>4,456,194</u>	<u>4,014,940</u>
Operating Expenses			
Prizes	3,162,889	2,766,119	2,460,219
Retailer Commissions	278,493	247,690	223,390
Vendor Commissions	75,205	66,528	63,260
Other Expenses	<u>72,653</u>	<u>70,304</u>	<u>71,449</u>
Total Operating Expenses	<u>3,589,240</u>	<u>3,150,641</u>	<u>2,818,318</u>
Income from Operations	<u>1,430,823</u>	<u>1,305,553</u>	<u>1,196,622</u>
Nonoperating Revenue, Net of Expenses	<u>(37,816)</u>	<u>30,682</u>	<u>(16,942)</u>
Income Before Operating Transfers	1,393,007	1,336,235	1,179,680
Transfers to EETF from Revenue & Reserves	(1,373,668)	(1,286,001)	(1,147,793)
Transfers to EETF from Unclaimed Prizes	<u>(50,639)</u>	<u>(35,603)</u>	<u>(44,025)</u>
Total Transfers to EETF	<u>(1,424,307)</u>	<u>(1,321,604)</u>	<u>(1,191,818)</u>
Change in Net Position	(31,300)	14,631	(12,138)
Net Position, Beginning of Year	<u>136,601</u>	<u>121,970</u>	<u>134,108</u>
Net Position, End of Year	<u>\$ 105,301</u>	<u>\$ 136,601</u>	<u>\$ 121,970</u>

Sales

For the fiscal year ended June 30, 2013, ticket sales increased by \$563.10 million over the prior fiscal year, which experienced a sales increase of \$441.18 million. The Terminal game sales increased 5.39% from the prior year. To offset the impact of the slow economic recovery on sales, the Lottery not only continued to utilize proven techniques, but also created new promotions for players.

- Powerball with Power Play sales increased by 29.89% over the prior year. On two occasions the jackpot reached over \$580 million setting new records. The largest jackpot in Powerball history reached \$590 million with a single winning ticket, which was won by a Florida resident. Florida sold three Powerball jackpot winning tickets during the fiscal year ended June 30, 2013.
- Mega Millions with Megaplier was introduced into the Terminal line of games on May 15, 2013. Mega Millions contributed \$16.70 million to Terminal sales.
- A 25th Anniversary MILLIONAIRE RAFFLE™ was launched on November 9, 2012, with opportunities to win during weekly drawings or in the grand prize drawing held on December 31, 2012. The RAFFLE generated \$12.88 million in sales.
- Full Service Vending Machines (FSVMs), were distributed during fiscal year 2013. Installation began in September 2012 and was completed in November 2012. There were a total of 500 FSVMs that were installed into our top Instant Ticket Vending Machine (ITVM) locations. The FSVM allows players to purchase both Terminal and Scratch-Off tickets. Total sales for FSVMs reached \$174.40 million.

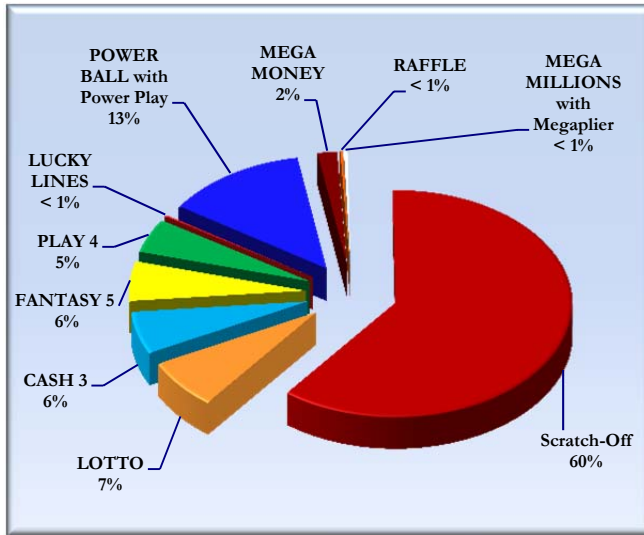
Sales of Scratch-Off tickets increased from \$2.57 billion or 57.69% of total sales in fiscal year 2012 to \$3.03 billion, or 60.41% of total sales in fiscal year 2013.

- Scratch-Off ticket sales experienced an increase of 17.98% over prior year sales with increases in most price points. The largest increases were seen in the \$5 and \$10 price points. The \$5 price point was dominated by the MONOPOLY™ ticket with sales totaling \$86.30 million. The \$10 price point was led by 50X THE CASH, which contributed \$176.21 million in ticket sales.
- In celebration of the Lottery's 25th anniversary, a \$25 price point ticket was launched on September 25, 2012. MILLIONAIRE, a namesake of the first Scratch-Off ticket sold at the Lottery, contributed \$375.25 million in sales.
- ITVMs, which function similar to other vending machines, have continued to have a notable impact on Scratch-Off ticket sales. They have proven successful in increasing the visibility of Scratch-Off ticket products and offering a convenience to players. There were 1,500 ITVMs in use during the year. Total sales from the ITVMs accounted for \$293.58 million of the Scratch-Off sales.

Bad debt expense is reported as a reduction in gross revenue in accordance with Governmental Accounting Standards Board requirements. The amount of bad debt expense for the fiscal years ended June 30, 2013, and 2012, was \$912,000 and \$1.36 million, respectively.

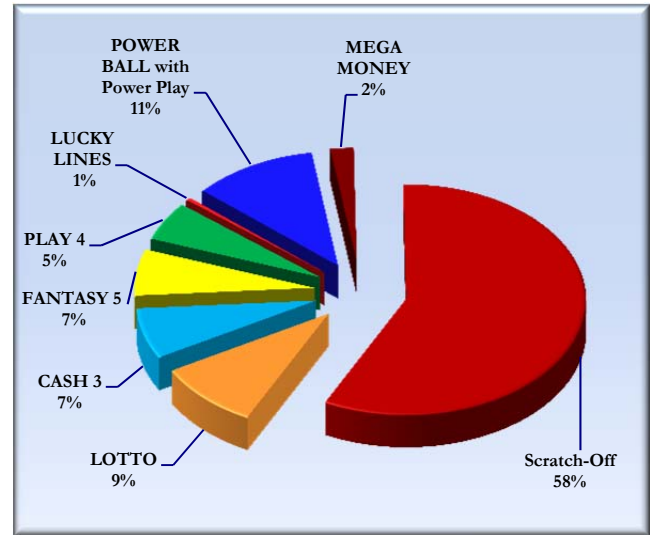
The following charts show sales by product for the various Lottery games during the fiscal years 2013 and 2012:

Sales by Product for Fiscal Year 2012-13*



*Added Mega Millions on May 15, 2013.

Sales by Product for Fiscal Year 2011-12**



**Did not conduct a Raffle.

The following chart and Table 3 show sales by game for the last ten fiscal years:

Department of the Lottery
Historical Lottery Sales by Game
(In Thousands)

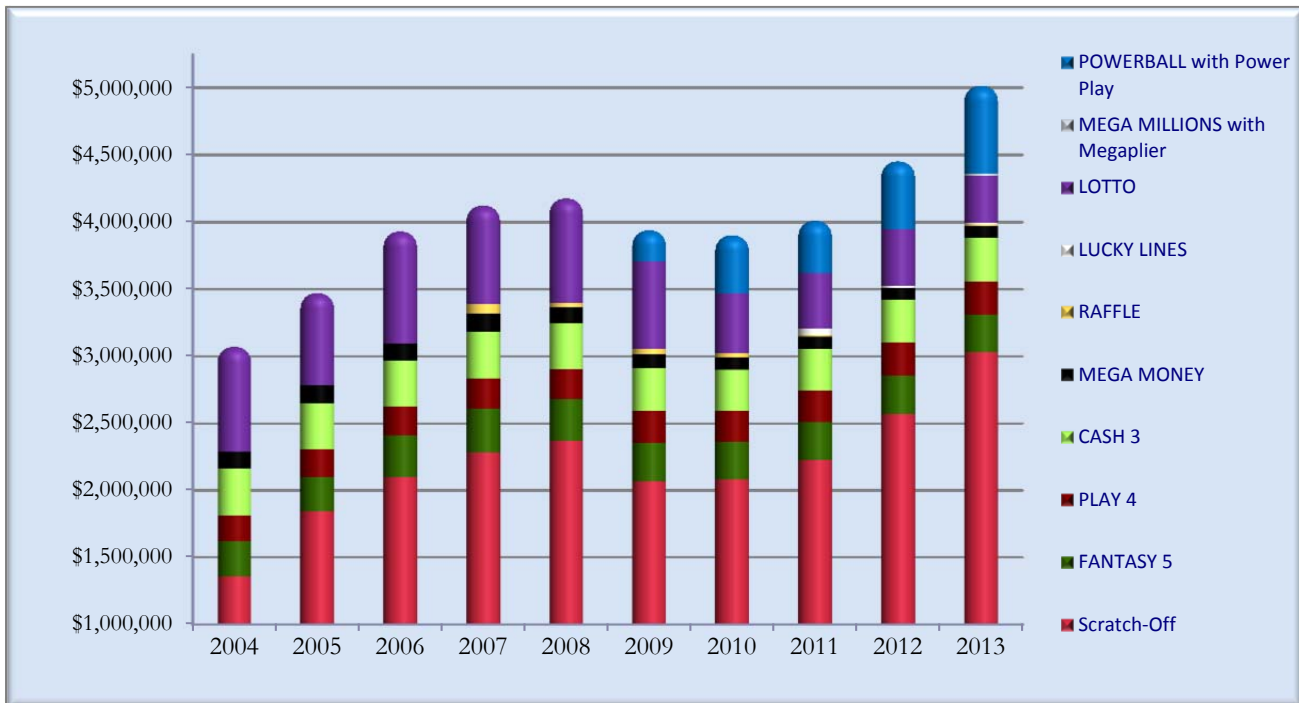


Table 3
Department of the Lottery
Historical Lottery Sales by Game
Last Ten Fiscal Years
(In Thousands)

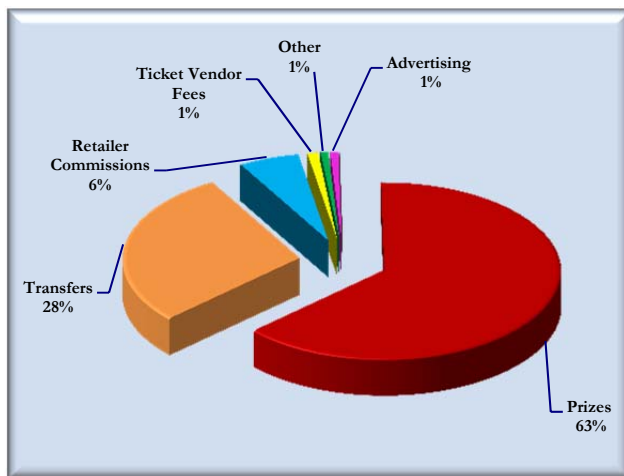
Fiscal Year Ended June 30	LOTTO™	FANTASY 5®	PLAY 4™	CASH 3™	MEGA		LUCKY LINES™	POWERBALL® with Power Play®	MEGA MILLIONS®		Scratch-Off	Combined Sales
					MONEY™	RAFFLE™			with Megaplier®	with Megaplier®		
2004	\$ 785,415	\$ 259,728	\$ 192,580	\$ 349,227	\$ 125,944						\$1,358,068	\$ 3,070,962
2005	689,820	252,467	206,982	345,598	131,248						1,844,619	3,470,734
2006	835,028	306,679	215,529	343,174	128,502						2,100,118	3,929,030
2007	735,585	326,241	225,285	348,694	130,142	\$ 72,549					2,283,620	4,122,116
2008	778,954	309,445	227,940	336,096	122,742	30,818					2,368,781	4,174,776
2009	650,603	287,285	238,957	320,157	102,190	41,314		\$ 233,396			2,064,135	3,938,037
2010	445,881	281,963	235,027	304,039	92,060	29,334		434,062			2,078,133	3,900,499
2011	411,389	282,777	235,692	313,270	88,971	12,603	\$ 45,369	392,969			2,225,676	4,008,716
2012	419,040	290,672	244,711	314,747	92,346		17,692	503,697			2,566,991	4,449,896
2013	352,375	281,492	244,141	324,539	89,500	12,879	8,582	654,263	\$ 16,698		3,028,527	5,012,996

Expenses

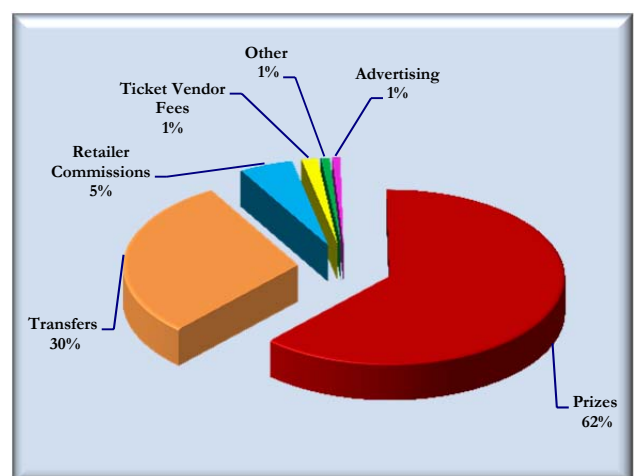
Section 24.121, Florida Statutes, stipulates that funds remaining in the Operating Trust Fund after the transfer to the EETF shall be used for the payment of administrative expenses of the Lottery. These expenses include Terminal game expenses, Scratch-Off ticket expenses, advertising, and other expenses required for the day-to-day operations of the Lottery.

The following charts show the major components of Lottery operating expenses and transfers as a percentage of ticket sales for the 2013 and 2012 fiscal years:

Operating Expenses and Transfers
Fiscal Year 2012-13



Operating Expenses and Transfers
Fiscal Year 2011-12



Prizes, commissions, and gaming vendor fees are directly related to ticket sales and fluctuate accordingly. In fiscal year 2013, these expenses changed proportionally; yet as a percentage of total expenses they remained constant. The other expenses, which consist of advertising, salary and benefits, professional fees, rent, maintenance, and depreciation, increased slightly. Fiscal year 2013 and 2012 administrative expenses were \$72.65 million and \$70.30 million, respectively.

Transfers

Since its inception the Lottery has transferred over \$25.44 billion to the EETF. The Lottery’s contribution to the EETF for the fiscal year ended June 30, 2013, \$1.42 billion, exceeded the prior fiscal year’s contribution of \$1.32 billion, and for the eleventh consecutive year the Lottery contributed over \$1 billion. With the exception of the 2010 and 2011 fiscal years, the Lottery has shown increases in transfers since fiscal year 2001.

The following chart shows the total transfers to the EETF for the past five years:



ECONOMIC FACTORS AND FUTURE IMPACTS

The main economic factors affecting lottery sales are population growth, personal income changes, tourism, and competition for discretionary consumer spending. The Lottery is still challenged with Florida’s unemployment rate, although the rate dropped from over 8% at fiscal year-end 2012 to 7.1% at fiscal year-end 2013. Population growth is expected to remain at one percent over the next few years, and consumer confidence is still recovering at a slow rate. In fiscal year 2013, Lottery sales exceeded \$5.01 billion, setting new sales records for Scratch-Off, Terminal, and total game sales. The Lottery’s strategies have revolved around enhancing Terminal and Scratch-Off games, increasing retailer penetration in the State, and refreshing the Lottery’s brand.

FINANCIAL CONTACT

The Lottery’s financial statements and this Management’s Discussion and Analysis are designed to give a general overview to the reader. If you have any questions regarding this report or require additional information, please contact the State of Florida, Department of the Lottery, Chief Financial Officer, 250 Marriott Drive, Capitol Complex, Tallahassee, Florida 32399.

BASIC FINANCIAL STATEMENTS

DEPARTMENT OF THE LOTTERY STATEMENTS OF NET POSITION AS OF JUNE 30, 2013, AND JUNE 30, 2012 (IN THOUSANDS)

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$146,137	\$124,877
Interest receivable	165	393
Accounts receivable, net	46,562	37,295
Due from other departments	1	4
Prepaid expenses	4	69
Inventories	863	1,143
Security deposits	2,142	2,004
Total Current Assets	<u>195,874</u>	<u>165,785</u>
Noncurrent Assets:		
Restricted Assets		
Cash and cash equivalents	77,063	5,289
Securities lending income receivable	373	655
Deposit with MUSL	19,037	19,995
Investments, grand prize	523,992	661,254
Investments, security lending collateral	433,111	603,811
Total Restricted Assets	<u>1,053,576</u>	<u>1,291,004</u>
Capital assets, net	3,215	1,356
Total Noncurrent Assets	<u>1,056,791</u>	<u>1,292,360</u>
Total Assets	<u>\$1,252,665</u>	<u>\$1,458,145</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	\$7,196	\$7,992
Prizes payable	104,279	96,483
Due to Educational Enhancement Trust Fund	76,111	51,604
Deposits payable	2,143	2,007
Compensated absences payable	769	785
Total Current Liabilities	<u>190,498</u>	<u>158,871</u>
Current Liabilities Payable from Restricted Assets:		
Securities lending fees payable	46	98
Obligations under securities lending	494,757	604,556
Grand prizes payable	112,751	130,728
Total Current Liabilities Payable from Restricted Assets	<u>607,554</u>	<u>735,382</u>
Noncurrent Liabilities:		
Grand prizes payable from restricted assets	343,442	422,297
Compensated absences payable	2,908	2,798
Other long-term liabilities	2,962	2,196
Total Noncurrent Liabilities	<u>349,312</u>	<u>427,291</u>
Total Liabilities	<u>1,147,364</u>	<u>1,321,544</u>
Net Position		
Invested in capital assets	3,215	1,356
Restricted for undistributed appreciation on restricted investments	67,195	110,012
Restricted for MUSL	19,037	19,995
Restricted for future prizes or special prize promotions	15,854	5,238
Total Net Position	<u>105,301</u>	<u>136,601</u>
Total Liabilities and Net Position	<u>\$1,252,665</u>	<u>\$1,458,145</u>

The notes to the financial statements are an integral part of these statements.

DEPARTMENT OF THE LOTTERY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2013, AND JUNE 30, 2012
(IN THOUSANDS)

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Operating Revenues:		
Ticket sales	\$5,012,996	\$4,449,896
Bad debt expense	(912)	(1,360)
Terminal fees and miscellaneous	7,773	7,465
Retailer fees	206	193
Total Operating Revenues	<u>5,020,063</u>	<u>4,456,194</u>
Operating Expenses:		
Prizes	3,162,889	2,766,119
Retailer commissions	278,493	247,690
Scratch-Off tickets	44,193	38,906
Terminal games	31,012	27,622
Advertising	37,696	33,540
Personal services	25,730	26,139
Other contractual services	6,801	8,210
Materials and supplies	2,156	1,969
Depreciation	270	446
Total Operating Expenses	<u>3,589,240</u>	<u>3,150,641</u>
Operating Income	<u>1,430,823</u>	<u>1,305,553</u>
Nonoperating Revenues (Expenses):		
Interest	3,984	5,024
Securities lending income	2,543	3,007
Securities lending fees	(1,090)	(824)
Investment management fees	(376)	(296)
Net appreciation (depreciation) in fair value of investments	(13,749)	60,221
Property disposition (loss)	(60)	(4)
Amortization of grand prizes payable	(29,068)	(36,446)
Total Nonoperating Revenues (Expenses), Net	<u>(37,816)</u>	<u>30,682</u>
Income Before Operating Transfers	1,393,007	1,336,235
Transfers to Educational Enhancement Trust Fund:		
Transfers from revenue and reserves	(1,373,668)	(1,286,001)
Transfers from unclaimed prizes	(50,639)	(35,603)
Total Transfers to Educational Enhancement Trust Fund	<u>(1,424,307)</u>	<u>(1,321,604)</u>
Change in Net Position	(31,300)	14,631
Net Position, Beginning of Year	<u>136,601</u>	<u>121,970</u>
Net Position, End of Year	<u>\$105,301</u>	<u>\$136,601</u>

The notes to the financial statements are an integral part of these statements.

DEPARTMENT OF THE LOTTERY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013, AND JUNE 30, 2012
(IN THOUSANDS)

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Operating Activities:		
Ticket sales	\$5,002,817	\$4,432,495
Prizes paid to winners	(3,154,136)	(2,763,100)
Commissions paid and payments to retailers	(278,493)	(247,690)
Paid to vendors for goods and services	(122,478)	(112,140)
Paid to employees	(24,700)	(25,216)
Other operating revenue	<u>7,979</u>	<u>7,658</u>
Net Cash Provided by Operating Activities	<u>1,430,989</u>	<u>1,292,007</u>
Noncapital Financing Activities:		
Payments to Educational Enhancement Trust Fund	<u>(1,399,800)</u>	<u>(1,351,818)</u>
Net Cash Used in Noncapital Financing Activities	<u>(1,399,800)</u>	<u>(1,351,818)</u>
Capital and Related Financing Activities:		
Purchase of capital assets	<u>(2,189)</u>	<u>(558)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(2,189)</u>	<u>(558)</u>
Investing Activities:		
Cash received from maturity of grand prize investments	134,951	156,135
Cash paid to grand prizewinners upon maturity of grand prize investments	(134,951)	(156,135)
Security lending	61,209	(21,200)
Investment income, net of fees	<u>2,825</u>	<u>7,436</u>
Net Cash Provided by Investing Activities	<u>64,034</u>	<u>(13,764)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>93,034</u>	<u>(74,133)</u>
Cash and Cash Equivalents, Beginning of Year	<u>130,166</u>	<u>204,299</u>
Cash and Cash Equivalents, End of Year	<u>\$223,200</u>	<u>\$130,166</u>
Reconciliation of Income from Operations to Net Cash Provided by Operating		
Income from operations	\$1,430,823	\$1,305,553
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	270	446
Changes in assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(8,747)	(19,514)
Inventories	280	(150)
Pre-paid expenses	64	(1)
Increase (decrease) in:		
Allowance for uncollectible accounts	301	(36)
Accounts payable and accrued liabilities	(658)	(2,135)
Prizes payable	7,796	7,088
Compensated absences payable	93	32
Postemployment healthcare benefits payable	<u>767</u>	<u>724</u>
Net Cash Provided by Operating Activities	<u>\$1,430,989</u>	<u>\$1,292,007</u>
Noncash Investing, Capital and Financing Activities:		
Increase/(decrease) in fair value of investments	(\$99,563)	(\$38,722)

The notes to the financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS**DEPARTMENT OF THE LOTTERY
YEARS ENDED JUNE 30, 2013, AND JUNE 30, 2012****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Reporting Entity**

The State of Florida, Department of the Lottery (the Lottery) was established as a State agency with the enactment of the Florida Public Education Lottery Act (the Act) in 1987. The purpose of the Act is “to implement Section 15, Article X of the State Constitution in a manner that enables the people of the State to benefit from significant additional moneys for education and also enables the people of the State to play the best lottery games available.”

In evaluating the Lottery as a reporting entity, management has addressed all potential component units for which the Lottery may be financially accountable and, as such, be includable in the Lottery’s financial statements. The Lottery is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Lottery. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Management’s analysis has disclosed no component units that should be included in the Lottery’s financial statements.

b. Basis of Presentation

The Lottery is accounted for as a proprietary type enterprise fund. Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises: (1) where the costs of providing goods and services to the general public on a continuing basis are to be financed through user charges; or (2) where the periodic determination of net income is considered appropriate. The Lottery is reported as an enterprise fund within the State of Florida’s Comprehensive Annual Financial Report.

c. Basis of Accounting

Basis of accounting refers to when the recognition of revenue and expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

The measurement focus of proprietary fund types is on a flow of economic resources method, which emphasizes the determination of net income, financial position, and cash flows. All fund assets and liabilities, current and noncurrent, are accounted for on the Statements of Net Position.

The Lottery's operating revenues and expenses generally result from the sale and marketing of Lottery tickets and the payment of related prizes. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

d. Cash and Cash Equivalents

The Lottery considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. This includes cash in banks, repurchase agreements with financial institutions, petty cash, balances held by the State Board of Administration (SBA), and pooled investments in the State Treasury.

e. Investments

Florida Statutes authorize the Lottery to invest in certain instruments. The Lottery reports investments at fair value. Investments that are not publicly quoted are priced by a third party through a discounted cash flow method. Details of investments are included in Note 3.

f. Allowance for Doubtful Accounts

The allowance for doubtful accounts is based on an analysis of collectability of accounts receivable, which considers the age of the accounts.

g. Inventories

Supply inventory and promotional items are valued at cost, using the first-in, first-out method. Supply inventory is composed of game merchandise, prepaid postage and prepaid tolls.

h. Prepaid Expenses

Prepaid expenses represent warranty agreements paid for during the current year but which will not be consumed or used up until a future period.

i. Capital Assets

Capital assets are stated at cost less accumulated depreciation. As required by Chapter 273, Florida Statutes, a capitalization threshold of \$1,000 and useful life extending beyond one year are employed for tangible personal property. The Lottery's capitalization threshold for intangible assets is \$5,000. Depreciation on all capital assets is computed using the straight-line method over the following estimated useful lives:

Data processing equipment	3 to 5 years
Office furniture and fixtures	3 to 15 years
Vehicles and other equipment	3 to 20 years
Software	3 to 15 years

When capital assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Statements of Revenues, Expenses, and Changes in Net Position in the period of disposal. See Note 6 for more detailed information on Capital Assets.

j. Net Position

Net Position includes categories for invested in capital assets, restricted for undistributed appreciation on restricted investments, restricted for future prizes or special prize promotions, and restricted for the Multi-State Lottery Association (MUSL). See Note 7 for more information on MUSL.

The net invested in capital assets category represents the investment in capital assets, recorded at cost less accumulated depreciation.

The restricted for undistributed appreciation on restricted investments category represents the undistributed appreciation for all restricted asset accounts.

The restricted for future prizes or special prize promotions category represents the portion of unclaimed prize obligations legally reverted back to the Lottery and restricted for use in the payment of future prize pools or special prize promotions in accordance with Section 24.115(2), Florida Statutes.

The restricted for MUSL category represents the amount placed into reserve for the Florida Lottery by the MUSL in accordance with Rule 53ER12-6, Florida Administrative Code.

k. Revenue Recognition

Lottery games are sold to the public by contracted retailers. Revenue is recognized when Terminal game tickets are sold to players and when books of Scratch-Off tickets are settled. Certain games include tickets that entitle the holder to exchange one ticket for another (free tickets). Such tickets are deemed to be replacements and, therefore, are not included in ticket sales.

l. Commissions

Retailers receive a commission of five percent on ticket sales. The commission on ticket sales for games is based upon total tickets distributed to the players (including free tickets) which, when compared to revenue, causes the percentage to be slightly higher or lower than five percent at any given time. Additionally, retailers are paid commissions through a one percent cashing bonus on redemption of tickets (including free tickets).

m. Prizes

In accordance with the Act, variable percentages of the gross revenue from the sale of Terminal and Scratch-Off lottery tickets shall be returned to the public in the form of prizes paid by the Lottery or retailers as authorized.

Prize expense for Terminal games is recorded based on prizes won by the players, as revenue is recognized. Any prize that remains unclaimed at the end of a 180-day period following a draw is considered unclaimed.

Prize expense for Scratch-Off games is recorded based on the predetermined prize structure for each game, as revenue is recognized. Any prize that remains unclaimed 60 days after a Scratch-Off game is closed is considered unclaimed.

Effective July 1, 2005, 80 percent of all unclaimed prize money is deposited in the Educational Enhancement Trust Fund (EETF). The remaining 20 percent of unclaimed prize money is added to

the pool from which future prizes are to be awarded or used for special prize promotions and is reported as restricted for future prizes or special prize promotions.

All prizes are recorded at the actual amount except for the annuity-funded prizes, which are paid out on a deferred basis. The actual prize expense for these types of prizes is based on the present value of an annuity using the interest yield on the investments acquired to fund the annuity.

n. *Compensated Absences*

Employees earn the right to be compensated during absences for vacation, illness, and unused special compensatory leave earned for hours worked on legal holidays. Compensated absences for annual leave are recorded as a liability when the benefits are earned. Compensated absences for sick leave are calculated based on the vesting method. Within the limits established by law or rule, unused leave benefits are paid to employees upon separation from State service. The cost of vacation and calculated sick leave benefits is accrued in the period in which earned. The compensated absences amounts are based on current fiscal year-end salary rates and include employer social security and pension contributions at current rates.

o. *Self-Insurance*

The Lottery participates in the various self-insurance programs established by the State of Florida for property and casualty losses and employee health insurance. Coverage includes property, general liability, automobile liability, workers' compensation, court-awarded attorney fees, and Federal civil rights actions. The property insurance program self-insures the first \$2 million per occurrence for all perils except named windstorm and flood. For named windstorm and flood, the property insurance program self-insures the first \$2 million per occurrence but with an additional annual aggregate retention of \$40 million. Commercial excess insurance is purchased for losses over the self-insured retention up to \$50 million per occurrence for named windstorm and flood losses and \$200 million per occurrence for all other perils. Workers' compensation is provided to comply with the applicable law. The employee health and dental insurance program provides for payment of medical claims of employees and covered dependents.

p. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, restricted net position, revenues, and expenses, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

q. *Bad Debt Expense*

Bad debt expense is reported as a reduction in gross revenue. Bad debt expense is recognized when a Lottery retailer's uncollected revenue is past due. The amount of expense is based on an accounts receivable age analysis. The bad debt expense for the fiscal years ended June 30, 2013, and June 30, 2012, was \$912,000 and \$1,360,000, respectively.

2. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

Lottery implemented Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which became effective for financial statements for periods beginning after December 15, 2011. The primary objective of GASB Statement No. 62 is to directly incorporate the applicable guidance from those FASB and AICPA pronouncements into the state and local government accounting and financial reporting standards, with the provisions modified, as appropriate, to recognize the effects of the governmental environment and the needs of governmental financial statement users without affecting the substance of the applicable guidance. There was no effect on beginning net position as a result of this change for either fiscal year.

Lottery implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which became effective for financial statements for periods beginning after December 15, 2011. GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of net position. Although Lottery did not have any deferred outflows of resources or deferred inflows of resources to report, the change in format of the financial statements was incorporated into Lottery's 2013 financial statements. Comparative prior year financial statements for 2012 have also been modified to reflect this format change. There was no effect on beginning net position as a result of this change for either fiscal year.

3. CASH AND INVESTMENTS

a. Cash and Cash Equivalents

Cash is held in demand deposits at various financial institutions. These deposits, with a book value of approximately \$396,000 at June 30, 2013, and \$449,000 at June 30, 2012, were insured by either the State's collateral for public deposits in accordance with Section 280.04, Florida Statutes, or Federal depository insurance. Cash held in time deposits for the security lending program with a book value of \$61,209,000 were exposed to custodial credit risk as these balances were uncollateralized and uninsured.

Chapter 280, Florida Statutes, generally requires public funds to be deposited in a Qualified Public Depository, which is a bank or savings association that is designated by the State of Florida Chief Financial Officer (State CFO) as authorized to receive deposits in the State and that meets the collateral requirements. The State CFO determines the collateral requirements and collateral pledging level for each Qualified Public Depository following guidelines outlined in Section 280.04, Florida Statutes, and Chapter 69C-2, Florida Administrative Code. Collateral pledging levels include 25, 50, 125, and 200 percent of a Qualified Public Depository's average daily deposit balance or, if needed, an amount as prescribed by the State CFO. Collateral may be held by another custodian with approval of the State CFO if conditions are met that protect the State's interest. Eligible collateral includes federal, federally-guaranteed, state and local government obligations, corporate bonds, and other securities designated allowable under conditions set by the State CFO.

Florida Statutes provide that if a loss to public depositors is not covered by deposit insurance and the proceeds from the sale of securities pledged by the defaulting depository, the difference will be provided by an assessment levied against other Qualified Public Depositories of the same type as the depository in default.

Due to the investing policy of the Lottery, book overdrafts were approximately \$2,372,000 at June 30, 2013, and \$2,796,000 at June 30, 2012, representing outstanding prize payment checks and retailer payment checks. These outstanding checks are included as a component of prizes payable and accounts payable. The Lottery has an agreement with a financial institution to honor prize payments and retailer payments, as they are presented to the bank, up to \$75 million.

Surplus cash is maintained in the State Treasury's general pool of investments. The State CFO pools funds from all State agencies. Included in the pool are primarily time deposits, U.S. Government securities, Federal agency securities, commercial paper, corporate bonds and notes, and repurchase agreements. The Lottery's share of this investment pool was approximately \$161,595,000 and \$129,716,000 at June 30, 2013, and 2012, respectively. No allocation will be made as to the Lottery's share of the types of investments or their risk categories. The Lottery's share of the assets and liabilities arising from the securities lending agreements administered by the State Treasury will likewise not be carried on the Statements of Net Position since the State Treasury operates on a pooled basis and to do so may give the misleading impression that the Lottery itself has entered into such agreements. For further information, refer to the State of Florida's Comprehensive Annual Financial Report or publications of the State of Florida Department of Financial Services, Office of the Chief Financial Officer.

b. Investments, Grand Prize

The grand prize investments primarily consist of U.S. Government obligations held on the Lottery's behalf by the SBA. Grand prize investments and related grand prizes payable are not presented in current assets or liabilities. They are not part of current operations but instead are restricted assets and liabilities that are held by the Lottery for grand prize winnings to be paid on a deferred basis if the cash payment option is not selected.

Grand prize investments are shown at fair value, and the related grand prizes payable are adjusted to the net present value using the yield on the investments. The difference between the fair value of the investments and the net present value of the grand prizes payable is reflected as restricted for undistributed appreciation on restricted investments in net position. This represents the unrealized gains on the investments. Because these investments are held restrictively for grand prizewinners, this balance is not available for transfer to the EETF.

Interest accreted on grand prize investments during the year is reflected as an increase in the carrying value of grand prizes payable on the Statements of Net Position, and as a nonoperating revenue (expense) on the Statements of Revenues, Expenses, and Changes in Net Position. Net appreciation (depreciation) in fair value of investments is reflected as a nonoperating revenue (expense) on the Statements of Revenues, Expenses, and Changes in Net Position, and takes into account all changes in fair value that occurred during the year, including purchases, maturities, and sales.

c. Investments, Security Lending Collateral

These investments consist of the fair value of investments made with cash collateral held by the SBA on the Lottery's behalf as part of a securities lending program.

The SBA, authorized by Section 215.47, Florida Statutes, participates in a security lending program involving grand prize investments. The Lottery, through the SBA, loans various securities to

borrowers for collateral with a simultaneous agreement to return collateral for the same securities in the future. Collateral received from borrowers may be cash or U.S. Government securities. The SBA is contractually limited from pledging or selling collateral except in the event of borrower default. The contract with the lending agent requires it to indemnify the SBA if the borrowers fail to return the underlying securities or fail to pay income distributions on them. No significant violations of legal or contractual provisions occurred, and no losses resulted from borrower or lending agent defaults.

The Bank of New York Mellon (Mellon) is the agent for lending U.S. Treasury securities to various authorized brokers for cash or U.S. Government securities. Initially, collateral received shall be in the form of cash at 100 percent, or other securities valued at 102 percent, of the fair value of the securities loaned as required by the lending agreement. Borrowers must be approved for lending by Mellon’s credit department. Mellon monitors the fair value of collateral provided and the securities on loan on a daily basis. Additional collateral is required if the fair value of the collateral for any loan is less than 100 percent of the fair value of the securities provided for such loan. The SBA had no credit risk exposure to borrowers at year-end.

The SBA had received \$494,757,000 of cash collateral for the lending program as of June 30, 2013, and \$604,556,000 as of June 30, 2012. At June 30, 2013, and June 30, 2012, the collateral that was held for the securities lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest). The cash was invested in securities authorized by the lending agreement. Authorized securities include primarily certificates of deposit, corporate and medium term notes, asset-backed securities, and repurchase agreements. The invested cash collateral generally has a shorter maturity than the securities on loan.

A risk factor associated with this lending agreement is the potential for declines in the value of investment holdings purchased with the cash collateral. If these investments must be liquidated, any shortfall between the value of the investments and the securities lending obligation becomes the responsibility of the Lottery. As of June 30, 2013, and June 30, 2012, the unrealized shortfall was \$199,000 and \$406,000, respectively.

Other risk factors associated with security lending include counterparty default and failure of the custodial bank to indemnify the Lottery.

Securities lending income and expenses for the year ended June 30, 2013, and 2012, consisted of (in thousands):

	<u>2013</u>	<u>2012</u>
Securities lending income	\$ 2,543	\$ 3,007
Less broker rebates	(955)	(748)
Less bank fees	(135)	(76)
Net securities lending revenue	<u><u>\$ 1,453</u></u>	<u><u>\$ 2,183</u></u>

d. Investment Credit Risk

Lottery grand prizewinner investments have been limited to U.S. Government guaranteed securities.

The State Treasury Investment Pool's current rating by Standard and Poor's is A+f as of June 30, 2013.

Listed below are the Standard and Poor's credit ratings for the lending program's invested cash collateral (in thousands):

Investment Type	As of June 30, 2013						Totals
	Standard and Poor's Credit Rating						
	AAA	AA	A	CCC	A-1	NR	
Certificates of Deposit	\$ -	\$ 13,105	\$ 3,606	\$ -	\$ -	\$ 83,987	\$ 100,698
Commercial Paper	-	-	-	-	81,270	-	\$ 81,270
Domestic Corporate Bonds & Notes	-	49,062	45,932	-	-	-	\$ 94,994
Domestic Non-government Asset-backed Securities	44,496	-	-	174	-	6,094	\$ 50,764
International Corporate Bonds & Notes	-	32,257	5,497	-	-	5,074	\$ 42,828
International Non-government Asset-backed Securities	7,104	-	-	-	-	9,940	\$ 17,044
International Non-government Backed CMOs	-	-	11,628	-	-	-	\$ 11,628
Repurchase Agreements	-	-	-	-	-	33,885	\$ 33,885
Grand Total	\$ 51,600	\$ 94,424	\$ 66,663	\$ 174	\$ 81,270	\$ 138,980	\$ 433,111

Investment Type	Standard and Poor's Credit Rating						Totals
	AAA	AA	A	CCC	A-1	NR	
Certificates of Deposit	\$ -	\$ 10,414	\$ -	\$ -	\$ -	\$ 174,853	\$ 185,267
Commercial Paper	-	-	-	-	65,481	-	65,481
Domestic Corporate Bonds & Notes	6,615	26,863	56,129	-	-	-	89,607
Domestic Non-government Asset-backed Securities	53,946	-	-	169	-	6,100	60,215
Domestic Non-government Backed CMOs	3,907	-	-	-	-	-	3,907
International Corporate Bonds & Notes	-	37,342	2,470	-	-	-	39,812
International Non-government Asset-backed Securities	25,403	-	-	-	-	-	25,403
International Non-government Backed CMOs	-	-	14,156	-	-	-	14,156
Repurchase Agreements	-	-	-	-	-	111,132	111,132
U.S. Government Securities ¹	-	-	-	-	-	8,831	8,831
Grand Total	\$ 89,871	\$ 74,619	\$ 72,755	\$ 169	\$ 65,481	\$ 300,916	\$ 603,811

¹ U.S. Treasury Obligations do not carry individual security ratings, but carried overall ratings of AA⁺ by Standard and Poor's as of June 30, 2012.

e. Investment Interest Rate Risk

The investment policy objective is to match maturities of investments with the maturities of the Lottery winner annuities. Therefore, investments are held to maturity after they are purchased thereby eliminating interest rate risk. Listed below are the Lottery's investments in U.S. Treasury Strips (in thousands):

As of June 30, 2013		As of June 30, 2012	
Time to Maturity	Fair Value	Time to Maturity	Fair Value
< 1 year	\$ 112,508	< 1 year	\$ 134,842
> 1 year to 3 years	149,135	> 1 year to 3 years	195,451
> 3 years to 5 years	65,510	> 3 years to 5 years	105,302
> 5 years to 10 years	79,059	> 5 years to 10 years	87,497
> 10 years to 15 years	69,170	> 10 years to 15 years	77,072
> 15 years to 20 years	37,240	> 15 years to 20 years	47,787
> 20 years to 25 years	7,879	> 20 years to 25 years	8,985
> 25 years	3,491	> 25 years	4,318
Total	\$ 523,992	Total	\$ 661,254

The Lottery contracts with the SBA to execute the securities lending program. The securities lending authorization agreement between Mellon and the SBA requires that the maximum weighted average portfolio maturity not exceed 90 days. The lending program invests a significant amount of its assets in floating rate securities and limits the maximum reset period for interest rate changes to six months. Next reset dates are used in the calculation of weighted average maturity. Listed below are the weighted average maturities for the lending program's invested cash collateral:

Investment Type	June 30, 2013		June 30, 2012	
	Fair Value (Thousands)	Weighted Average Maturity (Days)	Fair Value (Thousands)	Weighted Average Maturity (Days)
Certificates of Deposit	\$ 100,698	56	\$ 185,267	43
Commercial Paper	81,270	77	65,481	47
Domestic Corporate Bonds & Notes	94,994	47	89,607	42
Domestic Non-government Asset-backed Secu	50,764	16	60,215	23
Domestic Non-government Backed CMOs	-		3,907	6
International Corporate Bonds & Notes	42,828	46	39,812	55
International Non-government Asset-backed S	17,044	15	25,403	16
International Non-government Backed CMOs	11,628	22	14,156	20
Repurchase Agreements	33,885	1	111,132	2
U.S. Government Securities	-		8,831	107
Total Fair Value	\$ 433,111		\$ 603,811	
Portfolio weighted average maturity		45		33

The effective duration of the State Treasury Investment Pool at June 30, 2013, and June 30, 2012, was approximately 2.65 years and 2.38 years, respectively.

f. Investment Concentration of Credit Risk

Since all long-term investments (other than in the securities lending program) are in U.S. Government-guaranteed securities, the Lottery has not adopted a policy regarding concentration of credit risk. The securities lending program has established investment concentration of credit risk policies that limit the aggregate exposure to any one issuer or guarantor that is not the U.S. Government or guaranteed by the U.S. Government to 10 percent of the book value of the lending program's invested cash collateral. No invested cash collateral exceeded the 10 percent limitation.

g. Investment Custodial Credit Risk

Custodial credit risk is defined as the risk that an entity may not recover securities held by another party. The Lottery does not have a formal policy regarding custodial credit risk. The custodian for the SBA-administered lending program is also the counterparty to the investment transactions. Therefore, the amount of investments subject to investment custodial credit risk at June 30, 2013, and June 30, 2012, was \$433,111,000 and \$603,811,000 respectively.

At June 30, 2013, and June 30, 2012, all non-lending investments held were either insured or registered and held by the Lottery or its agents in the Lottery's name and thus were not subject to custodial credit risk.

h. Foreign Currency Risk

The Lottery had no exposure to foreign currency risk as of June 30, 2013, and June 30, 2012.

i. Investment Summary

The following schedule summarizes all investments and investments loaned under securities lending agreements at June 30 (in thousands):

Investment Type	June 30, 2013 Carrying Value	June 30, 2012 Carrying Value
Commercial Paper	\$ 81,270	\$ 65,481
Certificates of Deposit	100,698	185,267
Repurchase Agreements	33,885	111,132
U.S. Government Obligations & Federally Guaranteed Obligations	38,871	80,223
Domestic Corporate Bonds & Notes	94,994	89,607
Domestic Non-government Asset-backed Securities	50,764	60,215
International Corporate Bonds & Notes	42,828	39,812
International Non-government Asset-backed Securities	17,044	25,403
Domestic Non-government Backed CMOs	-	3,907
International Non-government Backed CMOs	11,628	14,156
Investments Held by Others Under Securities Lending Agreements - U.S. Obligations	485,121	589,862
Pooled Investments with State Treasury	161,595	129,717
Total Investments	\$ 1,118,698	\$ 1,394,782

The following schedules reconcile cash and investments to the Statement of Net Assets at June 30 (in thousands):

	June 30, 2013			
	Investments	Cash at Financial Institutions	Cash at State Treasury	Total
Cash and cash equivalents	\$ 145,741	\$ 361	\$ 35	\$ 146,137
Restricted cash and cash equivalents	15,854	61,209	-	77,063
Investments, grand prize	523,992	-	-	523,992
Investments, security lending collateral	433,111	-	-	433,111
Total	\$ 1,118,698	\$ 61,570	\$ 35	\$ 1,180,303

	June 30, 2012			
	Investments	Cash at Financial Institutions	Cash at State Treasury	Total
Cash and cash equivalents	\$ 124,479	\$ 347	\$ 51	\$ 124,877
Restricted cash and cash equivalents	5,238	51	-	5,289
Investments, grand prize	661,254	-	-	661,254
Investments, security lending collateral	603,811	-	-	603,811
Total	\$ 1,394,782	\$ 398	\$ 51	\$ 1,395,231

4. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30 consisted of (in thousands):

	2013	2012
Ticket sales receivable	\$ 49,138	\$ 39,594
Other receivables	52	29
Total receivables	49,190	39,623
Less allowance for doubtful accounts	(2,628)	(2,328)
Accounts receivable, net	\$ 46,562	\$ 37,295

5. SECURITY DEPOSITS AND DEPOSITS PAYABLE

The Lottery receives certificates of deposit and cashier's checks from certain vendors and retailers in order to secure contract performance. Certificates of deposit are held in trust by the State with any interest earnings being credited to the vendor or retailer. Cashier's checks are held as cash by the Lottery. These deposits are established to reduce the potential financial risk to the Lottery in the event of a breach of contract. The certificates appear on the Statement of Net Position, in assets as security deposits, and in liabilities, as deposits payable. The checks appear on the Statement of Net Position, in assets as cash, and in liabilities, as deposits payable.

6. CAPITAL ASSETS

Capital assets at June 30 consisted of (in thousands):

	Balance 30-Jun-11	2011-12		Balance 30-Jun-12	2012-13		Balance 30-Jun-13
		Increase	Decrease		Increase	Decrease	
Data processing equipment	\$ 3,813	\$ 3	\$ (123)	\$ 3,693	\$ 5	\$ (291)	\$ 3,407
Office equipment and fixtures	5,707	249	(157)	5,799	412	(372)	5,839
Vehicles and other equipment	2,982	250	(31)	3,201	413	(73)	3,541
Software and other intangibles	703	60	-	763	1,360	-	2,123
	<u>13,205</u>	<u>562</u>	<u>(311)</u>	<u>13,456</u>	<u>2,190</u>	<u>(736)</u>	<u>14,910</u>
Less accumulated depreciation	<u>11,957</u>	<u>720</u>	<u>(577)</u>	<u>12,100</u>	<u>333</u>	<u>(738)</u>	<u>11,695</u>
Total capital assets, net	<u><u>\$ 1,248</u></u>	<u><u>\$ (158)</u></u>	<u><u>\$ 266</u></u>	<u><u>\$ 1,356</u></u>	<u><u>\$ 1,857</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 3,215</u></u>

7. MULTI-STATE LOTTERY ASSOCIATION

MUSL is an unincorporated government-benefit voluntary association created for the purpose of administering joint lottery games. MUSL included 31 state lottery entities, the District of Columbia, and the Virgin Islands during fiscal year 2013. This association offers the Powerball with Power Play, Mega Millions with Megaplier and several other Terminal games in participating states. The chief executive officer of each member lottery serves on the MUSL board of directors.

As a member of MUSL, the Lottery is required to contribute to various prize reserve funds maintained by MUSL. The prize reserve funds serve as a contingency reserve to protect MUSL from unforeseen prize payments. MUSL periodically reallocates the prize reserve funds among the states based on relative Powerball with Power Play and Mega Millions with Megaplier sales levels. All remaining funds remitted, and the related interest earnings (net of administrative costs), will be returned to the Lottery upon leaving MUSL, less any portion of unanticipated prize claims that may have been paid from the fund.

As of June 30, 2013, and June 30, 2012, the Lottery had deposits with MUSL of \$19,037,144, and \$19,995,144, respectively, representing the Lottery's deposits of reserve funds.

A copy of the MUSL financial statements may be obtained by submitting a written request to MUSL, 4400 N.W. Urbandale Drive, Urbandale, Iowa 50322.

8. LONG-TERM LIABILITIES**a. Grand Prizes Payable**

Grand prizes payable at June 30 consisted of (in thousands):

	<u>2013</u>	<u>2012</u>
FLORIDA LOTTO grand prizes (face value)	\$ 530,605	\$ 662,012
MEGA MONEY grand prizes (face value)	8,677	8,796
Win for Life grand prizes (face value)	11,566	11,930
Flamingo Fortune Game Show grand prizes (face value)	500	600
Win a Million grand prizes (face value)	250	300
Yearly Bonus grand prizes (face value)	-	50
Lucky for Life grand prizes (face value)	20,900	21,750
Set for Life grand prizes (face value)	1,920	2,100
Cash Spectacular grand prizes (face value)	500	550
Cash for Life grand prizes (face value)	200	210
Loaded for Life grand prizes (face value)	2,750	2,850
Billion Dollar Blockbuster grand prizes (face value)	8,450	8,000
Gas for Life grand prizes (face value)	180	186
2 Million Dollar Casino Action grand prizes (face value)	1,700	1,800
Million Dollar Holiday grand prizes (face value)	900	950
Week for Life grand prizes (face value)	22,724	13,650
Monopoly grand prizes (face value)	2,700	2,850
Million Wishes grand prizes (face value)	950	-
X's The Cash grand prizes (face value)	950	-
Less imputed interest	(160,229)	(185,559)
Net present value of grand prizes payable	<u>\$ 456,193</u>	<u>\$ 553,025</u>
Current prizes payable from restricted assets	\$ 112,751	\$ 130,728
Noncurrent prizes payable from restricted assets	343,442	422,297
Total grand prizes payable	<u>\$ 456,193</u>	<u>\$ 553,025</u>

The following depicts by fiscal year the value (in thousands) of the grand prize annuities to pay prizewinners:

<u>Year Ended June 30</u>	<u>Amount</u>
2014	\$ 112,603
2015	85,116
2016	65,211
2017	43,649
2018	24,478
2019-2023	92,865
2024-2028	100,474
2029-2033	65,215
2034-2038	17,442
2039-2043	9,369
Grand prizes (face value)	616,422
Less imputed interest	(160,229)
Net present value of grand prizes payable	<u>\$ 456,193</u>

b. Compensated Absences Payable

Compensated absences payable at June 30 consisted of (in thousands):

	<u>2013</u>	<u>2012</u>
Current compensated absences	\$ 769	\$ 785
Noncurrent compensated absences	2,908	2,798
Total	<u>\$ 3,677</u>	<u>\$ 3,583</u>

c. Changes in Long-Term Liabilities

Changes in long-term liabilities are summarized as follows (in thousands):

	<u>2012-2013</u>				
	<u>Balance</u>			<u>Balance</u>	<u>Amount Due</u>
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2013</u>	<u>Within One</u>
					<u>Year</u>
Grand prizes payable	\$ 553,025	\$ 38,119	\$ (134,951)	\$ 456,193	\$ 112,751
Compensated absences	3,583	1,223	(1,130)	3,676	769
Postemployment healthcare benefits payable	2,196	766	-	2,962	-
Total long-term liabilities	<u>\$ 558,804</u>	<u>\$ 40,108</u>	<u>\$ (136,081)</u>	<u>\$ 462,831</u>	<u>\$ 113,520</u>

	<u>2011-2012</u>				
	<u>Balance</u>			<u>Balance</u>	<u>Amount Due</u>
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>Within One</u>
					<u>Year</u>
Grand prizes payable	\$ 659,978	\$ 49,182	\$ (156,135)	\$ 553,025	\$ 130,728
Compensated absences payable	3,552	1,635	(1,604)	3,583	785
Postemployment healthcare benefits payable	1,472	724	-	2,196	-
Total long-term liabilities	<u>\$ 665,002</u>	<u>\$ 51,541</u>	<u>\$ (157,739)</u>	<u>\$ 558,804</u>	<u>\$ 131,513</u>

See Note 10 for additional information regarding the postemployment healthcare benefits payable.

9. DUE TO EDUCATIONAL ENHANCEMENT TRUST FUND

In accordance with the Act, effective July 1, 2005, variable percentages of the gross revenue from the sale of Terminal games and Scratch-Off lottery tickets as determined by the Lottery, and other earned revenue, excluding application processing fees, shall be deposited in the EETF as provided in Section 24.121, Florida Statutes, as amended. The amount transferred for the fiscal year ended June 30, 2013, was \$1,424,307,000 (28.4 percent of revenues), and for the fiscal year ended June 30, 2012, the transferred amount was \$1,321,604,000 (29.7 percent of revenues).

Because the net appreciation in fair value of investments and amortization of grand prizes payable, included in nonoperating revenue and expenses, relate to valuations of the restricted grand prize investments and grand prizes payable, they are excluded from the determination of transfers to the EETF.

Effective July 1, 2005, provisions of the Act relating to the allocation of revenues for public education were revised. The changes in the provisions were designed to maximize the transfers of moneys to the EETF. These revisions resulted in changes in the methodology used to calculate the transfer based on a business model of revenue minus expenses rather than a percent of revenue.

The amount due to the EETF at June 30, 2013, and June 30, 2012, was as follows (in thousands):

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Terminal ticket sales	\$ 1,984,469	\$ 1,882,905
Average percent transferred	38%	39%
Transfer of Terminal ticket sales ¹	<u>754,846</u>	<u>729,820</u>
Unclaimed Terminal ticket prizes	28,214	26,608
Percent transferred	80%	80%
Transfer of unclaimed Terminal ticket prizes	<u>22,571</u>	<u>21,286</u>
Unclaimed Powerball jackpot prizes	-	4,007
Scratch-Off ticket sales	3,028,527	2,566,991
Average percent transferred	20%	21%
Transfer of Scratch-Off ticket sales ¹	<u>605,842</u>	<u>541,616</u>
Unclaimed Scratch-Off ticket prizes	35,084	12,888
Percent transferred	80%	80%
Transfer of unclaimed Scratch-Off ticket prizes	<u>28,068</u>	<u>10,310</u>
Nonoperating revenues (expenses), net	(37,816)	30,682
Add:		
Net (appreciation) depreciation in fair value of investments	13,749	(60,221)
Amortization of grand prizes payable	29,068	36,446
Total Nonoperating revenues, net	<u>5,001</u>	<u>6,907</u>
Terminal fees and miscellaneous revenue	<u>7,979</u>	<u>7,658</u>
Due for the year	<u>\$ 1,424,307</u>	<u>\$ 1,321,604</u>
Balance due, beginning of year	51,604	81,818
Paid during the year	<u>(1,399,800)</u>	<u>(1,351,818)</u>
Due to Educational Enhancement Trust Fund, June 30	<u><u>\$ 76,111</u></u>	<u><u>\$ 51,604</u></u>

¹Amounts do not foot due to rounding of average percent transferred.

10. PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

a. Retirement Programs

Florida Retirement System. The Florida Retirement System (FRS) is a State-administered cost-sharing multiple-employer retirement plan that offers members an initial choice between participating in a defined benefit plan (FRS Pension Plan) or a defined contribution plan (FRS Investment Plan) and one additional choice to change plans before retirement. FRS provisions are established by Chapters 121, 122, and 238, Florida Statutes; Chapter 112, Part IV, Florida Statutes; and

Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, required employer and employee contributions, and benefits are defined and described in detail. Essentially, all employees of participating employers in regularly established positions must be enrolled as members of the FRS or other non-integrated defined contribution plans in lieu of FRS membership.

Benefits in the FRS Pension Plan vest at six years of service for members initially enrolled before July 1, 2011, and at eight years for members initially enrolled on or after July 1, 2011. Special Risk Class members are eligible for normal retirement benefits at age 55 and vested or after 25 years of service at any age. All other members are eligible for normal retirement benefits at age 62 and vested or at any age after 30 years of service. For members initially enrolled on or after July 1, 2011, Special Risk Class members are eligible for normal retirement benefits at age 60 and vested or after 30 years of service at any age. All other members are eligible for normal retirement benefits at age 65 and vested or at any age after 33 years of service.

Early retirement is available but imposes a penalty for each year a member retires before his or her normal retirement age. Retirement, disability, and death benefits are provided. Retirees with service prior to July 1, 2011, receive annual cost-of-living adjustments. Retirees only with service accrued on or after July 1, 2011, do not receive annual cost-of-living adjustments. Benefits are calculated at retirement based on the age, years of service, accrual value by membership class, and average final compensation (average of highest five fiscal years' salaries if initially enrolled before July 1, 2011, or the average of highest eight fiscal years if initially enrolled on or after July 1, 2011).

Members of the FRS Pension Plan who reach normal retirement may participate in the Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091(13), Florida Statutes. DROP participants are technically retired, deferring termination and receipt of monthly retirement benefits for up to 60 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

FRS Investment Plan benefits are established in Part II, Chapter 121, Florida Statutes, and participation is available to all FRS members in lieu of the FRS Pension Plan. Members vest after one year of creditable service for Investment Plan contributions. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, six years of service (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. Benefits under the FRS Investment Plan are based on the account balance at retirement composed of contributions plus investment gains less investment losses and fees. Employer and employee contributions are a percentage of salary based on membership class (Regular class, Special Risk class, etc.). Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices offered under the plan.

The Florida Legislature established uniform contribution rates for participating FRS employees. FRS employers pay the same contribution rate by membership class regardless of whether the members participate in the FRS Pension Plan or FRS Investment Plan. Contribution rates as a percentage of gross salary are as follows:

Class or Plan	Employee Rate	Employer Rate	Employee Rate	Employer Rate
	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2012
Senior Management Service	3.00 percent	6.30 percent	3.00 percent	6.27 percent
Regular	3.00 percent	5.18 percent	3.00 percent	4.91 percent
Special Risk	3.00 percent	14.90 percent	3.00 percent	14.10 percent
DROP - Applicable to members from all of the above classes	0.00 percent	5.51 percent	0.00 percent	4.42 percent

Total employer contribution rates above include 1.11 percent for the postemployment insurance subsidy in addition to the uniform retirement contribution. Also, employer rates, other than for DROP participants, include 0.03 percent for fiscal year ended June 30, 2012 and June 30, 2013, for administrative costs of the financial education program and the Investment Plan. Required employee contributions are deducted on a pre-tax basis.

FRS Contributions. The Lottery’s liability for participation in the FRS plans defined above is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Lottery. The Lottery’s employer contributions for the fiscal years ended June 30, 2013, June 30, 2012, and June 30, 2011, totaled \$851,755, \$957,759, and \$1,681,368, respectively, which were equal to 100 percent of the required contributions for each fiscal year. These contributions represented 5.4 percent, 5.7 percent, and 10.4 percent of covered payroll, for the fiscal years ended June 30, 2013, June 30, 2012, and June 30, 2011, respectively.

Senior Management Service Optional Annuity Program. Some Lottery employees also participate in the Senior Management Service Optional Annuity Program (SMSOAP). Offered in lieu of FRS participation, the SMSOAP is a defined contribution plan that provides retirement and death benefits to the participant pursuant to Section 121.055, Florida Statutes. Participants have full and immediate vesting of all contributions paid on their behalf to the participating provider companies to invest as directed by the participants. Employees in eligible State positions may make an irrevocable election to participate in the SMSOAP in lieu of the Senior Management Service Class. Employers contributed 9.49 percent of covered payroll for July 2011 through June 2012 and 6.27 percent of covered payroll for July 2012 through June 2013. This contribution rate includes a contribution that would otherwise be paid to the Retiree Health Insurance Subsidy (HIS) Program described below so the SMSOAP retiree is not eligible to receive monthly HIS benefits. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the employer. The Lottery’s contributions for the fiscal years ended June 30, 2013, June 30, 2012, and June 30, 2011, totaled \$13,103, \$24,509, and \$52,329 respectively.

Retiree Health Insurance Subsidy Program. The Retiree Health Insurance Subsidy Program (HIS) was created by the Florida Legislature in 1987 to assist FRS retirees in paying health insurance costs. HIS is a non-qualified, cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. For the fiscal years ended June 30, 2013, and 2012, eligible retirees or beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments to individual retirees or beneficiaries were at least \$30 but not more than \$150 per month. To be eligible to receive HIS, an FRS retiree must apply for the benefit, provide proof of health insurance coverage, which can include Medicare or TRICARE, and be approved.

HIS is funded by required contributions from FRS participating employers. For the years ended June 30, 2013, 2012, and 2011, the Lottery contributed 1.11 percent of payroll for all active employees covered by the FRS, pursuant to Section 112.363, Florida Statutes. For the years ended June 30, 2013, 2012, and 2011, the Lottery contributed \$173,089, \$182,359, and \$179,978, respectively, in employer contributions to the HIS Program. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to legislative appropriation. If these contributions or appropriation fail to provide full subsidy benefits to all participants, the Legislature may reduce or cancel the subsidy payments.

Additional Information. Financial statements and other supplementary information for the FRS and additional disclosures for the HIS are included in the State's Comprehensive Annual Financial Report, which may be obtained from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement. Further disclosures and other supplementary information for HIS are included in the Comprehensive Annual Financial Report of the State of Florida, which may be obtained from the Florida Department of Financial Services.

Deferred Compensation Plan. The Lottery, through the State of Florida, offers its employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The plan (refer to Section 112.215, Florida Statutes), available to all regular payroll State employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries as mandated by 26 U.S.C.s.457(g)(1).

The Lottery does not contribute to the plan. Participation under the plan is solely at the discretion of the employee.

The State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary and prudent investor. Pursuant to Section 112.215, Florida Statutes, the Deferred Compensation Trust Fund is created in the State Treasury.

b. Postemployment Healthcare Benefits

The Lottery participates in the State Employees' Health Insurance Program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of Florida, Department of Management Services, Division of State Group Insurance, to provide group health benefits. Section 110.123, Florida Statutes, provides that retirees may participate in the State's group health insurance programs and assigns the authority to establish and amend benefit provisions to the Department of Management Services. Although premiums are paid by the retiree, the premium cost to the retiree is implicitly subsidized by the commingling of claims experience in a single risk pool with a single premium determination. An actuarial valuation has been performed for the plan and the Lottery's employees were included in the actuarial analysis. For more information on the plan regarding the funding policy and actuarial methods and assumptions, see the State's Comprehensive Annual Financial Report, which is available from the Department of Financial Services.

In accordance with GASB Statement No. 45, the Lottery is required to record its portion of the implicit postemployment health benefit liability beginning in the fiscal year ended June 30, 2008. Postemployment health benefits payable at June 30, 2013, June 30, 2012, and June 30, 2011, was \$2,962,000, \$2,196,000, and \$1,472,000, respectively.

11. OPERATING LEASES

The Lottery has entered into operating leases for the rental of office and warehouse space for the headquarters and district offices as well as the rental of computer equipment. Certain leases are renewable at the option of the Lottery.

Future minimum rental payments as of June 30, 2013, are scheduled as follows (in thousands):

Year Ending June 30	Office and Warehouse Space for		Computer Equipment	Total
	Headquarters	Districts		
2014	\$ 2,690	\$ 1,022	\$ 352	\$ 4,064
2015	2,717	849	256	3,822
2016	2,744	877	-	3,621
2017	2,772	909	-	3,681
2018	2,801	936	-	3,737
2019-2023	234	3,036	-	3,270
2024-2028	-	787	-	787
2029-2032	-	633	-	633
Total	\$ 13,958	\$ 9,049	\$ 608	\$ 23,615

Rental expense under all operating leases totaled approximately \$4,072,000 and \$3,669,000 for the fiscal years ended June 30, 2013, and 2012, respectively.

12. VENDOR SUPPORT FUNDS

Each of the gaming vendor contracts requires the vendors to provide a fund for marketing support activities as directed by the Lottery. The vendors are required to make deposits into the designated accounts either weekly or monthly and distribute the funds as directed by the Lottery. The funds are used for market research and other expenses directly linked to product sales. Vendor balances committed for marketing and research vary as result of timing of marketing initiatives, industry developments and changes in technology. Actual cash balances for these activities as of June 30, 2006, through June 30, 2013, range from approximately \$1,207,000 to \$3,874,000. Each contract requires that any funds remaining in the accounts at the end of each contract's term will be returned to the Lottery for transfer to the EETF. Historically, no balances have reverted to the Lottery. The contracts were last renewed for GTech and Scientific Games in March 2011 and October 2008, respectively.

Vendor support fund activities are summarized as follows (in thousands):

2012-2013 Vendor Support Funds				
	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
GTech	\$ 286	\$ 360	\$ (306)	\$ 340
Scientific Games	2,847	3,380	(4,072)	2,155
Total Vendor Support	\$ 3,133	\$ 3,740	\$ (4,378)	\$ 2,495

2011-2012 Vendor Support Funds				
	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
GTech	\$ 146	\$ 598	\$ (458)	\$ 286
Scientific Games	2,893	3,537	(3,583)	2,847
Total Vendor Support	\$ 3,039	\$ 4,135	\$ (4,041)	\$ 3,133

13. OTHER COMMITMENTS

The Lottery has contractual agreements under which Terminal and Scratch-Off lottery game vendors provide gaming systems, tickets, and related services. The Lottery's Terminal gaming vendor is compensated at a rate of 1.0699% of net Terminal game ticket sales. The vendor's compensation for Terminal games and for the provision of full service vending machines for the fiscal years ended June 30, 2013, and 2012, was \$31,012,000, and \$27,622,000, respectively.

The Lottery's Scratch-Off ticket vendor is compensated at rates that range from 0.9985 percent to 2.24 percent based on ticket price points and total annual sales. Compensation under this agreement and the agreement for the provision of instant ticket vending machines amounted to \$44,193,000 for the fiscal year ended June 30, 2013, and \$38,906,000 for the fiscal year ended June 30, 2012.

14. LITIGATION

The Lottery is involved in litigation and other claims incidental to the ordinary course of its operations. In the opinion of Lottery management, based on the advice of legal counsel, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the Lottery.



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



PHONE: 850-412-2722
FAX: 850-488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Report on the Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida Department of the Lottery (Lottery), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Florida Lottery's basic financial statements, and have issued our report thereon dated January 24, 2014, included under the heading **INDEPENDENT AUDITOR'S REPORT**.

Internal Control over Financial Reporting

We have examined the effectiveness of the Lottery's internal control over financial reporting as of June 30, 2013, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Lottery's management is responsible for maintaining effective internal control over financial reporting and for its assertion of the effectiveness of internal control, included in the accompanying **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**. Our responsibility is to express an opinion on the effectiveness of internal control over financial reporting based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our examination included obtaining an understanding of the internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our examination also included performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable

financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Lottery maintained, in all material respects, effective internal control over financial reporting as of June 30, 2013, based on the criteria established in *Internal Control – Integrated Framework* issued by COSO. We did note additional matters involving the internal control over financial reporting, which are discussed in the **SCHEDULE OF FINDINGS**.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lottery's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain additional matters, which are discussed in the accompanying **SCHEDULE OF FINDINGS**.

The Lottery's response to the findings described in the **SCHEDULE OF FINDINGS** section of this report is included as Exhibit A. We did not audit the Lottery's response, and accordingly, we express no opinion on it.

Purpose of the Report

The purpose of the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS** is solely to describe the scope of our testing of internal control and on compliance and the result of that testing, and to provide an opinion on the effectiveness of the Lottery's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lottery's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA

January 24, 2014

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

RICK SCOTT
Governor



CYNTHIA F. O'CONNELL
Secretary

January 24, 2014

Management's Report on Internal Control Over Financial Reporting

The Florida Lottery's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting. Management assessed the effectiveness of the Florida Lottery's internal control over financial reporting as of June 30, 2013, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework*. Based on that assessment, management concluded that, as of June 30, 2013, the Florida Lottery's internal control over financial reporting is effective based on the criteria established in *Internal Control – Integrated Framework*.

The Florida Lottery

A handwritten signature in black ink, appearing to read "Cynthia O'Connell".

Cynthia O'Connell
Secretary

**STATE OF FLORIDA
DEPARTMENT OF THE LOTTERY
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

ADDITIONAL MATTERS

Finding No. 1: Information Technology Controls

Information technology (IT) controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. During our audit, we identified the need for enhancements to the Lottery's IT control practices in eight separate areas, five of which were also identified in the prior audit. To avoid the possibility of compromising Lottery information, specific details of these issues are not disclosed in this report. However, the appropriate Lottery personnel have been notified of these issues.

Recommendation: We recommend that Lottery management make the necessary IT control enhancements to address the issues identified.

Finding No. 2: Minority Retailer Participation

Section 24.113, Florida Statutes, requires that 15 percent of the Lottery's retailers be minority business enterprises, as defined in Section 288.703(3), Florida Statutes; however, no more than 35 percent of such retailers shall be owned by the same type of minority person, as defined by Section 288.703(4), Florida Statutes.

Our audit disclosed that as of July 1, 2013, retailers comprising one minority type totaled approximately 65 percent of the total number of minority retailers. A similar finding has been included in previous Auditor General reports.

The Lottery has developed an outreach program to increase retailer participation in under-represented minority groups; however, despite these efforts, the level of participation from these groups decreased slightly over the past fiscal year.

Recommendation: We recommend that the Lottery continue its efforts to increase retailer participation in under-represented minority groups.

EXHIBIT A
MANAGEMENT'S RESPONSE

RICK SCOTT
Governor



CYNTHIA F. O'CONNELL
Secretary

January 24, 2014

David W. Martin, CPA
Florida Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

The Lottery has received your January 10, 2014 list of preliminary and tentative audit findings and recommendations resulting from your audit of the Lottery's Financial Statements for the fiscal year ended June 30, 2013. The staff has discussed your recommendations and responds as follows:

1. Recommendation: Lottery management make the necessary IT control enhancements to address the issues identified.

Response: The Lottery has made the necessary enhancements presented by this audit or is in the process of implementing the enhancements. The Lottery has an ongoing process to improve IT controls and will continue to reengineer where necessary to tighten controls.

2. Recommendation: The Lottery continue in its efforts to increase retailer participation in under-represented minority groups.

Response: As noted in the initial response, the Lottery continues its efforts to increase retailer participation in under-represented minority groups with strategic initiatives including attending minority trade shows to recruit retailers, working with Florida's Petroleum Marketers Association to identify and recruit new retailers including minority operators, advertising in minority business journals by featuring minority retailers currently selling Lottery products, exploring non-traditional trade style retailer prospects, and providing access to inquire how to become a retailer through the Lottery's website.

Despite these efforts, the level of participation from these groups has decreased slightly over the past fiscal year. A number of factors could contribute to this decline including the challenges presented by current economic conditions as well as the

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)


January 24, 2014
David W. Martin
Page Two

aggressive corporate convenience store expansion taking place in Florida, often purchasing units from struggling independent operators including minority retailers.

However, we agree with the recommendation and will continue to aggressively pursue retailer participation in under-represented minority groups.

I would like to thank your staff for their efforts on behalf of the Lottery and look forward to receiving your final report.

Sincerely,



Cynthia F. O'Connell
Secretary

cc: J. Bruce Hoffmann, Chief of Staff
Ellyn Hutson, Chief Financial Officer
Tom Delacenserie, Deputy Secretary
Louisa Warren, Deputy General Counsel
Andy Mompeller, Inspector General



Lottery Transfers Have Recovered; Options Remain to Enhance Transfers

Joint Legislative Auditing Committee

Becky Vickers, Chief Legislative Analyst

February 17, 2014

Research Questions

- Scope determined by s. 24.123, *Florida Statutes*
- OPPAGA charged with identifying options to
 - Enhance the Lottery's earning capability
 - Improve the Lottery's operational efficiency

Lottery Transfers Have Recovered

- In FY 2012-13, the Lottery transferred \$1.4 billion to the Educational Enhancement Trust Fund
 - Adjusted for inflation, these transfers represent a recovery compared to transfers prior to the recession
 - An increase of \$103 million over the prior year
- Transfers exceeded the Legislative standard, Lottery's internal objective, and revenue forecasts

Revenue Enhancement

Lottery Revenues Could Be Further Increased in Two Ways

- Expand product distribution
- Add new games

New Ticket Selling Options Could Enhance Revenues

- Sell lottery tickets over the Internet
 - Federal opinion found that it does not violate federal law
 - Three states have begun online sales of lottery tickets – Georgia, Illinois, and Minnesota
 - Would require statutory revisions

New Ticket Selling Options Could Enhance Revenues

- Offer subscriptions to lottery drawings
 - Other states offer subscriptions through the mail or via the Internet
 - Could generate \$4 million annually in additional transfers
 - May require statutory revisions

New Game Options Could Enhance Revenues

- Fast Keno – draw game with frequent drawings
 - Could generate approximately \$107 million annually in additional transfers
 - Lottery would need budget authority
 - Reportedly more addictive than traditional lottery games

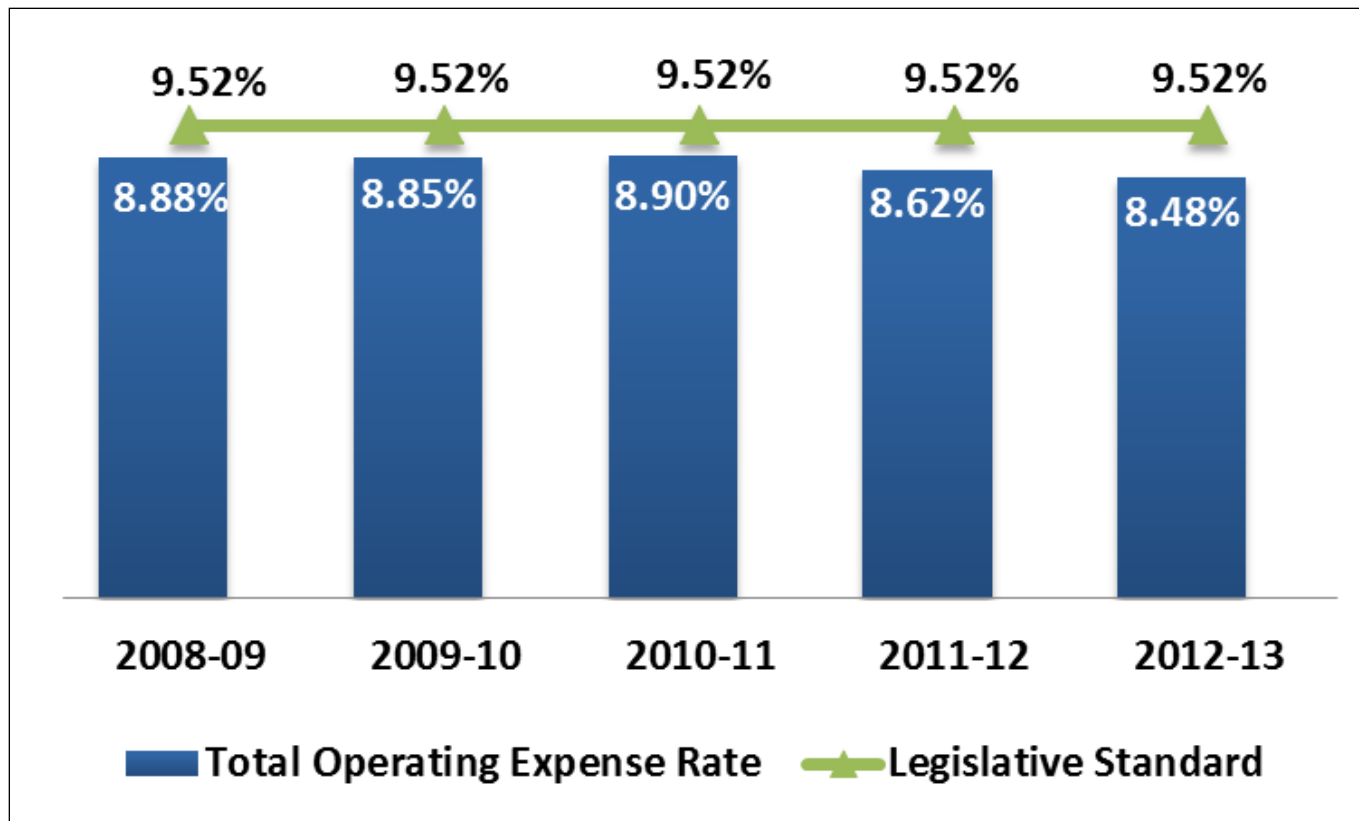
New Game Options Could Enhance Revenues

- Monitor games – computer simulations of poker, bingo, or horse racing
 - Could generate approximately \$19 million in additional transfers
 - Lottery would need budget authority
 - May be more addictive than traditional lottery games

Operational Efficiency

Among U.S. Lotteries, the Florida Lottery Has the Third Lowest Operating Expense Rate

The Lottery's Operating Expenses in Relation to Its Ticket Sales Continue to Be Better than the Legislative Standard



The Department Has Improved Its Operational Efficiency

- Renegotiated vendor contracts
- Implemented an initiative to avoid IRS penalties
- Streamlined retailer recruitment processes

Removing the Prohibition Against Purchasing Vending Machines May Further Improve Efficiency

- Florida statutes currently require the Lottery to lease all vending machines
- State lottery officials had differing opinions on the potential for cost savings by purchasing vending machines
- Revising statutes would give the department flexibility when making procurement decisions

Returns from Advertising

Increased Lottery Advertising Is Not Likely to Enhance Transfers

- We conducted an econometric analysis of the return to the Educational Enhancement Trust Fund from advertising lottery products
 - Advertising is one of several factors that affect Lottery sales
 - ▶ Over the 7 year period of analysis, most of the variation in sales was explained by 6 factors:
 - jackpot size, time of the year, market area, retailer density, general economic conditions, and the introduction of Powerball in Florida in 2009
 - Our analysis suggests that advertising for Lottery products may have reached the point where \$1.00 of advertising returns only \$1.00 in transfers

Increased Lottery Advertising Is Not Likely to Enhance Transfers

- We estimated that \$1.00 in advertising:
 - Increases Lottery gross sales by an amount ranging from \$0.96 to \$5.25, with a midpoint of \$3.11
 - ▶ But this does not take into account expenses such as prize payouts that reduce the amount of revenue available for transfers to education
 - Results in a net return to the trust fund between \$0.29 and \$1.60, with a midpoint of \$0.94
 - ▶ After accounting for the transfer rate, as well as the full costs of advertising

Recommendations

- We recommend that the Department of the Lottery
 - Continue to expand the retailer network
 - Solicit bids for both leasing and purchasing vending machines
- We recommend that the Legislature
 - Consider removing the statutory prohibition against purchasing Lottery vending machines
 - If interested in a particular option to expand current games or product distribution methods, direct the department to provide a more detailed analysis
 - ▶ Include advantages, disadvantages, potential revenues and costs, timeframes, needed statutory changes, and any impact on the gaming compact

OPPAGA Contacts

Becky Vickers

Chief Legislative Analyst

(850) 717-0515

vickers.becky@oppaga.fl.gov

David Summers

Staff Director

OPPAGA Education Policy Area

(850) 717-0555

summers.david@oppaga.fl.gov

oppaga

THE FLORIDA LEGISLATURE'S OFFICE OF PROGRAM POLICY ANALYSIS & GOVERNMENT ACCOUNTABILITY

OPPAGA supports the Florida Legislature by providing data, evaluative research, and objective analyses that assist legislative budget and policy deliberations.



Lottery Transfers Have Recovered; Options Remain to Enhance Transfers

at a glance

Lottery transfers to the Educational Enhancement Trust Fund increased by \$103 million in Fiscal Year 2012-13 to \$1.424 billion. Adjusted for inflation, these transfers represent a recovery compared to transfers made prior to the beginning of the recession in 2007. To increase sales during 2013, the Lottery continued to launch new products and enhance product distribution.

Several additional game and product distribution options are available to increase transfers to education. However, some of these options could represent expanded gambling.

The Lottery's operating expense rate continues to meet legislative performance standards and is the third lowest in the nation. For additional efficiencies, the Legislature could consider removing the prohibition against purchasing lottery vending machines.

Increasing the Lottery's current level of advertising expenditures is not likely to translate into an increase in net revenues, as we estimate that the return to the Educational Enhancement Trust Fund for \$1.00 of advertising is between \$0.29 and \$1.60, with a midpoint of \$0.94. Although the Lottery appears to have reached a saturation point for its advertising expenditures, major reductions in advertising have the potential to adversely affect transfers to education.

Scope

As directed by the Legislature, OPPAGA examined the Department of the Lottery and assessed options to enhance its earning capability and improve its efficiency.^{1, 2}

Background

The Department of the Lottery generates funds for education by selling draw and scratch-off games. Draw games allow players to select from a range of numbers on a play slip. Draw game tickets are printed by terminals that are connected to the Lottery's contracted terminal-based gaming system for a drawing at a later time. Scratch-off games are tickets with latex covering that players scratch off to determine instantly whether they have won.

The Lottery is self-supporting and receives no general revenue. For Fiscal Year 2013-14, the Legislature appropriated \$155.5 million from Lottery sales revenue and authorized 420 positions for Lottery operations. Prizes and retailer commissions are paid directly from sales revenues and do not appear in the department's appropriation. In Fiscal Year 2012-13, prizes were

¹ Section [24.123, F.S.](#), requires an annual financial audit of the Lottery, which is to include recommendations to enhance the Lottery's earning capability and efficiency. The Joint Legislative Auditing Committee directed OPPAGA to assess efficiency and the Auditor General to conduct the financial audit.

² A complete list of prior OPPAGA reports that identify revenue enhancement and operational efficiency options for the Department of the Lottery is available on our [website](#).

\$3.16 billion and retailer commissions were \$278.5 million.³ Total ticket sales for this time period were \$5 billion, ranking Florida the 2nd highest among U.S. lotteries in total sales.⁴

Since its inception, the Lottery has outsourced its core functions to produce, advertise, and sell tickets. In Fiscal Year 2013-14, the Lottery allocated approximately 74%, or \$115.5 million, of its \$155.5 million appropriation to produce and advertise draw and scratch-off games. Vendor contracts include those listed below.

- A contract with Scientific Games International to print, market, and distribute scratch-off game tickets. This contract expires in September 2018.
- A contract with GTECH Corporation to provide a terminal-based system for its draw games. The terminal-based gaming system provided by GTECH Corporation includes computer systems and retailer terminals, scratch-off and full-service vending machines, telecommunications, and technical support services. This contract expires in March 2015.
- A contract with St. John & Partners for general market advertising services. This contract expires in August 2015.
- A contract with Machado Garcia-Serra for Spanish language advertising services. The maximum term of the contract ends in May 2014, and the department is in the process of procuring a new contract.

Revenue Performance —

In Fiscal Year 2012-13, the Lottery transferred \$1.424 billion to the Educational Enhancement Trust Fund, \$103 million more than the prior year. Adjusted for inflation, these transfers represent a

³To sell its products, the Lottery contracts with a wide range of retailers across the state, such as supermarkets, convenience stores, gas stations, and newsstands. Retailers receive commissions for selling Lottery products at a rate of 5% of the ticket price in addition to 1% of the prize value for redeeming winning tickets. Retailers can also receive bonuses for selling select winning tickets and performance incentive payments.

⁴Also, Florida ranked first among U.S. lotteries in the percentage increase in total sales for 2012-13.

recovery compared to transfers made prior to the beginning of the recession in 2007.

Transfers exceeded the legislative standard of \$1.206 billion, the Lottery's internal objective of transferring at least \$1 billion annually to the Educational Enhancement Trust Fund, and the Revenue Estimating Conference forecast.⁵ Revenues are projected to continue to increase during the current fiscal year. The November 2013 Revenue Estimating Conference projected that the Lottery's transfers to education will be \$1.483 billion, an increase of \$59 million, in Fiscal Year 2013-14.

Revenue Enhancement Options —

The Lottery has taken steps in the past year to maintain and increase its sales and transfers to the Educational Enhancement Trust Fund, such as enhancing its product mix by adding higher priced (\$25) scratch-off games (Millionaire and 100X the Cash). The Lottery estimates that the Millionaire game earned an additional \$71 million in transfers since its launch in September 2012, and the 100X the Cash game earned an additional \$43 million in transfers since its launch in September 2013.

The Lottery has continued to increase its product distribution outlets through instant ticket vending machines. In addition, the Lottery deployed 500 full-service vending machines as of November 2012, which dispense both scratch-off and draw game tickets, as authorized by the 2012 Legislature. Lottery estimates that it earned an additional \$29 million from the use of full-service vending machines during Fiscal Year 2012-13, and it will exceed the impact conference estimates of \$21 million based on use of 350 full-service vending machines during 2013-14.

In May 2013, the Lottery also implemented Mega Millions, which is a multi-state game similar to Powerball. We estimate that the Lottery will

⁵The Lottery's legislatively-approved performance standards are reported in its long-range program plan: *Long Range Program Plan Fiscal Years 2014-15 through 2018-19*, Florida Lottery, September 30, 2013.

achieve additional revenues of \$43 million from implementing Mega Millions in Fiscal Year 2013-14, after accounting for the shift from sales of other Lottery products. We previously recommended that the Lottery consider offering Mega Millions to enhance its revenues.

To further increase sales and transfers, the Lottery could implement additional games or expand product distribution by adopting new ways of selling lottery tickets. Some of these options are discussed below. Appendix A details new game options and Appendix B lists additional product distribution options, along with their advantages and disadvantages. The estimated values of the revenue enhancements presented in Appendices A and B are based on individual options; if multiple options were implemented concurrently, the fiscal impact of each would likely be smaller due to shifts in sales from one game to another. Fiscal impact estimates assume lottery customers and retailers would be educated and ready to play as soon as new games or product distribution options were made available. However, actual sales would likely begin at lower levels during a startup period. In addition, adding new lottery games or expanding distribution options could represent an expansion of legalized gambling and could produce negative social costs.^{6,7}

For purposes of this report, we did not evaluate whether new game or product distribution options could affect revenues from the gaming compact between the State of Florida and the Seminole Tribe of Florida.⁸ If the Lottery were to implement a new option, it would need to determine whether the implementation would have any potential impact on compact revenues.

⁶ For more information on the negative social costs, see *Lottery Profits Flat; Increasing Retailer Outlets is Critical to Increasing Sales*, OPPAGA Report No. 10-16, January 2010; and *Gambling Impact Study*, Spectrum Gaming Group, October 2013.

⁷ Fiscal impact estimates presented in this report do not account for negative social costs and shifts of other taxable economic activity. These factors could reduce the net revenue to the state.

⁸ A gaming compact between the State of Florida and the Seminole Tribe of Florida was approved by the Governor on April 7, 2010, ratified by Ch. 2010-29, *Laws of Florida*, and approved by the U.S. Department of the Interior on July 6, 2010. The gaming compact provides the Tribe with partial but substantial exclusivity with respect to the play of covered games in exchange for payments to the state derived from gaming proceeds.

New lottery games could generate substantial revenues, but could represent expanded gambling

Florida could consider adding lottery games such as fast keno or another type of monitor game that might attract new players and substantially increase state revenues. Fast keno is a draw lottery game in which players choose from 10 to 12 numbers from a panel of 80 numbers in the hope of matching their choices to 20 numbers drawn by a central computer. Fast keno is similar in principle to other draw games, but occurs more frequently (typically every four to five minutes).

As shown in Appendix C, 15 U.S. lotteries offer fast keno.^{9,10} A wide variety of retailers in these states participate, such as convenience stores, grocery stores, liquor stores, tobacco stores, bars, restaurants, fraternal organizations, and bowling alleys. Participating retailers often have monitors in their establishments that display game results to players. However, some states also offer “keno-to-go” whereby players may purchase tickets from retailers, leave the establishment, and check for winning numbers on the Lottery’s website.

We estimated that implementing fast keno could generate approximately \$107 million in additional annual transfers to education.^{11,12} To implement fast keno in Florida, the Legislature would need to grant budget authority for the Lottery to spend

⁹ Lotteries in California, Delaware, the District of Columbia, Georgia, Kansas, Maryland, Massachusetts, Michigan, Missouri, New York, Ohio, Oregon, Rhode Island, the U.S. Virgin Islands, and West Virginia offer fast keno.

¹⁰ Connecticut is in the planning stages of implementing fast keno.

¹¹ We estimated a range of potential fast keno revenue (\$18 million to \$642 million, with a median of \$107 million) based on the highest and lowest per capita sales in states that offer fast keno, which we applied to Florida’s estimated population for 2015. Our estimate assumes a transfer rate to the Educational Enhancement Trust Fund of 30.38%, based the average fast keno payout in other states of 60.62%, and an administrative expense rate of 9%, which was determined by the Florida Lottery. The estimate also assumes that 10% of sales would be shifted from existing game sales.

¹² Our estimate is based on the median per capita sales for states that offer fast keno. However, Florida Lottery administrators believe that Florida’s sales experience would take several years to build, depending on a factors associated with launching fast keno, such as needing to recruit new retailers, e.g., bars and other social establishments. In addition, Lottery administrators believe fast keno sales in Florida would more closely resemble that of Georgia, which would lower the estimate to \$95 million.

sales revenue to acquire or contract for a fast keno gaming system.¹³ Fast keno is reportedly more addictive than traditional lottery games due to its fast play style.

Some U.S. lotteries also offer other monitor games, which are computer simulations of poker, bingo, or horse racing.¹⁴ As with fast keno, retailers have monitors that display game results to players. Winning numbers are randomly drawn by a central computer, and draws occur frequently (typically every four to eight minutes). We estimated that implementing a monitor game could generate approximately \$19 million in additional transfers per year.¹⁵ As with fast keno, monitor games may be more addictive than traditional lottery games.

New ticket-selling methods could also generate additional revenues

The Legislature and the Lottery could consider expanding product distribution, as shown in Appendix B. For example, selling lottery products over the Internet could increase sales and provide more convenience to players. The U.S. Department of Justice released a legal opinion in December 2011 that found state lotteries’ use of the Internet and out-of-state transaction processors to sell lottery tickets to adults within their states’ borders does not violate federal law.

Subsequent to this decision, Illinois, Georgia, and Minnesota have begun online sales of individual lottery draw game tickets.¹⁶ In March 2012, Illinois

became the first state to sell individual draw game tickets over the Internet. The Illinois Lottery website allows players who are over the age of 18 and are residents of Illinois to purchase tickets for Lotto, Mega Millions, and Powerball. In 2012-13, the Illinois Lottery sold \$6.5 million in lottery tickets over the Internet. As of November 2012, individuals who register on the Georgia Lottery website are able to purchase Mega Millions, Powerball, and Fantasy 5 tickets online while located within the state of Georgia. Between November 2012 and October 2013, the Georgia Lottery sold \$1.3 million in lottery tickets over the Internet. In addition, the Minnesota Lottery modified its subscription website in September 2013 to allow registered players to purchase individual tickets for six draw games, including Lotto, Mega Millions, and Powerball.¹⁷ Players must be at least 18 years old and located within the state while making purchases.

Potential revenue from implementing Internet sales in Florida is uncertain at this time. U.S. lotteries have been selling tickets over the Internet for a relatively short period of time. Only Georgia and Illinois have had Internet sales for at least a year, and first year sales for Illinois were likely affected by implementation issues. The Illinois Lottery redesigned its Internet sales website to make it more user-friendly after players experienced problems with the user interface.

Offering lottery products over the Internet would require statutory revisions. Florida law currently restricts the use of player-activated terminals and does not authorize the use of credit cards or other instruments issued by a bank for lottery purchases without a purchase of \$20 in other goods.¹⁸ In addition, the state would need to comply with federal laws that require state regulations to include age and location verification to reasonably

¹³ In addition, implementing fast keno may require legislative action to modify the requirement for a drawing to be witnessed by an accountant, given that electronic drawings could occur every five minutes (s. [24.105\(9\)\(d\)](#), *F.S.*).

¹⁴ We identified five U.S. lotteries that offer monitor games: Kansas, Maryland, Massachusetts, Rhode Island, and the District of Columbia.

¹⁵ We estimated a range of potential monitor game revenue (\$6 million to \$123 million, with a median of \$19 million) based on the highest and lowest per capita sales in states that offer monitor games, which we applied to Florida’s estimated population for 2015. Our estimate assumes a transfer rate to the Educational Enhancement Trust Fund of 30.38%, based the average fast keno payout in other states of 60.62%, and an administrative expense rate of 9%, which was determined by the Florida Lottery. The estimate also assumes that 10% of sales would be shifted from existing game sales.

¹⁶ In addition to these three states, in November 2013, the Delaware Lottery launched online casino gaming on three casino websites. The participating casinos already offer video lottery terminals,

which can be programmed to play casino-style games, such as poker, blackjack, fast keno, and bingo, or simulate mechanical slot machines or roulette wheels.

¹⁷ Minnesota Lottery officials are also considering adding an online version of scratch-off games.

¹⁸ Section [24.105\(9\)\(a\)](#), *F.S.*, restricts the use of player-activated machines and s. [24.118\(1\)](#), *F.S.*, requires the purchase of no less than \$20 of other goods and services in order to use a credit card or other instrument issued by a bank to purchase lottery products.

block access to minors and persons located outside the state. As has happened in other states, retailers may oppose this option due to concerns that they would lose lottery sales commissions and revenues from sales of other in-store products, as players would no longer need to visit a retailer to make a lottery purchase.

Subscription sales is another product distribution method that could increase sales. Other states permit subscription sales for certain draw games through the mail or via the Internet.¹⁹ Typically, players purchase subscriptions for three months' to a year's worth of drawings for numbers they select or request as quick picks. Players make purchases by filling in forms and submitting them on the lottery's website or downloading forms and mailing them in with a payment. For instance, New Hampshire sells Hot Lotto, Mega Millions, Powerball, and Tri-State Megabucks subscriptions over the Internet. Players must be 18 years of age or older and have a New Hampshire mailing address. We estimated that annual sales through subscriptions could generate an additional \$4 million in transfers to education.²⁰ As with Internet sales, retailers may oppose this option due to concerns that they would lose lottery sales commissions and revenues from sales of other in-store products.

¹⁹ We identified 11 U.S. lotteries that offer subscription sales for draw games: Illinois, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, New York, North Carolina, North Dakota, Vermont, and Virginia. Six lotteries accept credit cards, two require players to mail in a check or money order, and three require a valid bank account for electronic fund transfers. Of the three states that require an electronic fund transfer, one state (North Carolina) is planning to allow use of debit cards in the future.

²⁰ We estimated a range of potential subscription sales revenue (\$1 million to \$11 million, with a median of \$4 million) based on the highest and lowest per capita sales in states that offer subscription sales, which we applied to Florida's estimated population for 2015. Our estimate assumes a transfer rate to the Educational Enhancement Trust Fund of 40.54%, based on the November 2013 Revenue Estimating Conference projected draw game transfer rate for FY 2015-16. The estimate also assumes that 5% of sales would be shifted from existing game sales per the Florida Lottery.

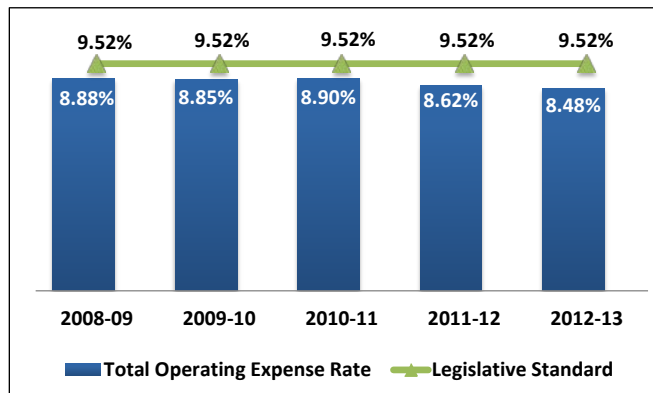
Operational Efficiency Options

The Lottery continues to keep its expenses as a percentage of sales low and below the legislative standard. For additional efficiencies, the Legislature could consider removing the statutory prohibition against purchasing lottery vending machines, which would provide the department with more flexibility when pursuing cost savings in lease-versus-buy procurement decisions.

The Lottery's operating expense rate is lower than the legislative standard

The Lottery's operating expenses in relation to its ticket sales continue to be lower than the legislative standard, as shown in Exhibit 1.²¹ Compared to other U.S. lotteries, the Florida Lottery had the 3rd lowest operating expense rate in Fiscal Year 2011-12, behind New Jersey and Massachusetts.²²

Exhibit 1
The Lottery's Operating Expense Rate Continues to Be Below the Legislative Standard



Source: Department of the Lottery long range program plans.

²¹ Operating expenses include payments to gaming vendors and retailer commissions.

²² Florida Lottery's ranking is based on the latest fiscal year data available from La Fleur's *2013 World Lottery Almanac*, excluding state lotteries that offer video lottery terminals.

The department continues to implement initiatives to improve its operational efficiency. For example, the department has renegotiated some of its vendor contracts to achieve cost savings. Department officials report that they renegotiated the contract with Scientific Games and exercised two two-year renewals, resulting in savings of approximately \$16 million over the four-year life of the renewal period. According to department officials, they also renegotiated the contract with St. John & Partners to reduce the rate of compensation for advertising and provide additional services at no cost to the Lottery.

The department also has an initiative to avoid penalties assessed by the IRS when prizewinners do not accurately report their identifying information. The Lottery relies on prizewinners to report their identifying information accurately, but when they do not do so, the Lottery is assessed penalties. The department has been able to mitigate those fines, but responding to IRS correspondence is time-consuming and requires staff effort to retrieve data. The department became more proactive in collecting the correct information at the time the prize is paid by participating in the IRS's Taxpayer Identification Number Matching Program at no cost to the state. This program allows the Lottery to compare prizewinner information against IRS taxpayer information on a quarterly basis and identify potential problems.

In addition, the department is planning a pilot program in which district offices paying prizewinners will check the information provided by the winner against IRS records. If the information is returned as incorrect, Lottery staff will be able to obtain the correct information while the winner is present in the district office.

The Lottery has streamlined its retailer recruitment processes and no longer plans to complete a cost-benefit analysis

The department's Sales Division is responsible for recruiting independent and corporate retailers to sell lottery products, thus enhancing Lottery revenues by maintaining and expanding the retailer network. In our 2011 report, we

recommended that the department annually complete a retailer recruitment cost-benefit analysis and use the resulting data to evaluate the cost efficiency of several recruitment activities, adjust these efforts as needed, and plan future activities.²³ We made this recommendation due to uncertainty regarding the cost effectiveness of some of the recruitment strategies the department was using, including recruitment seminars and district outreach missions.

Department administrators had planned to conduct a cost-benefit analysis at the end of Fiscal Year 2012-13, but decided not to do so because the department shifted its recruitment focus to increasing sales at its existing corporate retailers and recruiting additional corporate chain stores, while reducing the effort spent on recruiting independent retailers.²⁴ Department administrators made these changes because corporate chain retailers tend to generate higher sales volume than small independent retailers. In addition, corporate retailers have a lower risk of insolvency than independent retailers.

The department is working with its existing corporate retailers to gain approval to use methods such as plan-o-grams and automatic ticket re-ordering, as well as to increase the number of displays (product facings) and secondary sales locations through the use of lottery vending machines.²⁵ For recruitment, the department has developed a list of retail chains that do not sell Lottery products. Department staff maintains contact with the corporate headquarters of these chains to try to gain approval to offer Lottery products in their stores, even if only on a pilot basis.²⁶ The department also streamlined its operations by merging the

²³ *Lottery Profits Decline; Options Available to Enhance Transfers to Education*, OPPAGA Report No. 11-12, March 2011.

²⁴ *Lottery Revenue Has Increased Over the Past Year; Options Remain to Enhance Transfers*, OPPAGA Report No. 13-02, January 2013.

²⁵ Plan-o-grams are monthly notifications from the Department of the Lottery that inform retailers of the top selling scratch-off games so that they can stock and prominently display the top sellers.

²⁶ The Department of the Lottery implemented a pilot project with Walmart in which lottery products are being sold in 63 of the retailer's Neighborhood Market stores. Currently, Florida is the only U.S. lottery for which Walmart sells lottery products.

former Business Development unit into the Sales Division. Formerly, the two units both had responsibilities for corporate retailer recruitment.

In addition, the department has eliminated recruitment activities that it determined were not worth the investment of time and resources. For example, the department is no longer conducting recruitment seminars and district outreach missions to recruit independent retailers, and has eliminated staff positions at the central office that used to take calls from interested retailers and route the referrals to district offices. For independent retailers, the department primarily depends on referrals from its website. The site directs potential retailers to the district offices, which are responsible for following up on these leads. Sales representatives are also responsible for contacting new retailers they see opening up for business in their regions.

In addition, the Department of the Lottery is participating in the one-stop business registration portal initiative. The initiative, led by the Department of Revenue, is intended to give individuals and businesses a single point of entry for actions such as completing applications for licenses, registrations, or permits to transact business in the state.²⁷ According to Lottery officials, when the portal is implemented, the Lottery will receive contact information for businesses interested in becoming lottery retailers.

Although the department has not increased the number of retailers in its network, department officials cited an overall increase in sales as indicating that their shift in recruitment focus has been successful. In Fiscal Year 2008-09, corporate retailers accounted for 47% of approximately \$3.973 billion in gross ticket sales, while in Fiscal Year 2012-13, corporate retailers accounted for 52% of approximately \$5.012 billion in gross ticket sales. In addition, a July 2013 survey of Florida Lottery retailers found that their satisfaction with the volume of lottery sales has increased from 84% in 2010 to 90% in 2013.

²⁷ Chapter. [2012-139](#), *Laws of Florida*.

Current statutes prohibit the purchase of vending machines

Florida statutes currently require the Department of the Lottery to lease all vending machines.²⁸ The Lottery leases 1,500 instant ticket vending machines (ITVMs) and 500 full-service vending machines from GTECH.

We identified four other state lotteries that own ITVMs, one of which conducted a cost benefit analysis of the merits of owning versus leasing.²⁹ The Iowa Lottery conducted an analysis in 2004 and determined that over a six-year period, it would spend approximately \$3.7 million in ownership costs for 325 ITVMs compared to \$5 million to lease the machines. The cost of ownership included the purchase price, monthly maintenance, and occasional machine relocations.^{30, 31} For 24-game ITVMs, the size used by the Florida Lottery, the annual savings was approximately \$950 per ITVM from owning rather than leasing.³² The Iowa Lottery has used the machines it purchased for nine years, and thus continued to realize cost savings.^{33, 34} If the Florida Lottery experienced similar savings for its 1,500 ITVMs, it would save approximately \$1.4 million annually over a six-year period, a total of \$8.4 million.

²⁸ Section [24.111 \(2\)\(h\)](#), *F.S.*

²⁹ The Iowa, Maryland, New York, and Pennsylvania lotteries own instant ticket vending machines. Only the Iowa Lottery had documentation of a cost benefit analysis conducted when lottery officials made the initial decision to purchase rather than lease the machines.

³⁰ Lotteries may need to move vending machines from one retailer to another, such as when a retailer goes out of business.

³¹ The Iowa Lottery contracted with the vendor from which it purchased the machines to maintain and relocate them when necessary.

³² The Florida Lottery leases ITVMs that can hold 24 scratch-off games. The Iowa Lottery's analysis calculated savings over a six-year period for a mixture of five sizes of machines. The machine sizes ranged from those that would hold 8 scratch-off games (\$430 annual savings per machine) to those that would hold 24 scratch-off games (\$950 annual savings per machine).

³³ The machines are now nearing the end of their useful life.

³⁴ The calculation of savings does not include some of the costs of ownership, such as disposal of the machines at the end of their useful life.

Florida and other state lottery officials we contacted had mixed views on whether lotteries should own or lease vending machines. Officials of lotteries that have chosen to purchase vending machines believed that their overall costs were lower than if they made monthly lease payments, even including the costs of maintaining and relocating machines. Officials from state lotteries that lease vending machines, including those from the Florida Lottery, believe it is more advantageous to lease vending machines. They cited the upfront costs for purchasing the machines, as well as the costs and not having to deal with matters such as technology upgrades, machine theft or damage, liability, maintenance, relocation, and disposal; all of which can be covered in a lease agreement.

Given the potential for cost savings, the Legislature could consider amending s. 24.111(2)(h), *Florida Statutes*, to give the Lottery authority to purchase vending machines when cost effective. Pending this statutory change, as part of the Lottery’s procurement to replace its contract with GTECH, it should solicit separate bids for leasing and for purchasing vending machines. The Lottery should consider requesting that vendor proposals to sell vending machines include all associated costs, such as maintenance, relocation, and disposal. The Lottery should use this information to determine which procurement method is most cost beneficial to the state.

Return to the Educational Enhancement Trust Fund from Lottery Advertising—

Advertising is one of several factors that affect Lottery sales; increasing advertising is not likely to increase transfers to education

Although advertising increases lottery ticket sales, jackpot amounts and other factors have more influence on sales. Increasing the Lottery’s current level of advertising expenditures is not likely to translate into an increase in net revenues,

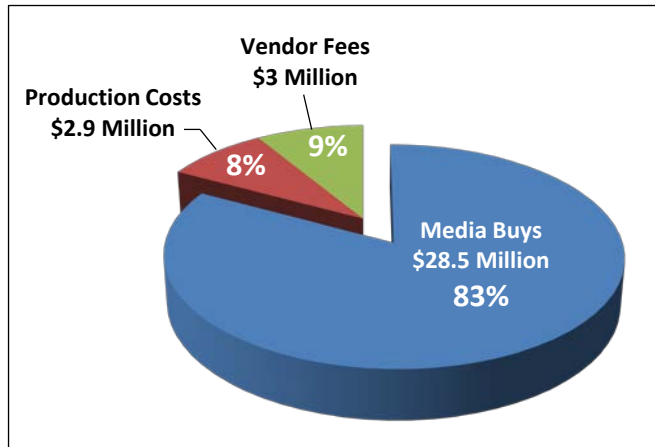
as we estimate that the return to the Educational Enhancement Trust Fund (transfers to education) for \$1.00 of advertising is less than one dollar (\$0.94). While the Lottery appears to have reached a saturation point for its advertising expenditures, major reductions in advertising have the potential to adversely affect transfers to education.

To assess Lottery advertising effectiveness, we analyzed the relationship between advertising expenditures and sales over seven years (from July 2006 to June 2013) using department data for its 10 market areas. We provide a range and midpoint for estimates of the return to the trust fund from advertising expenditures; the midpoint is the best estimate of the return to the trust fund, and there is a 95% probability that the actual return falls within the range.³⁵ The econometric model we used to estimate the advertising return to the trust fund is strong, explaining 81% of the variation in Lottery ticket sales. (See Appendix D for a more detailed discussion of our research methodology.)

The Lottery spends significant funds each year on advertising. Lottery advertising costs include media buys (TV and radio airtime, billboard space, Internet and print advertisement), production costs, and fees paid to advertising vendors. As shown in Exhibit 3, the Lottery reports spending a total of \$34.4 million on media buys, production costs, and vendor fees in Fiscal Year 2012-13. The majority of these expenditures were for media buys (83%), while production costs accounted for 8% and vendor fees 9%. These expenditures represent less than 1% of the Florida Lottery’s total ticket sales of \$5 billion in Fiscal Year 2012-13.

³⁵ We do not present an analysis of the return to the trust fund for specific draw game and scratch off advertising or for media types (e.g., billboards radio, and TV) as our estimate ranges had considerable overlap, indicating there were no significant differences.

Exhibit 3
For Fiscal Year 2012-13, the Florida Lottery Reported Spending \$34.4 Million on Media Buys, Production Costs, and Vendor Fees¹



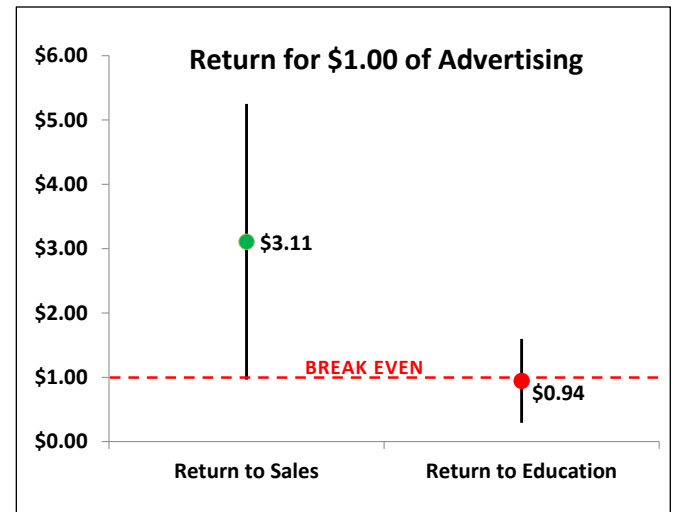
¹ Does not include \$3.3 million for special events, strategic sponsorships, and the live drawing studio.

Source: OPPAGA analysis of data from the Department of the Lottery.

Advertising is one of several factors that affect Lottery sales. Our econometric analysis found that although advertising increases lottery ticket sales, most (approximately 80%) of the variation in sales over our study period was explained by six other factors: jackpot size, time of the year, market area, retailer density, general economic conditions, and the introduction of Powerball in Florida in 2009. For example, per capita Lottery sales are substantially higher when large jackpots are available for draw games such as Powerball, during the winter holiday season, in market areas near the Alabama border (a state that does not have a lottery), and when the economy is strong. After controlling for the other factors, advertising explained less than 1% of the variation in Lottery sales.

Higher levels of advertising expenditures are not likely to increase transfers to education. Our analysis indicated that at current advertising levels, \$1.00 in advertising increases Lottery gross sales by an amount ranging from \$0.96 to \$5.25, with a midpoint of \$3.11 (see Exhibit 4). However, this gross sales analysis does not take into account prize payouts and expenses that reduce the amount of revenue that would be available for transfer to the Educational Enhancement Trust Fund.

Exhibit 4
Increased Lottery Advertising Is Not Likely to Increase Net Education Revenues



Source: OPPAGA analysis of data from the Department of the Lottery.

After accounting for all costs, including prize payouts, retailer commissions, and other operating expenses, approximately 30% of each dollar in sales was transferred to the Educational Enhancement Trust Fund during the seven-year study period. After accounting for this transfer rate, the estimated range of the net return to education for an additional dollar of advertising is between \$0.29 and \$1.60; the midpoint is \$0.94.³⁶

During the seven-year evaluation period, the department reduced the portion of advertising expenditures devoted to production costs. Therefore, we conducted an additional analysis limited to the last two years to determine whether these lower costs would result in a positive return to the trust fund. However, this analysis also showed that the midpoint in the range of possible net revenues was less than \$1.00. We estimated that \$1.00 of advertising expenditures over the two-year period of Fiscal Years 2011-12 and 2012-13 yielded a range of net revenue from \$0.30 to \$1.63. The midpoint is \$0.96.

Our analysis suggests that advertising for Lottery products may have reached the saturation point—where an additional dollar of advertising

³⁶ This estimate controls for factors including jackpot amounts, time of the year, market area, retailer density, economic conditions, and the introduction of Powerball in Florida.

expenditures returns an additional dollar of revenue to education. Therefore, an increase in expenditures on advertising might exceed the corresponding returns to the Educational Enhancement Trust Fund. However, the study period included the worst economic downturn in recent Florida history, and thus our estimates of the return to the trust fund may understate future returns on advertising spending during a period with a strong economy.³⁷

It should be noted that our findings do not necessarily show that advertising spending is too high for two reasons. First, the saturation point is within our model’s estimated range, and thus there is still a possibility of positive returns from advertising. Second, experiences in other states suggest that major reductions in Lottery advertising may adversely affect education funding. A study of three states that significantly curtailed lottery advertising (two states eliminated television advertising and the third reduced its advertising budget by 97%) showed that large reductions in advertising expenditures result in substantial reductions in sales, and thus may reduce net transfers.^{38,39} (For more information on the econometric analysis we used, see Appendix D.)

Recommendations

While the department and the Legislature have increased transfers to education, additional actions could increase sales and efficiency and ultimately increase transfers to education.

Department Options

We recommend that the Department of the Lottery continue efforts to expand the retailer network. We also recommend that when the department seeks bids to replace its contract with

³⁷Florida’s unemployment rate was below 5%, the approximate natural rate of unemployment, for only the first 22 months of the 84-month study period. Our analysis showed that the economic downturn significantly reduced Lottery sales. However, possibly due to the limited duration of strong economic performance in the study period, we were unable to determine whether the economic downturn reduced the effectiveness of Lottery advertising.

³⁸The three states were Illinois, Massachusetts, and Washington.

³⁹Zhang, P. "[Economic Analysis of State Lotteries in the United States.](#)" (Unpublished doctoral dissertation, University of Maryland, 2004.)

GTECH, it solicit bids for both leasing and purchasing vending machines. The Lottery should consider requesting that vendor proposals to sell vending machines include all associated costs, such as maintenance, relocation, and disposal. The Lottery should use this information to determine which procurement method is most cost beneficial to the state.

Legislative Options

The Legislature could consider authorizing the Lottery to expand its current games and product distribution methods to enhance revenues, as described in Appendices A and B. If the Legislature is interested in a particular option, it could direct the Department of the Lottery to provide a more detailed analysis that includes advantages and disadvantages, potential revenues and costs, timeframes for implementation, needed statutory changes, and any impacts on the gaming compact with the Seminole Tribe of Florida.

In addition, the Legislature could consider amending s. 24.111(2)(h), *Florida Statutes*, to give the Department of the Lottery authority to purchase vending machines when cost effective.

Agency Response

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the Secretary of the Department of the Lottery for review and response. The Secretary’s written response to this report is in Appendix E.

Appendix A

New Lottery Game Options

New games that attract new players have the potential to substantially increase revenues to education. Exhibit A-1 lists new game options, their advantages and disadvantages, and estimated revenues where we were able to develop reasonable estimates. The estimated revenues are based on individual options; if multiple options were implemented concurrently, the fiscal impact of each would likely be smaller due to shifts in sales from one game to another. Some new games that could generate significant revenue, such as fast keno, could increase the negative social costs of gambling. Estimates of annual revenue assume full implementation by July 1, 2014. However, some options would require additional time to implement, such as launching a keno or monitor game. For purposes of this report, we did not evaluate whether new game options could affect revenues from the gaming compact between the State of Florida and the Seminole Tribe of Florida.⁴⁰ If the Lottery were to implement a new option, it would need to determine whether the implementation would have any potential impact on compact revenues.

Exhibit A-1

New Games Have the Potential to Increase Revenues to Education

Option	Advantages	Disadvantages
<p>Fast Keno Players choose from 10 to 12 numbers from a panel of 80 numbers in the hope of matching their choices to 20 numbers drawn by the central computer at Lottery headquarters; may be played frequently (e.g., every four to five minutes). Players watch a monitor at a retailer location to determine if they have won, or leave the premises and check the lottery’s website for the winning numbers.</p> <p>Implementing this option may require legislative action to modify the requirement for a drawing to be witnessed by an accountant, given that electronic drawings could occur every four to five minutes (s. 24.105(9)(d), <i>F.S.</i>).</p>	<ul style="list-style-type: none"> ▪ Could generate approximately \$107 million per year in recurring transfers to education¹ ▪ Can be limited to social settings such as bars, restaurants, and fraternal organizations, although other U.S. lotteries allow traditional lottery retailers to participate. Some state lotteries also offer “Keno-to-Go” at traditional lottery retailer sites whereby players purchase tickets, leave the premises, and check the lottery website to see if they have won. See Appendix C for more information on U.S. lotteries that offer fast keno. ▪ Would help the Lottery recruit new retailers in social venues 	<ul style="list-style-type: none"> ▪ Fast keno is reportedly more addictive than traditional lottery games ▪ Could be considered an expansion of gambling ▪ Requires legislative budget approval for a fast keno gaming system ▪ Sales are dependent on new retailer participation ▪ Requires careful analysis of impacts on Lottery Revenue Bond rate floor²
<p>Daily Keno Players choose as many as 10 numbers from a panel of 80 numbers in the hope of matching their choices to 20 to 22 numbers drawn by the central computer at Lottery headquarters.</p>	<ul style="list-style-type: none"> ▪ Could generate approximately \$10 million per year in recurring transfers to education³ 	<ul style="list-style-type: none"> ▪ Could be considered an expansion of gambling ▪ Requires careful analysis of impacts on Lottery Revenue Bond rate floor²

⁴⁰ A gaming compact between the State of Florida and the Seminole Tribe of Florida was approved by the Governor on April 7, 2010, ratified by Ch. 2010-29, *Laws of Florida*, and approved by the U.S. Department of the Interior on July 6, 2010. The gaming compact provides the Tribe with partial but substantial exclusivity with respect to the play of covered games in exchange for payments to the state derived from gaming proceeds.

Option	Advantages	Disadvantages
<p>Monitor Games Computer animated games, such as simulated horse racing, poker, and bingo, that are played on in-store monitors similar to the way fast keno is played</p> <p>Implementing this option may require legislative action to modify the requirement for a drawing to be witnessed by an accountant, given that electronic drawings could occur frequently (s. 24.105(9)(d), <i>F.S.</i>)</p>	<ul style="list-style-type: none"> ▪ Could generate approximately \$19 million per year in recurring transfers to education⁴ ▪ Could appeal to emerging markets of Lottery players that have grown up playing computer games ▪ Allows the Lottery to recruit new retailers in social venues such as bars and restaurants ▪ Could be limited to pari-mutuel facilities or social settings, such as bars and restaurants 	<ul style="list-style-type: none"> ▪ Because of its rapid play style, it could be more addictive than traditional lottery games ▪ Could be considered an expansion of gambling ▪ Requires legislative budget approval for a new gaming system ▪ Requires careful analysis of impacts on Lottery Revenue Bond rate floor²
<p>Expand Higher Priced Scratch-Off Games Standard scratch-off games offered at prices of \$25 or more, with higher prizes and prize payout percentages</p>	<ul style="list-style-type: none"> ▪ Could generate significant revenues ▪ The Lottery's recent \$25 scratch-off games (Millionaire and 100X the Cash) generated significant sales. The Lottery estimates that the Millionaire game earned an additional \$71 million in transfers since its launch in September 2012, and the 100X the Cash game earned an additional \$43 million in transfers since its launch in September 2013. 	<ul style="list-style-type: none"> ▪ Florida's previous introduction of \$30 tickets generated lower than expected sales, but this may have been due to the play style of the ticket and the state of the economy at the time ▪ Requires careful analysis of impacts on Lottery Revenue Bond rate floor²

¹ We estimated a range of potential fast keno revenue (\$18 million to \$642 million, with a median of \$107 million) based on the highest and lowest per capita sales in states that offer fast keno, which we applied to Florida's estimated population for 2015. Our estimate assumes a transfer rate to the Educational Enhancement Trust Fund of 30.38%, based on the average fast keno payout in other states of 60.62%, and an administrative expense rate of 9%, which was determined by the Florida Lottery. The estimate also assumes that 10% of sales would be shifted from existing game sales.

² Proceeds from Lottery Revenue Bonds have been used to finance the cost of constructing, acquiring, reconstructing, or renovating educational facilities at various locations throughout the state. The term bond rate floor is one the Lottery uses to describe and monitor the lowest Educational Enhancement Trust Fund transfer rate allowed in order to ensure the Lottery remains in compliance with the covenants established with each bond issuance. Therefore, the Lottery would need to ensure that prize payouts and expenses for new games enable it to meet or exceed the minimum transfer rate needed to remain in compliance with bond covenants.

³ We estimated a range of daily keno revenue (\$5 million to \$24 million, with a median of \$10 million) based on the highest and lowest per capita sales in states that offer daily keno, which we applied to Florida's estimated population for 2015. The estimate assumes a draw game transfer rate to the Educational Enhancement Trust Fund of 40.54%, based on the November 2013 Revenue Estimating Conference projected transfers for Fiscal Year 2015-16, and that 5% of the sales would be shifted from existing game sales.

⁴ We estimated a range of potential monitor game revenue (\$6 million to \$123 million, with a median of \$19 million) based on the highest and lowest per capita sales in states that offer monitor games, which we applied to Florida's estimated population for 2015. Our estimate assumes a transfer rate to the Educational Enhancement Trust Fund of 30.38%, based on the average fast keno payout in other states of 60.62%, and an administrative expense rate of 9%, which was determined by the Florida Lottery. The estimate also assumes that 10% of sales would be shifted from existing game sales.

Source: OPPAGA analysis of lottery industry and Department of the Lottery information.

Appendix B

Product Distribution Options

Making lottery products more accessible and convenient for players by expanding product distribution has the potential to substantially increase revenues to education. Authorizing product distribution through the Internet, increasing the number of retailers, and expanding the use of full-service vending machines have the potential to increase revenues by making lottery products more readily available to residents and tourists. Exhibit B-1 lists these and other product distribution options that could increase Lottery sales and education transfers, their advantages and disadvantages, and estimated revenues where we were able to develop reasonable estimates. The estimated revenues are based on individual options; if multiple options were implemented concurrently, the fiscal impact of each would likely be smaller due to shifts in sales from one point of sale to another. Estimates of annual revenue assume full implementation by July 1, 2014. However, some options would likely require additional time to implement. For purposes of this report, we did not evaluate whether new product distribution options could affect revenues from the gaming compact between the State of Florida and the Seminole Tribe of Florida.⁴¹ If the Lottery were to implement a new option, it would need to determine whether the implementation would have any potential impact on compact revenues.

Exhibit B-1

Expanding Product Distribution Has the Potential to Increase Revenues to Education

Option	Advantages	Disadvantages
<p>Authorize Internet Sales</p> <p>The Legislature would enact laws to authorize intrastate Internet sales of lottery products</p> <p>Implementing this option would require statutory changes to allow player-activated terminals (s. 24.105, F.S.), and allow use of credit cards or other instruments issued by a bank for lottery purchases without requiring purchase of \$20 in other goods (s. 24.118, F.S.)</p>	<ul style="list-style-type: none"> Provides more convenience to players who prefer to purchase their lottery products from their personal computer or cellular device 	<ul style="list-style-type: none"> Must comply with federal laws that require state regulations to include age and location verification to reasonably block access to minors and persons located outside the state Requires legislative budget approval for enhanced systems and technology Could be considered an expansion of gambling As has happened in other states, retailers may oppose this option due to concerns that they would lose lottery sales commissions and revenues from sales of other in-store products, as players would no longer need to visit a retailer to make a lottery purchase
<p>Subscription Play</p> <p>The state would allow players to subscribe to game drawings for up to one year in advance on the Florida Lottery website. For prizes under a specified amount (e.g., \$600), players would receive automatic credit or the Lottery would mail them a check.</p> <p>Implementing this option may require statutory changes to allow player-activated terminals (s. 24.105, F.S.), and allow use of credit cards or other instruments issued by a bank for lottery purchases without requiring purchase of \$20 in other goods (s. 24.118, F.S.)</p>	<ul style="list-style-type: none"> Could generate approximately \$4 million per year in recurring transfers to education¹ Internet technology has made subscription services much easier and more cost-effective for lotteries to manage Key benefits for the consumers are no missed draws, no waiting in lines, and ease of prize claims Provides the ability for people to play who may not be able to otherwise, such as seasonal residents and physically challenged residents 	<ul style="list-style-type: none"> Must comply within federal laws that require state regulations to include age and location verification to reasonably block access to minors and persons located outside the state Game changes require communication with players and possibly a replacement ticket Could have an effect on unclaimed prize funds, as prizes may be automatically credited to players Could be considered an expansion of gambling As has happened in other states, retailers may oppose this option due to concerns that they would lose lottery sales commissions and revenues from sales of other in-store products, as players would no longer need to visit a retailer to make a lottery purchase

⁴¹ A gaming compact between the State of Florida and the Seminole Tribe of Florida was approved by the Governor on April 7, 2010, ratified by Ch. 2010-29, *Laws of Florida*, and approved by the U.S. Department of the Interior on July 6, 2010. The gaming compact provides the Tribe with partial but substantial exclusivity with respect to the play of covered games in exchange for payments to the state derived from gaming proceeds.

Option	Advantages	Disadvantages
<p>Paying at the Pump for Lottery Products</p> <p>Players would be able to purchase lottery products as part of the transaction involved in purchasing gasoline at the pump²</p> <p>Implementing this option may require statutory changes to allow player-activated terminals (s. 24.105, <i>F.S.</i>), allow use of credit cards or other instruments issued by a bank for lottery purchases without requiring purchase of \$20 in other goods (s. 24.118, <i>F.S.</i>), modify the definition of and requirements for lottery retailers (ss. 24.103 and 24.112, <i>F.S.</i>), modify the definition of and requirements for lottery vending machines (s. 24.112, <i>F.S.</i>), address the prohibition against selling lottery tickets at anything other than the price set by the Lottery (s. 24.117, <i>F.S.</i>), and address the prohibition against taking compensation for claiming a lottery prize on behalf of someone else (s. 24.118 <i>F.S.</i>).</p>	<ul style="list-style-type: none"> ▪ The ability to purchase tickets at the pump would increase convenience and avoid the loss of sales from players who have no need to walk into the store to pay for gas. Ideally, the consumer would be able to combine their gas and lottery purchase. ▪ Offering this option at ATMs may help expand the retailer network to non-traditional locations 	<ul style="list-style-type: none"> ▪ Could be considered an expansion of gambling ▪ Paying at the pump eliminates the need for many consumers to go inside stores, which might affect the sale of other products retailers sell. However, Minnesota Lottery officials found that to date, in-store sales have not been negatively affected.
<p>Expand Retailer Network</p> <p>Add additional corporate and independent Lottery retailers in both traditional locations, such as convenience and grocery stores, and non-traditional locations, such as chain drug stores, mass merchandisers, home improvement centers, bars, and restaurants</p>	<ul style="list-style-type: none"> ▪ Adding 200 new retailers has the potential to generate about \$9 million annually in additional transfers to education³ ▪ Florida has been below average in terminal density compared to other successful Lottery states, so expanding its network could improve per capita sales ▪ Could increase product distribution and awareness, making products available to new players who do not shop where products are currently being sold 	<ul style="list-style-type: none"> ▪ Requires legislative budget approval for more terminals ▪ Retailer expansion has been difficult during recession because retailer closings have been higher than new retailers recruited ▪ The non-traditional lottery business model may require the development of different products, compensation frameworks, and distribution strategies ▪ May require additional lottery staff to service new accounts
<p>Expand Full-Service Vending Machines</p> <p>Increase the number of full-service vending machines that dispense both scratch-off and draw game tickets</p>	<ul style="list-style-type: none"> ▪ An impact conference predicted net education funding gains of \$21 million in the first full year of deploying 350 full-service vending machines ▪ Allows additional product access at high volume Lottery retailers ▪ Provides more convenience to players who do not want to stand in line to purchase tickets ▪ May attract large corporate retailers currently not selling lottery products because the vending machines minimize the need for on-site operators and increase player choice and the potential for larger sales ▪ Allows retailer network expansion into non-traditional retailer locations, such as airports, because the vending machines minimize the need for on-site operators 	<ul style="list-style-type: none"> ▪ The 2012 Legislature provided budget authority of \$2.9 million to lease full-service vending machines.⁴ Expanding the number of machines would likely require legislative budget approval to lease more vending machine units. ▪ Requires monitoring of underage play ▪ Some criticize the potential ease of access by problem gamblers

Option	Advantages	Disadvantages
<p>Electronic Instant Ticket Vending Machine</p> <p>Players touch a video screen and receive the image of the instant ticket on the screen to reveal the outcome of the ticket</p> <p>Implementing this option may require modifying the definition of and requirements for lottery vending machines (s. 24.112, <i>F.S.</i>)</p>	<ul style="list-style-type: none"> ▪ The Department of the Lottery projected potential recurring transfers to education ranging from \$33 million to \$114 million per year depending on how implemented ▪ Provides a business model allowing retailer network expansion into non-traditional retailer locations, such as bars and restaurants 	<ul style="list-style-type: none"> ▪ Requires legislative budget authority to purchase or lease electronic instant ticket vending machines ▪ Requires monitoring of underage play ▪ Some stakeholders criticize the potential ease of access by problem gamblers

¹ We estimated a range of potential subscription sales revenue (\$1 million to \$11 million, with a median of \$4 million) based on the highest and lowest per capita sales in states that offer subscription sales, which we applied to Florida’s estimated population for 2015. Our estimate assumes a transfer rate to the Educational Enhancement Trust Fund of 40.54%, based on the November 2013 Revenue Estimating Conference projected draw game transfer rate for FY 2015-16. The estimate also assumes that 5% of sales would be shifted from existing game sales per the Florida Lottery.

² The Minnesota Lottery has developed the technology and payment processes needed to implement this option, and began to offer lottery purchases at gas stations and ATMs in October 2012. After pilot testing the system, the Minnesota Lottery will be expanding its distribution points. To make purchases, players use a debit card and select the option to purchase lottery tickets as part of the transaction for purchasing gas or using an ATM. The lottery purchase shows on the receipt, and they may also choose to receive a text message and/or register on the lottery website to track their purchases. The lottery automatically credits the bank account associated with the debit card for prizes under \$600. The Missouri Lottery is in the planning stages of implementing this option.

³ We estimated potential revenues from expanding the retailer network by assuming that the 200 retailers would achieve at least the average weekly gross sales new retailers achieved in 2013. The estimate assumes all 200 terminals being active for a full year and that 20% of their sales would be shifted from existing retailers.

⁴ The Lottery’s Fiscal Year 2013-14 appropriation to lease full-service vending machines was lower (\$1.6 million) than in Fiscal Year 2012-13 (\$2.9 million) due to a one-time equipment allowance from the vendor.

Source: OPPAGA analysis of lottery industry and Department of the Lottery information.

Appendix C

Other U.S. Lotteries Offer Fast Keno

We identified 15 U.S. lotteries that offer fast keno.⁴² As shown in Exhibit C-1, a wide variety of retailers participate, such as bars, bowling alleys, convenience stores, fraternal organizations, grocery stores, liquor stores, restaurants, and tobacco stores.

Table C-1
Fifteen U.S. Lotteries Offer Fast Keno at a Wide Variety of Venues

U.S. Lottery ¹	Name of Fast Keno Game	Examples of Retailers/ Venues
California	Hot Spot	Bars, bowling alleys, casinos, convenience stores, fraternal organizations, grocery stores, and restaurants
Delaware	Keno	Bars, casinos, convenience stores, liquor stores, restaurants, and tobacco stores
District of Columbia	D.C. Keno	Convenience stores, grocery stores, liquor stores, and restaurants
Georgia	Keno!	Bars, convenience stores, fraternal organizations, grocery stores, and restaurants
Kansas	Keno	Bars, convenience stores, fraternal organizations, grocery stores, and restaurants
Maryland	Keno	Bars, bowling alleys, convenience stores, grocery stores, restaurants, and tobacco stores
Massachusetts ²	Keno	Keno: Bars, convenience stores, fraternal organizations, grocery stores, restaurants, and tobacco stores
Michigan ²	Club Keno	Keno-to-Go: Convenience stores, grocery stores, liquor stores, pharmacies, and tobacco stores Keno: Bars, bowling alleys, fraternal organizations, and restaurants
Missouri ²	Club Keno	Keno-to-Go: Convenience stores, grocery stores, pharmacies, and tobacco stores Keno: Bars, bowling alleys, fraternal organizations, and restaurants
New York	Quick Draw	Keno-to-Go: Bars, bowling alleys, convenience stores, fraternal organizations, grocery stores, liquor stores, pharmacies, restaurants, and tobacco stores Bars, convenience stores, grocery stores, pharmacies, and restaurants
Ohio ²	Keno	Keno: Bars, fraternal organizations, liquor stores, restaurants, and tobacco stores Keno-to-Go: Bars, convenience stores, fraternal organizations, grocery stores, liquor stores, pharmacies, restaurants, and tobacco stores
Oregon ²	Keno	Bars, bowling alleys, convenience stores, fraternal organizations, grocery stores, liquor stores, restaurants, and tobacco stores
Rhode Island ²	Keno	Keno: Bars, bowling alleys, convenience stores, fraternal organizations, grocery stores, liquor stores, and restaurants
U.S. Virgin Islands	Caribbean Keno	Keno-on-the-Go: Convenience stores, grocery stores, liquor stores, pharmacies, and restaurants Bars, convenience stores, grocery stores, pharmacies, and restaurants
West Virginia	Keno Bonus	Bars, bowling alleys, convenience stores, fraternal organizations, liquor stores, and restaurants
TOTAL U.S. LOTTERIES	15	

¹ Six states (Alabama, Alaska, Hawaii, Mississippi, Nevada, and Utah) do not operate a lottery.

² The Massachusetts, Michigan, Missouri, Ohio, Oregon, and Rhode Island lotteries offer “Keno-to-Go” whereby players can purchase tickets for keno drawings, leave the retailer’s premises, and check for winning numbers on the Lottery website.

Source: OPPAGA analysis of information from U.S. lottery websites.

⁴² Connecticut is in the planning stages of implementing fast keno.

Appendix D

Method Used to Estimate the Return to Education from Advertising Lottery Products

To estimate transfers to the Educational Enhancement Trust Fund generated by Lottery advertising, we used ordinary least squares time series regression. This statistical method uses the correlation between the timing of lottery sales and media expenditures to estimate the return in sales for \$1.00 spent in media expenditures, which can be converted to estimate the impact of \$1.00 in advertising expenditures on transfers to the Florida Educational Enhancement Trust Fund.

Data. The Department of the Lottery provided sales data for the 84-month period between July 2006 and June 2013, and advertising expenditure data for the period March 2006 through June 2013. We used these slightly different time periods because sales tend to slightly lag advertising expenditures; prior research on lottery advertising concluded that advertising spending affects sales in the month that the expenditure was made as well as subsequent months. The department also provided data on lottery retailers and advertised jackpots. The University of Florida's Bureau of Economic and Business Research provided county-level data on population and taxable sales, and we obtained county-level unemployment information from the U.S. Bureau of Labor Statistics.

Methods of analysis. We used ordinary least squares time series regression to estimate monthly lottery sales per capita generated by \$1.00 in monthly media expenditures per capita (excluding advertising production costs and vendor fees). We aggregated these data by month and market area, producing 84 months of observations for Florida's 10 market areas (n=840). Our model included media expenditures per capita for the current and two prior months, as well as combined monthly jackpot amounts for on-line games, population per lottery retailer, a flag for the months affected by the economic downturn, the calendar month (allowing us to adjust sales for seasonal patterns), and the market area. We also adjusted for the introduction of Powerball, a large multi-state jackpot game, to Florida in January 2009 by including a "Powerball era" flag and allowing the relationship between jackpots and sales to be different before and after the introduction of Powerball. The market area variables adjusted for local differences that influence sales, such as population characteristics that are not otherwise included in the model. We adjusted for serial correlation in the time series data using a correction based on the Durbin-Watson statistic. The final model explained 81% of the variation in lottery sales.

The return for media expenditures (e.g., purchased radio and television airtime or billboard space) is the estimated regression coefficient from the model described above. We applied two adjustment factors to this coefficient to produce an estimate of the return to the Educational Enhancement Trust Fund (transfers to education) per dollar of total advertising expenditures. First, we calculated the estimated return in sales from total advertising expenditures, including media, production, and advertising agency costs. We did this by multiplying the estimated return for media expenditures by the ratio of media expenditures to total advertising expenditures (0.78).

Second, we multiplied the estimate calculated above by 0.304 to reflect the results in terms of transfers to education. During our study's seven-year timeframe, about 30% of lottery sales were transferred to the Educational Enhancement Trust Fund to be used for education.

Statistical results. Our model found sales were strongly influenced by six factors: jackpot size, seasonality, market area, retailer density, general economic conditions, and the introduction of Powerball. For example, the introduction of Powerball significantly increased sales throughout Florida, and had a much larger effect on sales in the two market areas that share a boarder with Alabama, a state that does not have a lottery. These six factors explained over 80% of the variation in per capita Lottery sales.

In contrast, advertising had a statistically significant but modest effect on sales. After controlling for the other factors, advertising explained less than 1% of the variation in Lottery sales.

As shown in Exhibit D-1, the model produced confidence intervals, which are shown as the range of predicted estimates of the return from advertising. Overall, we estimate that \$1.00 of advertising expenditures generated \$0.94 (range of return from \$0.29 to \$1.60) in transfers to education.

**Exhibit D-1
One Dollar of Advertising Expenditures Generates \$0.94 in Transfers to Education**

Expenditures	Estimate	Range
Lottery sales per \$1.00 in media expenditures	\$4.00	\$1.24 to \$6.76
Lottery sales per \$1.00 in total advertising expenditures	\$3.11	\$0.96 to \$5.25
Transfers to the Educational Enhancement Trust Fund	\$0.94	\$0.29 to \$1.60

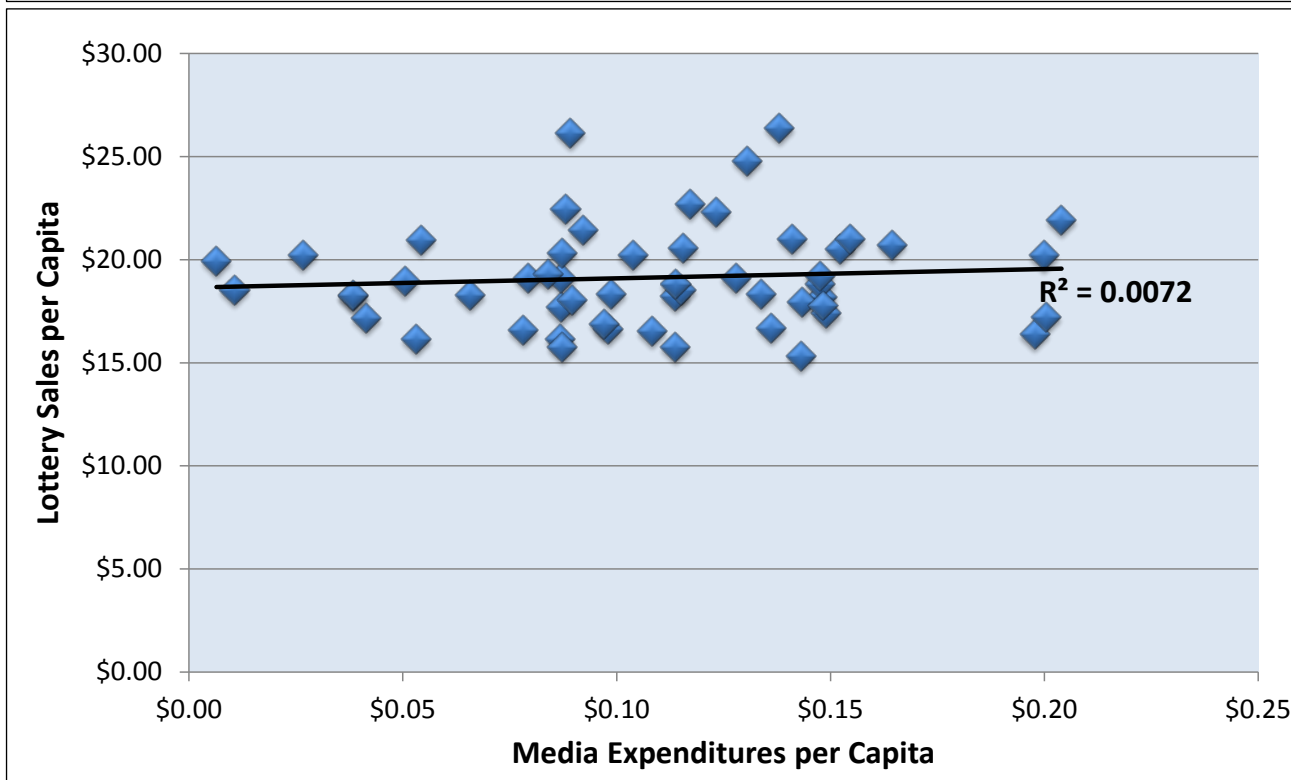
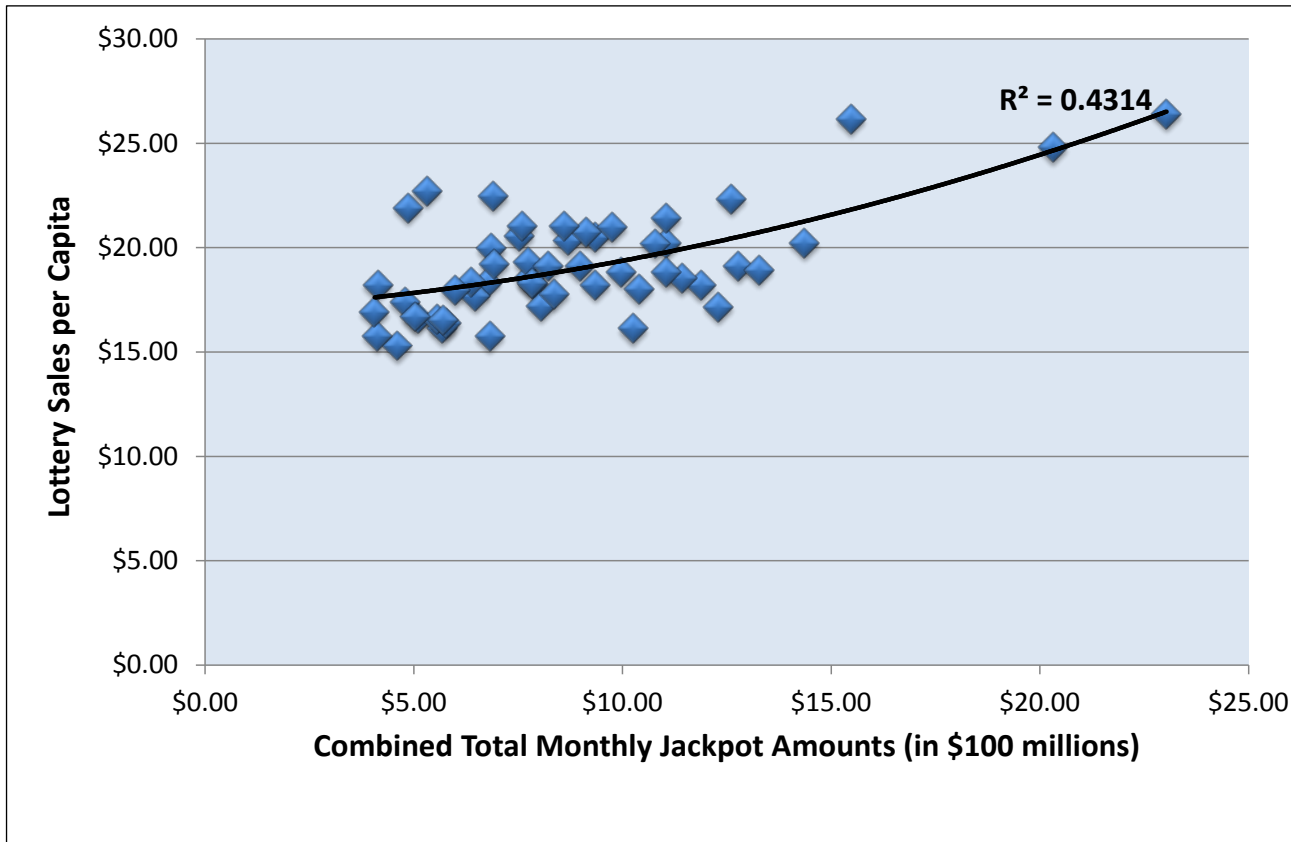
Source: OPPAGA analysis.

The estimated transfers to education per dollar of total advertising expenditures shown in Exhibit D-1 are based on adjustment factors calculated for the full study period. However, because the Department of the Lottery reduced the portion of advertising expenditures devoted to production costs in recent years, we conducted an additional analysis to determine whether advertising expenditures during recent time periods resulted in a positive return to the trust fund. If we assume reducing production costs did not change the effectiveness of media expenditures, and apply the adjustment factors from just the last two years of our study period (Fiscal Years 2010-11 and 2012-13), estimated transfers to education increase from \$0.94 to \$0.96 per dollar of advertising expenditures. However, this is still below the break-even point of \$1.00.

The relationships shown in our model are also apparent in bivariate scatterplots. For example, the scatterplots in Exhibit D-2 show that total statewide monthly per capita lottery sales are highly correlated with jackpot size, but have a relatively weak correlation with per capita Lottery media expenditures.⁴³ The relationship between advertising and sales is strengthened by including media spending in prior months in the model, but remain modest.

⁴³ Since the introduction of Powerball had a substantial effect on the relationship between jackpot size and Lottery sales, Exhibit D-2 only shows the relationships for the period after Powerball was introduced in Florida.

Exhibit D-2
Lottery Sales Have a Stronger Relationship to Jackpots than Advertising



Source: OPPAGA analysis of data from the Department of the Lottery.

Appendix E

RICK SCOTT
Governor



CYNTHIA F. O'CONNELL
Secretary

January 31, 2014

Phillip Twogood
Director
Office of Program Policy Analysis and
Government Accountability
111 West Madison Street
Tallahassee, Florida 32399-1475

Dear Mr. Twogood:

Thank you for the opportunity to respond formally to your office's report: "*Lottery Transfers Have Recovered; Options Remain to Enhance Transfers.*" We appreciate the diligence of your staff to thoroughly analyze the Lottery's performance over the years to help identify opportunities to increase our revenues and efficiencies, and we will take your recommendations under consideration.

We also appreciate the report mentioning the Florida Lottery's recent sales achievements in surpassing a new milestone of \$5 billion in annual sales and transferring yet another record amount to the Educational Enhancement Trust Fund (EETF). Florida now ranks the 2nd highest among U.S. lotteries in total sales.

Our response is in regard to the "*Return to the Educational Enhancement Trust Fund from Lottery Advertising*" section of the report beginning on page 8.

Lottery Response to "Return to the Educational Enhancement Trust Fund from Lottery Advertising"

Based on 25 years of experience and historical sales data, the Florida Lottery concludes that its advertising dollars are far more effective than the OPPAGA model illustrates and that the Lottery has not yet reached a saturation point in return on investment. Our advertising effectiveness studies¹ over the past decade including industry analysis, category comparisons from the advertising industry and methodologies used by the Revenue Estimating Conference (REC) as well as independent economists, have consistently shown higher returns in sales and transfers to the EETF. The clearest evidence of advertising effectiveness can be seen by its contribution to the three-year sales growth in Scratch-off game sales.

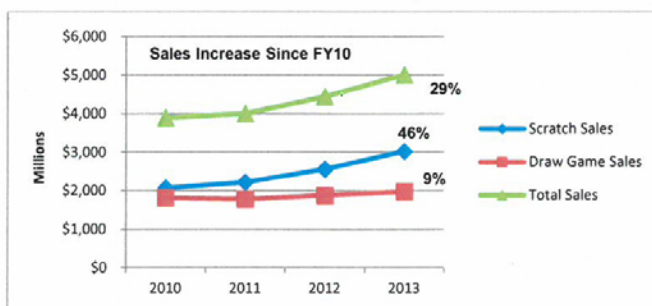
¹ Battelle Memorial Institute, La Fleurs Almanac, 4 A's, Nielsen Ad*views

Phillip Twogood
 Director
 Office of Program Policy Analysis and Government Accountability
 January 31, 2014
 Page 2 of 6

1. Increased allocation of advertising expenditures and integrated marketing efforts contributed to Scratch-off games’ three-year sales growth.

While we agree that jackpots have a significant impact on draw game sales, they have had less of an impact on Scratch-off sales, and therefore sales as a whole, in recent years. The chart shown below illustrates that Florida Lottery total sales have grown by 29% over the past three years and Scratch-off game sales are leading the pace. Scratch-off sales have increased by 46% over the past three years while draw game sales have increased by 9%.

Scratch-off Sales Have Fueled the Lottery’s 3-Years Sales Growth



As illustrated in the table below, FY2010 Scratch-off sales were approximately \$2 billion and in FY2013, Scratch-off sales set a new milestone by surpassing \$3 billion in annual sales. This sales growth was sustained during periods of both high and low draw game jackpots, indicating that the increase in advertising spending and marketing efforts have been a contributing factor. In FY2013, Florida’s 18% sales increase in Scratch-off games led all U.S. lotteries in percentage increase for that category. By comparison, over the past three years, draw game sales have increased by 9% with the impact of introduction of the big jackpot multi-state games, POWERBALL in FY2009 and MEGA MILLIONS in FY2013.

Scratch-off Sales Have Increased By Almost \$1 Billion In the Past Three Years. ²

(sales in thousands)

Fiscal Year	Scratch Sales	% Change	Draw Game Sales	% Change	Total Sales	% Change
2010	\$2,078,133		\$1,822,365		\$3,900,498	
2011	\$2,225,676	7%	\$1,783,040	-2%	\$4,008,716	3%
2012	\$2,566,991	15%	\$1,882,905	6%	\$4,449,896	11%
2013	\$3,028,527	18%	\$1,984,469	5%	\$5,012,996	13%
Change since FY2010	\$950,394	46%	\$162,104	9%	\$1,112,498	29%

² Source: Florida Lottery Weekly Trend Reports

Phillip Twogood
 Director
 Office of Program Policy Analysis and Government Accountability
 January 31, 2014
 Page 3 of 6

The catalyst to Scratch-off game sales success since FY2003 has been the legislative authorization to increase prize payouts. Additionally, the introduction of self-service vending machines has increased distribution points and sales since their introduction into the marketplace in FY2009. However, in FY2010, a significant change in our Scratch-off game strategy has been to increase the advertising expenditures and retailer-integrated marketing efforts in support of the Scratch-off games.

The following chart shows that over the past three years the allocation of advertising expenditures has shifted toward an emphasis on Scratch-off games. Since the Lottery has no direct control over the draw game jackpot size, the Lottery directs marketing efforts to those sales factors it can influence. As a mature Lottery, Scratch-off games represent an opportunity to keep new and fresh products in the marketplace and these continual game launches require advertising support, which is another reason for our shift in priorities. Increased advertising and marketing efforts for Scratch-off games along with additional distribution points created by the introduction of self service vending machines, has undoubtedly contributed to the three-year sales growth of this product line.

**Ad Budget Allocations for Scratch-off Games
 Have Increased over the Past 3 years**

Fiscal Year	Percentage of Advertising Budget		
	Scratch	Draw Games	Education/Brand
2010	22.7%	73.3%	3.9%
2011	35.5%	62.0%	2.5%
2012	51.1%	47.7%	1.2%
2013	52.4%	42.5%	5.1%*
Change since FY10	29.7%		1.2%

Florida Lottery

*25th anniversary brand refresh

Brand advertising is an investment for future growth of the Lottery. Therefore it is important to note that a portion of Lottery advertising dollars is spent on building the corporate brand as well as communicating the education funding mission message. The sales effects of such efforts are more indirect and longer term.

Phillip Twogood
 Director
 Office of Program Policy Analysis and Government Accountability
 January 31, 2014
 Page 4 of 6

2. Three years of record setting sales and transfers indicate that the Florida Lottery is on a growth track.

The Florida Lottery has continuously set new revenue transfer records over the past three years and there is no evidence that advertising and transfers are at a saturation point.

EETF Transfers from Sales Have Set New Records for the Past 3 Years

Fiscal Year	EETF Transfers from Sales Only (in thousands)
2010	\$1,147,130
2011	\$1,122,591
2012	\$1,258,622
2013	\$1,359,977

Source: Florida Lottery Audited Financial Statements

Florida currently ranks 2nd in total dollars transferred to government beneficiary among all U.S. Lotteries ³

State	FY12 Government Revenues (Total)
New York	\$2,877.99
Florida	\$1,321.60
California	\$1,300.24
Texas	\$1,155.52
Pennsylvania	\$1,060.89
Massachusetts	\$983.79
New Jersey	\$950.08
Georgia	\$901.33
Michigan	\$786.92
Ohio	\$771.03

The Lottery’s advertising effectiveness compares favorably to other Lottery states and other consumer category competitors. Industry analysis suggests a strong correlation between sales and advertising. As illustrated in the table below, when compared to lotteries of similar populations, Florida generates \$133 in sales per ad dollar spent while its ad budget represents only 0.75% of Lottery sales, ranking the Florida Lottery as one of the highest in advertising efficiency among our lottery peers.

³ Source: LaFleur’s Magazine, Sept/Oct 2013.

Phillip Twogood
 Director
 Office of Program Policy Analysis and Government Accountability
 January 31, 2014
 Page 5 of 6

Florida Ranks as One of the Highest in Advertising Efficiency among its Lottery Peers

State	Ad Budget as % of Sales	Sales per \$1 Spend
Florida	0.75%	\$133
Ohio	0.79%	\$127
Texas	0.80%	\$125
Pennsylvania	1.06%	\$94
California	1.09%	\$91
New York	1.31%	\$77
Illinois	1.63%	\$61

Source: LaFleur's 2013 Almanac and LaFleur's Magazine, Sept/Oct 2013

3. Media expenditures alone have more direct influence on advertising.

Since the 2010 OPPAGA report recommendation, the Lottery has been working to maximize advertising effectiveness by increasing the proportion of its advertising funding devoted to media rather than production. The 2014 OPPAGA report indicated an increase in advertising effectiveness in the past two years as stated on page 9.

The 2010 OPPAGA report based its Return to Education of \$1.57 for every \$1.00 of Advertising spent on media costs only, which unfortunately, was not included in the 2014 report. Media expenditures alone are a more direct measure of advertising effectiveness than the combined costs of advertising, production, and agency fees. Eliminating the two additional administrative factors, as was done in the 2010 OPPAGA report, demonstrates that media spend alone results in a positive return to education.

The OPPAGA report states that *"...the saturation point is within our model's estimated range, and thus there is still a possibility of positive returns from advertising"* and further states that the *"study period included the worst economic downturn in recent Florida history, and thus our estimates of the return to the trust fund may understate future returns on advertising spending during a period of a strong economy."* While advertising probably helped stave off impacts from the 2008 economic downturn, under the current upward economic trend it is more likely that advertising effectiveness will continue to improve in the future.

Phillip Twogood
Director
Office of Program Policy Analysis and Government Accountability
January 31, 2014
Page 6 of 6

Again, we would like to thank you and your staff for your diligent efforts to help us increase our revenues and efficiencies and offering us the opportunity to provide additional information to express our views.

Sincerely,



Cynthia O'Connell
Secretary

cc: Bruce Hoffmann, Chief of Staff
David Bishop, Deputy Secretary
Tom Delacenserie, Deputy Secretary
Ellyn Hutson, Chief Financial Officer
Louisa Warren, Acting General Counsel
Andy Mompeller, Inspector General

OPPAGA Clarification

Regarding page 5 (section titled “Media expenditures alone have more direct influence on advertising.”) of the Department of the Lottery’s letter of response:

OPPAGA’s 2010 and 2014 econometric analyses of returns to the Educational Enhancement Trust Fund accounted for media buys and total advertising costs in a consistent manner. The costs of production and vendor fees were included in both analyses to accurately reflect the full cost of advertising expenditures.

The Florida Legislature

Office of Program Policy Analysis and Government Accountability



OPPAGA provides performance and accountability information about Florida government in several ways.

- [Reports](#) deliver program evaluation and policy analysis to assist the Legislature in overseeing government operations, developing policy choices, and making Florida government more efficient and effective.
- [PolicyCasts](#), short narrated slide presentations, provide bottom-line briefings of findings and recommendations for select reports.
- Government Program Summaries (GPS), an online encyclopedia, www.oppaga.state.fl.us/government, provides descriptive, evaluative, and performance information on more than 200 Florida state government programs.
- [PolicyNotes](#), an electronic newsletter, delivers brief announcements of research reports, conferences, and other resources of interest for Florida's policy research and program evaluation community.
- Visit OPPAGA's website at www.oppaga.state.fl.us

OPPAGA supports the Florida Legislature by providing data, evaluative research, and objective analyses that assist legislative budget and policy deliberations. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

OPPAGA website: www.oppaga.state.fl.us

Project supervised by Becky Vickers (850/717-0515)
Project conducted by Mark Frederick (850/717-0505) and Justin Graham (850/717-0508)
David Summers (850/717-0555), Staff Director, Education Policy Area
R. Philip Twogood, Coordinator

24.123 Annual audit of financial records and reports.—

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

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

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

History.—s. 23, ch. 87-65; s. 4, ch. 2001-89.

**Failure to Take Corrective Action
on Repeat Audit Findings
[Educational & Local Governments]**

Audit Findings Not Corrected – Materials Provided

1. Summary: Failure to Correct Audit Findings – Educational Entities and Local Governments

2. Audit Findings Reported to the Committee:

- State College and Universities
- District School Boards
- Charter Schools
- County Constitutional Officers
- Municipalities
- Special Districts

3. Notifications from the Auditor General

Failure to Correct Audit Findings **Educational and Local Governmental Entities**

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

Statutory Authority

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

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

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

(3) If the Committee determines that the state university or Florida College System institution has failed to take full corrective action for which there is no justifiable reason or has failed to comply with Committee requests made pursuant to this section, the Committee shall refer the matter to the State Board of Education or the Board of Governors, as appropriate, to proceed in accordance with ss. 1008.32 or 1008.322, F.S., respectively.¹ [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

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

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 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

Since this is a fairly new law, the Committee received the second series of notifications from the Auditor General during late 2013. The Auditor General is required by law to conduct audits of state universities, Florida College System institutions, and district school boards.² 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 2011-12 fiscal year, as reported to the Committee by February 14, 2014:³

Type of Entity	Number with Repeat Audit Findings ⁴	Total Number of Repeat Findings
Colleges	1	2
Universities	1	1
District School Boards	50	404 107 (corrected after the meeting)
Charter Schools	31	38
County Offices ⁵	87	470 169 (corrected after the meeting)
Municipalities ⁶	141	345 314 (corrected after the meeting)
Special Districts ⁷	148	254
Total	459	884 885 (corrected after the meeting)

Previous Committee Action

Based on notifications received related to the previous year's audit reports (2010-11 fiscal year), the Committee took action against 487 of the entities noted above during meetings in February and September 2013. As a result of the Committee's action, letters were sent to 485 entities to direct each governing body to provide a written statement to the Committee to explain the corrective action that has occurred or is planned or to provide the reasons no corrective action is planned. Two special districts had been dissolved since the date of the notification from the Auditor General; therefore, no letter was sent to these entities.

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.

³The Committee also received a recent notification based on the Auditor General's review of late filed 2010-11 fiscal year audit reports; it included three special districts (with total of six repeat findings) and one municipality (with 13 repeat findings). These entities are available for the Committee to take action against on February 17, 2014.

⁴For 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.

⁵Separate 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).

⁶There are 410 municipalities in Florida.

⁷As of February 14, 2014, there are 1625 active special districts in Florida.

Audit Findings Not Corrected and Recommended Action

The series of charts that follow includes all audit findings that were included in three successive audit reports and were reported to the Joint Legislative Auditing Committee (Committee) by the Auditor General. These findings were included in the 2011-12 fiscal year audit reports and selected late-filed 2010-11 audit reports.¹

All charts are for findings included in the 2011-12 audit reports unless otherwise noted.

Charts: Recommendation for the Committee to take action (unless the entity has been dissolved); require written status update

1. State Colleges and Universities
2. District School Boards
3. Charter Schools
4. County Offices
5. Municipalities (2010-11 fiscal year audit report findings)
6. Municipalities
7. Special Districts (2010-11 fiscal year audit report findings)
8. Special Districts

Charts: Written response not recommended at this time for these specific audit findings, audit findings are highlighted in green²

1. Charter Schools
2. County Offices
3. Municipalities
4. Special Districts

¹ The Committee previously took action on all previously reported audit findings for the 2010-11 fiscal year during February and September 2013.

² These findings are classified as reportable conditions. Auditing standards require the auditor to include these findings in an audit report. Each of these entities has previously provided a written response to the Committee for these specific audit findings. Either the entity's auditor or the Committee staff have determined that these entities have taken appropriate action to the extent practicable to address the audit finding, based on the correspondence received. Full corrective action is not possible due to either a lack of resources or the cost to fully correct the finding is not cost beneficial based on the size of the entity. Note: Some of these entities are included in the previous charts that recommend Committee action for other audit report findings for which corrective action has not yet been taken.

State College and University
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports

Entity	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Palm Beach State College	AG Report No. 2013-036 (<u>Finding No. 6: Vehicle Records</u>): Improvements were needed in the monitoring of vehicle usage to ensure that vehicles are used only for official college business and there is annual verification that employees authorized to use such vehicles possess valid drivers' licenses. (See PDF Pages 8-9 of 17)	N/A	No	Yes
	AG Report No. 2013-036 (<u>Finding No. 7: Information Technology - Security Controls - User Authentication and Data Loss Prevention</u>): Improvements were needed in the IT security controls related to user authentication and data loss prevention. (See PDF Pages 9-10 of 17)	N/A	No	Yes
University of Florida	AG Report No. 2013-027 (<u>Finding No. 7: Information Technology (IT) - Disaster Recovery</u>): The University needed to establish an adequate alternate IT processing facility. (See PDF Page 9 of 19)	N/A	Yes - Letter: Indicates that full disaster recovery capability should be operational by July 2013.	Yes - request updated status [Note: Finding included in AG Report No. 2014-044 (Finding No. 6: Disaster Recovery), issued in November 2013. In response to audit finding, University management indicated that the University is on schedule to complete its disaster recovery capability by the end of calendar year 2013 for all mission-critical University systems, except those modules of the student system which will be implemented with the conversion to a new student system operating system.] (See PDF Page 10 of 22)

LEGEND:

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

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

For example, a deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis.

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

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

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Baker	AG Report No. 2013-079 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 55 of 58)	N/A	No	Yes
Bay	CPA Firm FY 2011-12 (<u>#12-01</u>): Significant Audit Adjustments - Financial reporting procedures could be improved to ensure that information is properly reported on the financial statements. (See PDF Page 78 of 83)	MW	Yes - Letter: Describes issue involving recording of unrealized loss from investments in SBA, Fund B. States that problem has finally remedied itself.	Yes
	CPA Firm FY 2011-12 (<u>#12-05</u>): Procedure for reviewing information technology (IT) access privileges needed enhancement as some inappropriate or unnecessary access privileges existed within the District. (See PDF Page 80 of 83)	N/A	Yes - Letter: Describes steps taken to address issue and eliminate mistakes.	Yes
Bradford	AG Report No. 2013-084 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Pages 55-56 of 64)	N/A	No	Yes
	AG Report No. 2013-084 (<u>Finding No. 4 - Information Technology - Written Policies and Procedures</u>): District lacked written policies and procedures for certain IT functions. (See PDF Pages 57-58 of 64)	N/A	Yes - Letter: Describes staffing and software constraints.	Yes
	AG Report No. 2013-084 (<u>Finding No. 5 - Information Technology - Security Awareness Training Program</u>): An IT security awareness training program had not been implemented. (See PDF Page 58 of 64)	N/A	Yes - Letter: Describes staffing and software constraints; trying to find material to build a comprehensive training program, but once developed will have a staffing issue related to getting it implemented and taught.	Yes
	AG Report No. 2013-084 (<u>Finding No. 6 - Information Technology - Disaster Recovery Plan</u>): The IT disaster recovery plan could be enhanced. (See PDF Pages 58-59 of 64)	N/A	Yes - Letter: Describes staffing and software constraints.	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Bradford (continued)	AG Report No. 2013-084 (<u>Finding No. 8 - Information Technology - Application Access and Authorization Controls</u>): The District had not classified IT data according to sensitivity or level of significance, or maintained documentation of user access authorization. (See PDF Page 59 of 64)	N/A	Yes - Letter: Describes staffing and software constraints.	Yes
	AG Report No. 2013-084 (<u>Finding No. 9 - Information Technology - Program Change Controls</u>): The District did not have a formal program change methodology that documented the IT program change process and did not restrict programmers from accessing or updating production programs and data. (See PDF Pages 59-60 of 64)	N/A	Yes - Letter: Describes staffing and software constraints; staff looking into replacement of enterprise software currently used.	Yes
	AG Report No. 2013-084 (<u>Finding No. 10 - Information Technology - Security Controls - Logging and User Authentication</u>): Certain IT security controls related to logging, user authentication, and data loss prevention needed improvement. (See PDF Page 60 of 64)	N/A	Yes - Letter: Describes staffing and software constraints.	Yes
Brevard	AG Report No. 2013-135 (<u>Finding No. 4 - Financial Condition - Group Health Self-Insurance Plan</u>): The Board had not adopted a written policy establishing a target net asset balance for the District's self-insured health plan. (See PDF Pages 5-6 of 16)	N/A	No	Yes
	AG Report No. 2013-135 (<u>Finding No. 7 - Subsidiary Records</u>): The District needs to strengthen procedures to ensure adequacy of its records supporting land, buildings and fixed equipment, and improvements other than buildings. (See PDF Pages 7-8 of 16)	N/A	No	Yes
Broward	AG Report No. 2013-160 (<u>Finding No. 4 - Payroll Processing</u>): The District needs to enhance its procedures to ensure payroll payments are accurate, properly documented, and approved. Also, the District needs to continue its efforts to remedy previous salary underpayments and overpayments. (See PDF Page 92 of 115)	N/A	No	Yes
	AG Report No. 2013-160 (<u>Finding No. 5 - Overtime Payment Monitoring</u>): The District needs to enhance its procedures to ensure overtime payments are properly documented and approved. The District should also enhance management controls to require overtime and staffing analyses to ensure the most cost effective use of human resources. (See PDF Pages 92-93 of 115)	N/A	No	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Broward (continued)	AG Report No. 2013-160 (<u>Finding No. 8 - Tangible Personal Property</u>): Improvements were needed to strengthen procedures to provide for complete annual physical inventories of tangible personal property, prompt tagging of items upon receipt, timely updating of all necessary fields in the individual property records for acquisitions and dispositions, and proper monitoring of surplus property dispositions. (See PDF Pages 95-97 of 115)	N/A	No	Yes
	AG Report No. 2013-160 (<u>Finding No. 9 - Annual Facility Inspections</u>): Improvements were needed to ensure that deficiencies noted in inspection reports are timely corrected. (See PDF Pages 97-98 of 115)	N/A	No	Yes
Calhoun	AG Report No. 2013-077 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 55 of 61)	N/A	No	Yes
Citrus	AG Report No. 2013-164 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 68 of 77)	N/A	No	Yes
Clay	AG Report No. 2013-156 (<u>Finding No. 7 - Adult General Education Classes</u>): Improvements were needed in controls over the reporting of instructional contact hours for adult general education classes to the Florida Department of Education. (See PDF Pages 68-69 of 81)	N/A	No	Yes
	AG Report No. 2013-156 (<u>Finding No. 11 - Information Technology - Access Privileges</u>): Improvement is needed in the review of employee access privileges. Also any unnecessary or inappropriate access privileges detected should be deactivated. (See PDF Pages 71-72 of 81)	N/A	No	Yes
	AG Report No. 2013-156 (<u>Finding No. 13 - Information Technology - Security Controls - Use Authentication, Data Loss Prevention, and Monitoring of System Activity</u>): IT security controls related to user authentication, data loss prevention, and monitoring needed improvement. (See PDF Pages 72-73 of 81)	N/A	No	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Columbia	AG Report No. 2013-136 (<u>Finding No. 2 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 64 of 70)	N/A	No	Yes
Dixie	AG Report No. 2013-115 (<u>Finding No. 4 - Information Technology - Written Policies and Procedures</u>): The District lacked written policies and procedures for certain IT functions. (See PDF Page 54 of 57)	N/A	Yes - Letter: States this is now corrected.	Yes
Flagler	AG Report No. 2013-142 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 64 of 72)	N/A	No	Yes
	AG Report No. 2013-142 (<u>Finding No. 3 - Adult General Education Classes</u>): Improvements were needed in controls over the reporting of instructional contact hours for adult general education classes to the Florida Department of Education. Also, extent of adult general education hours misreported should be determined, and the Florida Department of Education should be contacted for proper resolution. (See PDF Page 66 of 72)	N/A	No	Yes
Franklin	AG Report No. 2013-159 (<u>Finding No. 1 - Financial Reporting</u>): Financial reporting procedures could be improved to ensure that information is properly reported on the financial statements. (See PDF Page 53 of 67)	MW	Yes - Letter: District was without a finance director for a few months during fiscal year. New finance director has been hired, and reporting procedures amended.	Yes
	AG Report No. 2013-159 (<u>Finding No. 6 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 58 of 67)	N/A	No	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Franklin (continued)	AG Report No. 2013-159 (<u>Finding No. 9 - Adult General Education Classes</u>): Improvements were needed in controls over the reporting of instructional contact hours for adult general education classes to the Florida Department of Education. Also, extent of adult general education hours misreported should be determined, and the Florida Department of Education should be contacted for proper resolution. (See PDF Pages 60-61 of 67)	N/A	Yes - Letter: In process of hiring new MIS director and new adult education director, who once hired will meet and write procedures, etc., for ensuring an effective program. No education program for FY 2012-13; therefore, no data to be recorded.	Yes
Gadsden	AG Report No. 2013-167 (<u>Finding No. 2 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Pages 53-54 of 69)	N/A	No	Yes
	AG Report No. 2013-167 (<u>Finding No. 3 - Adult General Education Classes</u>): Improvements were needed in controls over the reporting of instructional contract hours for adult general education classes to the Florida Department of Education. Also, extent of adult general education hours misreported should be determined, and the Florida Department of Education should be contacted for proper resolution. (See PDF Page 54 of 69)	N/A	Yes - Letter: Indicates "exploring a partnership with TCC wherein TCC would be responsible for collection and reporting of such data."	Yes
	AG Report No. 2013-167 (<u>Finding No. 4 - Information Technology - Disaster Recovery Plan</u>): A comprehensive written IT disaster recovery plan had not been established. (See PDF Page 55 of 69)	N/A	Yes - Letter: Indicates that steps are being taken to secure new IT personnel and collect preliminary data re: formal disaster recovery plan.	Yes
	AG Report No. 2013-167 (<u>Finding No. 6 - Information Technology - Security Controls - Logging and Monitoring of System Activity</u>): IT security controls related to logging, monitoring, and review of system activity needed improvement. (See PDF Page 56 of 69)	N/A	Yes - Letter: Indicates that report from IT independent contractor outlines recommendations including enhanced security controls. (Note: Refers to enclosures, which have not yet been provided.)	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Glades	AG Report No. 2013-127 (<u>Finding No. 4 - Information Technology</u>): Improvements could be made in controls over IT functions relating to oversight of IT operations, written policies and procedures, security controls, and the disaster recovery plan. (See PDF Pages 53-54 of 57)	N/A	Yes - Letter: States corrections in progress.	Yes
Gulf	AG Report No. 2013-048 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 55 of 62)	N/A	No	Yes
	AG Report No. 2013-048 (<u>Finding No. 4 - Adult General Education Classes</u>): Improvements were needed in controls over the reporting of instructional contact hours for adult general education classes to the Florida Department of Education. Also, extent of adult general education hours misreported should be determined, and the Florida Department of Education should be contacted for proper resolution. (See PDF Pages 57-58 of 62)	N/A	Yes - E-mail: States that procedures were developed and implemented to control accuracy of reporting of instructional hours to DOE.	Yes
Hamilton	AG Report No. 2013-147 (<u>Finding No. 2 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Pages 52-53 of 58)	N/A	No	Yes
Hardee	AG Report No. 2013-165 (<u>Finding No. 2 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Pages 59-60 of 64)	N/A	No	Yes
Hendry	AG Report No. 2013-131 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Pages 61-62 of 64)	N/A	No	Yes
Hernando	AG Report No. 2013-044 (<u>Finding No. 9 - Information Technology - Access Privileges</u>): The District should continue to improve its efforts to evaluate the application screens and further restrict access privileges within transaction screens to ensure that access privileges assigned are appropriate. (See PDF Page 12 of 24)	N/A	No	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Highlands	AG Report No. 2013-168 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 63 of 71)	N/A	No	Yes
Holmes	AG Report No. 2013-132 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 59 of 65)	N/A	No	Yes
Indian River	AG Report No. 2013-050 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Pages 3-4 of 12)	N/A	No	Yes
	AG Report No. 2013-050 (<u>Finding No. 3 - Information Technology - Access Privileges</u>): Management of IT access privileges needed improvement. (See PDF Page 5 of 12)	N/A	Yes - Letter: Describes steps taken to address issues.	Yes
	AG Report No. 2013-050 (<u>Finding No. 4 - Information Technology - Timely Deactivation of Access Privileges</u>): Procedures to ensure the timely removal of IT access privileges for former employees needed to be enhanced. (See PDF Pages 5-6 of 12)	N/A	Yes - Letter: Describes steps taken to address issues.	Yes
Jackson	AG Report No. 2013-130 (<u>Finding No. 1 - Financial Reporting</u>): Financial reporting procedures could be improved to ensure that information is properly reported on the financial statements. (See PDF Pages 58-59 of 64)	MW	No	Yes
	AG Report No. 2013-130 (<u>Finding No. 3 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Pages 59-60 of 64)	N/A	No	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Jefferson	AG Report No. 2013-154 (<u>Finding No. 1 - Financial Reporting</u>): Financial reporting procedures could be improved to ensure that information is properly reported on the financial statements. (See PDF Page 53 of 71)	SD	Yes - Letter: Indicates that CFO will introduce controls to ensure that all future financial statement account balances and transactions are reconciled and reported accurately.	Yes
	AG Report No. 2013-154 (<u>Finding No. 7 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Pages 56-57 of 71)	N/A	No	Yes
	AG Report No. 2013-154 (<u>Finding No. 8 - Adult General Education Classes</u>): Improvements were needed in controls over the reporting of instructional contact hours for adult general education classes to the Florida Department of Education. (See PDF Page 57 of 71)	N/A	Yes - Letter: Describes steps taken to address issues.	Yes
	AG Report No. 2013-154 (<u>Finding No. 9 - Graduation Eligibility and Student Diplomas</u>): Controls over the issuance of student diplomas could be enhanced. (See PDF Pages 57-58 of 71)	N/A	Yes - Letter: Describes steps taken to address issues.	Yes
	AG Report No. 2013-154 (<u>Finding No. 10 - Information Technology - Disaster Recovery Plan</u>): The IT disaster recovery plan lacked key disaster recovery control elements and had not been tested. (See PDF Page 58 of 71)	N/A	Yes - Letter: Describes steps taken to address issues.	Yes
	AG Report No. 2013-154 (<u>Finding No. 11 - Information Technology - Written Policies and Procedures</u>): The District lacked written policies and procedures for certain IT functions. (See PDF Pages 58-59 of 71)	N/A	Yes - Letter: Describes steps taken to address issues.	Yes
	AG Report No. 2013-154 (<u>Finding No. 12 - Information Technology - Security Awareness Training Program</u>): A comprehensive IT security awareness training program had not been implemented. (See PDF Page 59 of 71)	N/A	Yes - Letter: Describes steps taken to address issues.	Yes
	AG Report No. 2013-154 (<u>Federal Awards Finding No. 1 - Reporting</u>): Improvements were needed in control over the monitoring and reporting of Federal cash balances and expenditures. (See PDF Page 60 of 71)	SD	No	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Jefferson (continued)	AG Report No. 2013-154 (<u>Federal Awards Finding No. 3 - Allowable Costs/Cost Principles - Documentation of Time and Effort</u>): Improvements were needed to ensure that required documentation is maintained to support salary and benefit charges to Federal programs. (See PDF Page 62 of 71)	SD	No	Yes
Lafayette	AG Report No. 2013-096 (<u>Finding No. 5 - Information Technology - Written Policies and Procedures</u>): The District lacked written policies and procedures for certain IT functions. (See PDF Page 54 of 59)	N/A	Yes - Letter: States IT procedures are currently being reviewed by AG's office; copy of IT policies and procedures manual included with letter.	Yes
Lake	CPA Firm 2011-12 (<u>#2008-04</u>) Payroll - Timekeeping Methodology: The District needed to enhance its payroll processing controls over time records. (See PDF Page 190 of 194)	N/A	Yes - Letter: Describes steps that have been taken and continue to be taken to address issues.	Yes
Leon	CPA Firm 2011-12 (<u>#12-07</u>) Extended Day Programs: Extended Day Enrichment Program fee collection procedures could be strengthened. (See PDF Page 81 of 86)	N/A	Yes - Letter: Describes steps being taken to address issues.	Yes
Levy	AG Report No. 2013-141 (<u>Finding No. 3 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Pages 58-59 of 63)	N/A	No	Yes
Liberty	AG Report No. 2013-146 (<u>Finding No. 3 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 55 of 61)	N/A	No	Yes
	AG Report No. 2013-146 (<u>Finding No. 7 - Information Technology - Written Policies and Procedures</u>): The District lacked written policies and procedures for certain IT functions. (See PDF Page 58 of 61)	N/A	No	Yes
Madison	AG Report No. 2013-140 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 56 of 61)	N/A	No	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Manatee	CPA Firm 2011-12 (<u>#12-1</u>) Adult General Education - Reporting Instructional Hours: Improvements were needed in controls over the reporting of instructional contract hours for adult general education classes to the Florida Department of Education. (See PDF Page 208 of 220)	SD	Yes - Letter: Procedures are currently being developed.	Yes
	CPA Firm 2011-12 (<u>#12-10</u>) Federal - Coordinated Early Intervention Services: Controls over charges to the Federal programs could be improved to ensure that coordinated early intervention services are provided for Special Education programs. Questioned costs, totaling \$1,916,521, were noted for the required coordinated early intervention services. (See PDF Page 214 of 220)	MW	No	Yes
Martin	AG Report No. 2013-040 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Pages 3-5 of 20)	N/A	No	Yes
	AG Report No. 2013-040 (<u>Finding No.3 - Purchasing Cards</u>): Improvements were needed in its purchasing card procedures. (See PDF Pages 6-7 of 20)	N/A	No	Yes
Miami-Dade	AG Report No. 2013-108 (<u>Finding No. 4 - Monitoring Fuel Efficiency</u>): Improvements were needed to enhance the accountability and control of fuel usage. (See PDF Page 7 of 16)	N/A	No	Yes
Monroe	AG Report No. 2013-170 (<u>Finding No. 1 - Financial Reporting</u>): Financial reporting procedures could be improved to ensure that information is properly reported on the financial statements. (See PDF Page 80 of 104)	SD	Yes - Letter: Describes steps being taken to address issues.	Yes
	AG Report No. 2013-170 (<u>Finding No. 6 - Net Asset Deficit - Worker's Compensation/General Liability Internal Service Fund</u>): Improvements were needed toward eliminating the net asset deficit of the internal service fund and ensuring that a favorable balance is maintained to meet the fiscal demands of the self-insurance program. (See PDF Pages 84-85 of 104)	N/A	No	Yes
	AG Report No. 2013-170 (<u>Finding No. 9 - Property Insurance</u>): A formal action plan that identifies resources that it can use to cover uninsured losses resulting from wind damage. (See PDF Page 86 of 104)	N/A	Yes - Letter: Describes steps being taken to address issue.	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Monroe (continued)	AG Report No. 2013-170 (<u>Finding No. 10 - Payroll Processing - Time Records</u>): Payroll processing procedures could be enhanced to ensure that employee work time is appropriately documented and approved, accurately recorded, and not in conflict with other employment. (See PDF Pages 86-87 of 104)	N/A	Yes - Letter: Describes steps being taken to address issues.	Yes
	AG Report No. 2013-170 (<u>Finding No. 12 - Cash Collections - After School Day Care</u>): District records did not evidence that fee audits were performed and the results evaluated. (See PDF Page 89 of 104)	N/A	Yes - Letter: Describes steps being taken to address issue.	Yes
	AG Report No. 2013-170 (<u>Federal Awards Finding No. 4 - Allowable Costs/Costs Principles</u>): Control deficiencies were noted over payroll time records and employee work schedules for some employees paid from federal Twenty-First Century Program funds, resulting in \$938 of questioned costs. (See PDF Pages 92-93 of 104)	SD	Yes - Letter: Describes steps being taken to address issue.	Yes
Okeechobee	AG Report No. 2013-148 (<u>Finding No. 1 - School Internal Funds</u>): The District needed to enhance controls over school internal fund collections and related deposits. (See PDF Page 51 of 56)	MW	Yes - Letter: Indicates that steps have been and are continuing to be taken to address issues.	Yes
Palm Beach	CPA Firm 2011-12 (<u>#2010-04</u>) IT Entity Level Controls : The District needed to improve procedures for IT related training needs. (See PDF Page 240 of 243)	N/A	No	Yes
	CPA Firm 2011-12 (<u>#2011-04</u>) Active Directory Settings: Security configurations are not optimized to prevent unauthorized access. The District should consider improving the Windows parameters. (See PDF Page 240 of 243)	N/A	No	Yes
	CPA Firm 2011-12 (<u>#2012-03</u>) Data Center Control: The District should consider further restricting physical access to data center to IT operations personnel and IT management. (See PDF Page 238 of 243)	N/A	No	Yes
	CPA Firm 2011-12 (<u>#2009-01</u>) Use of an internal service fund for the self insurance program: The District should consider using an internal service fund to account for and report all of its self-insurance programs in order to provide for separate accounting and increased transparency. (See PDF Page 241 of 243)	N/A	Yes - Letter: States that internal service fund will be established in FY 2013-14.	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Pinellas	CPA Firm 2011-12 (#IC2010-1) Financial Reporting: Financial reporting procedures could be improved to ensure that information is properly reported on the financial statement. (See PDF Pages 69-70 of 80)	SD	Yes - Letter: District is looking for a new district-wide software system; an updated and modernized system will integrate the majority of the manual processes and reduce the manual nature of our current system.	Yes
	CPA Firm 2011-12 (Finding No. 22 - AG Report No. 2012-150): Information Technology - Risk Assessment: The District had not completed a written, comprehensive IT risk assessment. (See PDF Page 74 of 80)	N/A	Yes - Letter: IT Department has contacted a firm and is negotiating a risk assessment, formalizing the process, and evaluating the related costs. District moving forward to have a contract in place by the end of the current fiscal year.	Yes
Polk	AG Report No. 2013-071 (Finding No. 11 - Information Technology - Access Privileges): The District did not have written policies and procedures for review of employee and contractor IT access privileges and timely removal for inappropriate or unnecessary access detected. (See PDF Pages 12-13 of 27)	N/A	No	Yes
	AG Report No. 2013-071 (Finding No. 15 - Information Technology - Security Controls - User Authentication, Protection of Workstations, Data Loss Prevention, and Monitoring): The District needed to improve security controls related to user authentication, protection of workstations, data loss prevention, and monitoring of critical data changes to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Page 14 of 27)	N/A	No	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Putnam	AG Report No. 2013-166 (<u>Finding No. 1 - Bank Account Reconciliations</u>): Improvements are needed to ensure timely bank account reconciliations are properly completed and any differences are promptly investigated and resolved. <i>(See PDF Page 65 of 90)</i>	SD	No	Yes
	AG Report No. 2013-166 (<u>Finding No. 3 - Restricted Capital Outlay Resources</u>): Improvements are needed to ensure restricted capital outlay resources are expended only for authorized purposes. <i>(See PDF Page 67 of 90)</i>	N/A	No	Yes
	AG Report No. 2013-166 (<u>Finding No. 6 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. <i>(See PDF Page 70 of 90)</i>	N/A	No	Yes
	AG Report No. 2013-166 (<u>Finding No. 12 - Information Technology - Access Privileges</u>): Some inappropriate IT access privileges existed, indicating a need for periodic District review of user access privileges. Also, the District had not developed written policies and procedures for routine monitoring of the financial application security logs. <i>(See PDF Pages 76-77 of 90)</i>	N/A	No	Yes
Santa Rosa	CPA Firm 2011-12 (<u>#IC2009-1</u>) Financial Reporting: Improvements could be made in financial reporting procedures to ensure that account balances, transactions, and required supplementary information are properly reported. <i>(See PDF Pages 65-66 of 72)</i>	SD	Yes - Letter: States that none of the bullets under this finding have been reported for 3 consecutive years. Bullets from report 2010-128 and 2011-133 have all been corrected. [Note: While exact reporting issues have not been the same, nonetheless the District has had numerous financial reporting issues during this time period.]	Yes
Sarasota	AG Report No. 2013-068 (<u>Finding No. 10 - Information Technology - Access Privileges</u>): Some inappropriate IT access privileges existed, indicating a need for periodic District review of user access privileges. <i>(See PDF Pages 12-13 of 27)</i>	N/A	No	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Sarasota (continued)	AG Report No. 2013-068 (<u>Finding No. 13 - Information Technology - Security Awareness Training Program</u>): District needs to continue its efforts to implement a comprehensive IT security awareness training program to ensure that applicable employees are aware of the importance of preserving the confidentiality, integrity, and availability of data and IT resources. (See PDF Page 14 of 27)	N/A	No	Yes
Seminole	CPA Firm 2011-12 (<u>Finding No. 4 - AG Report No. 2012-053</u>): Information Technology - Written Policies and Procedures: The District lacked written policies and procedures for certain IT functions. (See PDF Page 226 of 228)	N/A	No	Yes
	CPA Firm 2011-12 (<u>Finding No. 7 - AG Report No. 2012-053</u>): Information Technology - Security Controls - Authentication, Logging, and Data Loss Prevention: IT security controls related to logging, monitoring, and data loss prevention needed improvement. (See PDF Page 226 of 228)	N/A	No	Yes
St. Lucie	AG Report No. 2013-171 (<u>Finding No. 4 - Background Screening Requirements</u>): The District needed to improve procedures to ensure that required background screenings are performed for noninstructional contractors. (See PDF Pages 72-73 of 96)	N/A	No	Yes
Suwannee	AG Report No. 2013-119 (<u>Federal Awards Finding No. 1 - Federal Pell Grant Program - Special Provision - Administrative Capability</u>): Improvements are needed to meet the Federal administrative capability requirements of the Federal Pell Grant program. Also, controls over the Federal Pell Grant program need to be enhanced to ensure that disbursements dates are properly recorded and that disbursements to students and refunds to the USDOE are timely. (See PDF Pages 54-55 of 60)	SD	No	Yes
Taylor	AG Report No. 2013-129 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 56 of 61)	N/A	No	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Taylor (continued)	AG Report No. 2013-129 (<u>Finding No. 2 - Adult General Education Classes</u>): Improvements were needed in controls over the reporting of instructional contact hours for adult general education classes to the Florida Department of Education. Also, extent of adult general education hours misreported should be determined, and the Florida Department of Education should be contacted for proper resolution. (See PDF Pages 56-57 of 61)	N/A	Yes - Letter: States that District has taken action to address issues.	Yes
Union	AG Report No. 2013-162 (<u>Finding No. 5 - Public Education Capital Outlay Funds</u>): The District retained \$341,000 of 2007-08 fiscal year Public Education Capital Outlay appropriations that were subject to reversion to the State. (See PDF Pages 56-57 of 63)	N/A	No	Yes
Volusia	AG Report No. 2013-039 (<u>Finding No. 5 - Information Technology - Written Policies and Procedures</u>): The District needed to continue its efforts to maintain and update, as appropriate, written policies and procedures to document management's expectations for the performance of the IT functions. (See PDF Page 7 of 20)	N/A	Yes - Letter: States that Sept. 2013 is target date for correction.	Yes
	AG Report No. 2013-039 (<u>Finding No. 6 - Information Technology - Security Controls - Network Administration, Data Loss Prevention, and Logging and Monitoring</u>): Improvements were needed in security controls related to network administration, data loss prevention, and logging and monitoring to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Pages 7-8 of 20)	N/A	No	Yes
Wakulla	AG Report No. 2013-169 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. (See PDF Page 57 of 65)	N/A	No	Yes
	AG Report No. 2013-169 (<u>Finding No. 3 - Adult General Education Classes</u>): Improvements were needed in controls over the reporting of instructional contract hours for adult general education classes to the Florida Department of Education. (See PDF Page 59 of 65)	N/A	Yes - Letter: Describes steps being taken to address issues.	Yes

District School Boards
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Wakulla (continued)	AG Report No. 2013-169 (<u>Finding No. 5 - Information Technology - Disaster Recovery Plan</u>): The IT disaster recovery plan lacked key disaster recovery control elements and had not been tested. <i>(See PDF Page 60 of 65)</i>	N/A	Yes - Letter: Describes steps being taken to address issues.	Yes
Walton	AG Report No. 2013-137 (<u>Finding No. 1 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. <i>(See PDF Page 53 of 63)</i>	N/A	No	Yes
Washington	AG Report No. 2013-120 (<u>Finding No. 2 - Compensation and Salary Schedules</u>): The Board has not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Florida Statutes. <i>(See PDF Page 66 of 79)</i>	N/A	No	Yes
	AG Report No. 2013-120 (<u>Finding No. 9 - Information Technology - Security Controls - Data Loss Prevention and Management of Access Privileges</u>): IT security controls related to data loss prevention and management of access privileges needed improvement to ensure the continued confidentiality, integrity, and availability of District data and IT resources. <i>(See PDF Page 72 of 79)</i>	N/A	Yes - Letter: States that finding will reoccur until FOCUS software is fully implemented.	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
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports ¹

County	Charter School	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Alachua	Caring & Sharing Learning School	#12-1: The School over-expended the budget of the General Fund. (See PDF Page 35 of 36)	SD	Yes - Letter: States finding to be corrected.	Yes
		#12-2: The School did not always maintain adequate supporting documentation for its expenditures. Consequently, it was not always possible to determine that the School's expenditures were necessary and reasonable and for an authorized public purpose. (See PDF Page 35 of 36)	SD	Yes - Letter: States finding to be corrected.	Yes
	Hoggetowne Middle School	#10-01: Auditor needed to recommend 16 adjusting journal entries; the School should have procedures in place to identify and make these adjustments. (See PDF Page 23 of 25)	MW	Yes - Letter: Former administrator left school in a dire financial position; school could not afford to hire a CPA to review books monthly in order to make necessary adjustments; as of 2012-13 school year, CPA has been hired to review books on a regular basis and make all necessary adjustments.	Yes
		#10-02: Documentation of minutes of meetings of the School's Board of Directors should be improved. (See PDF Page 23 of 25)	SD	No	Yes
	Micanopy Area Cooperative School	#10-02: School procedures for billing, collection, and deposit of lunch and VPK Extended Day monies do not include sufficient segregation of duties to reduce the risk of skimming of receipts. (See PDF Page 24 of 25)	SD	No	Yes
Broward	Henry McNeal Turner Learning Academy	#2010-1: There was no fixed assets register used to account for all capital assets and the related accumulated depreciation. (See PDF Page 27 of 27)	N/A	No	Yes
	International School of Broward	#2010-3: Auditor was not provided with a detailed schedule of fixed assets purchases that included calculation of depreciation by item; only general ledger transaction detail was provided. [Note: Also shown as finding # 2012-01.] (See PDF Page 31 of 34; also see Revised Management Letter, C15 PDF page 1 of 4)	SD	No	Yes

Charter Schools
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports ¹

County	Charter School	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Broward (continued)	Rise Academy School of Science and Technology	#2010-3: Auditor was not provided with a detailed schedule of fixed assets purchases that included calculation of depreciation by item; only general ledger transaction detail was provided. [Note: Also shown as finding #2012-02.] (See PDF Pages 30-31 of 34; also see Revised Management Letter, PDF Page 1 of 4)	SD	No	Yes
	Rise Academy School of Science and Technology II	#2010-3: Auditor was not provided with a detailed schedule of fixed assets purchases that included calculation of depreciation by item; only general ledger transaction detail was provided. [Note: Also shown as finding #2012-02.] (See PDF Pages 30-31 of 34; also see Revised Management Letter, PDF Page 1 of 4)	SD	No	Yes
Escambia	Beulah Academy of Science	#09-2: Modifications of original budget amounts were not made in sufficient amounts to prevent actual expenditures from exceeding budgeted expenditures. (See PDF Page 8 of 36)	N/A	Yes - Letter: Management has implemented some improvements in controls over the budget process to address this finding.	Yes
	Byrneville Elementary School	#10-01: Lack of Segregation of Duties. The School's day-to-day administrative operations are administered by a small number of personnel. The school bookkeeper/administrative assistant generally makes deposits, signs checks, reconciles bank statements, prepares and mails cash disbursements, and posts transactions to the accounting system. (See PDF Page 27 of 30)	MW	No	Yes
	Escambia Charter School	#2009-5: Modifications of original budget amounts were not made in sufficient amounts to prevent actual expenditures from exceeding budgeted expenditures. (See PDF Page 7 of 34)	N/A	Yes - Letter: Management has implemented some improvements in controls over the budget process to address this finding.	Yes
Leon	The School of Arts and Sciences Foundation	#2010-1: The School does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles and hires outside assistance; auditor understands the cost-benefit of hiring someone with the expertise is not practical. [Note: Also shown as finding #2011-1.] (See PDF Page 35 of 35; also see Revised Schedule of Findings, Page 1 of 1)	N/A	Yes - Letter: Per CPA firm, at beginning of FY 2011-12, School hired a third-party accountant with education and experience necessary to prepare financial statements in accordance with generally accepted accounting principles.	No - (based on CPA Letter) - unless 2013 report shows finding

Charter Schools
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports ¹

County	Charter School	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Miami-Dade	Advanced Learning Charter School, Inc.	#2010-1: Check signers have unlimited signing authority; monthly reconciliations continue to be performed by an authorized check signer. (See PDF Page 35 of 37; also see Revised Management Letter, PDF C21Pages 3-4 of 7)	N/A	No	Yes
	Archimedean Academy	#2008-1: In past years, the amount of the accounts receivable in the 90 day and over category has increased; management should continue to monitor the accounts receivable on a timely basis. Auditor recommends that the School review its credit and collections policy. (See PDF Page 35 of 36)	N/A	Yes - Letter: Management has implemented some improvements in controls to address this finding.	Yes
	ASPIRA Eugenio Maria De Hostos Youth Leadership Charter School	#2010-1: The School follows generally accepted accounting principles for not-for profit organizations. Although this is allowed providing that at year-end the School converts to the required format (the "Redbook") the School's manual conversion causes problems. The auditor recommends an automatic conversion. (See PDF Page 18 of 18)	N/A	No	Yes
	ASPIRA Raul Arnaldo Martinez Charter School	#2010-1: The School follows generally accepted accounting principles for not-for profit organizations. Although this is allowed providing that at year-end the School converts to the required format (the "Redbook") the School's manual conversion causes problems. The auditor recommends an automatic conversion. (See PDF Page 19 of 19)	N/A	No	Yes
	ASPIRA South Youth Leadership Charter School	#2010-1: The School follows generally accepted accounting principles for not-for profit organizations. Although this is allowed providing that at year-end the School converts to the required format (the "Redbook") the School's manual conversion causes problems. The auditor recommends an automatic conversion. (See PDF Page 19 of 19)	N/A	No	Yes
	Mater Gardens Academy	#ML 2012-01: Internal Fund - Auditor noted that cash collections (deposits) and disbursements at the School were not substantiated by auditable records as required by the School's internal fund accounting procedures. In addition, the internal fund was not properly reconciled on a monthly basis. (See PDF Page 34 of 37; also see Revised Management Letter, Page 2 of 4)	N/A	No	Yes

Charter Schools
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports ¹

County	Charter School	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Orange	Oakland Avenue Charter School	#09-2: Finger Printing of Employees and Board Members - Although the School's charter agreement requires the School's employees and Board members to comply with the fingerprinting requirements of s. 1012.32(2)(b), F.S., there was not sufficient documentation that all employees and Board members had been fingerprinted. (See PDF Pages 35-36 of 40)	N/A	No	Yes
Osceola	New Dimensions High School	#10-1: Budget Amendments - The School did not properly amend its budget to reflect additional expenditures incurred after the final budget amendment; thus the School's actual expenditures exceeded budgeted appropriations. (See PDF Page 41 of 44)	N/A	No	Yes
Palm Beach	Excel Leadership Academy	#2012-01: Board Governance - The School's charter with the Palm Beach County District School Board requires at least five members on the School's Board of Directors, including at least one parent of a currently enrolled student. For the majority of FY 2012, the Board included only three members and did not include a parent of a currently enrolled student. (See PDF Page 28 of 34; also see Revised Management Letter, PDF Page 2 of 2)	N/A	No	Yes
Pinellas	Academie DaVinci Charter School, Inc.	2012-1: The School does not prepare year-end adjustments to convert its cash basis general ledger to an accrual basis general ledger, as required by generally accepted accounting principles. (See PDF Page 25 of 27)	MW	Yes - Letter: Describes actions to be implemented to address finding.	Yes
	Pinellas Preparatory Academy	#1: Organizational Structure - Inadequate separation of duties due to small size of staff. Situation dictates that Board of Directors remains involved in financial affairs to provide oversight and independent review functions. (See PDF Page 28 of 28)	N/A	Yes - Letter: Expect finding to be corrected by FY 2012-13 audit.	Yes
Sarasota	Sarasota Military Academy, Inc.	#10-03: Basis of Budget - Budget is not compliant with all governmental requirements, including budgeting for all capital expenditures and principal repayments. It continues to exclude capital outlay and include depreciation expense. (See PDF Pages 38-39 of 41)	N/A	No	Yes

Charter Schools
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports ¹

County	Charter School	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Sarasota (continued)	Sarasota School of Arts and Sciences	#12-01: Auditor noted several misstatements in the financial statements, and audit adjustments were necessary. School should continue to improve the identification of adjusting entries needed throughout the year to ensure all revenues and expenses are properly recorded in the correct period to improve the fairness of the financial information. (See PDF Page 31 of 32)	MW	No	Yes
Walton	The Seaside School	#2009-01: The School relied on the auditor to propose significant adjustments to prepare its annual financial statements in accordance with generally accepted accounting principles. (See PDF Page 40 of 43)	MW	Yes - Letter: School expects this to be corrected sometime in the future.	

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.

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Baker	Sheriff	<u>#12-2</u> : Noncompliance with rules related to tangible personal property. The Office was unable to produce a subsidiary record for its tangible personal property and did not conduct physical inventories during the year. (See PDF Page 116 of 180)	MW	Yes - Letter: Substantial progress made in addressing finding. Will continue efforts to complete.	Yes
Bradford	Board of County Commissioners	<u>#ML 2009-1</u> : The County provided funding to four volunteer fire departments and three municipal fire departments through its annual budget process to provide fire protection services within the unincorporated areas of the County; however, there were no written agreements in effect that documented the responsibilities and requirements of the parties. (See PDF Page 75 of 204)	N/A	Yes - Letter: On June 7, 2012, by letter included in "Management Response" of FY 11-12 Audit Report that "we have completed a majority of agreements...very close to reaching a full and complete resolution to this project. "	Yes
	Sheriff	<u>#ML 2010-1</u> Unclaimed Property: Several outstanding checks in the operating bank account that were several years old. The Sheriff had taken action to distribute the old outstanding checks in the inmate trust account of the State as unclaimed funds. (See PDF Page 137 of 204)	N/A	No	Yes
Brevard	Board of County Commissioners	<u>#10-01</u> Accurate Reporting of Future Committed Funds: A project listed as being committed in the future per the construction and other significant commitments note disclosure had been completed. Procedure needs to be implemented to ensure that all commitments are accurately disclosed in notes to financial statements. (See PDF Pages 160-161 of 318)	SD	No	Yes
	Clerk of the Circuit Court	<u>#08-02</u> Follow-up on cases with balances due: The Clerk failed to pursue the collection of unpaid court-related balances within the statutory timeframe in 2 out of 25 sample cases tested. Status as of 9/30/2012 : Three of 25 cases tested had exceptions. [Note: Total population of 341,371 cases from 1970 to 2012 had unpaid court-related balances of \$159 million.] (See PDF Pages 247-248 of 318)	N/A	Yes - Letter: States that program used to select items to go to collections old and needs to be updated; unable to secure programming resources to accomplish such. Some manual procedures in place.	Yes
		<u>#08-03</u> Article V - Output Measures: The Clerk lacks adequate systems for the accumulation and reporting of case load data for Article V compliance with performance measures. Status as of 9/30/2012 : Two instances of discrepancies in reporting Civil Family cases noted. (See PDF Pages 248-249 of 318)	N/A	Yes - Letter: Coding problem that caused issue corrected in FY 2012; expect no finding related to this area in FY 2012-13 audit.	Yes

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Brevard (continued)	Clerk of the Circuit Court (continued)	#08-05 Article V - Timeliness Rate Output Measures: Jurors were not compensated for juror service in a timely manner. Status as of 9/30/2012: Juror summons and juror payments could not be agreed to counts reported, so a sample was not tested. (See PDF Page 250 of 318)	N/A	Yes - Letter: New program written for jury management system in FY 2012; expect no finding related to this area in FY 2012-13 audit.	Yes
		#10-03 Improve Review Process: Processes used for entering and extraction of data from FACT's and the preparation of required reports and financial statements should be reviewed by supervisors and/or management prior to submitting. Status as of 9/30/2012: One instance of reporting case output measures for Article V was incorrectly reported. (See PDF Pages 245-247 of 318)	SD	No	Yes
Broward	Board of County Commissioners	#2011-5 Information Systems Controls: The County is exposed to various risks, including financial reporting and general business, as a result of certain deficiencies in information systems controls. (See PDF Page 159 of 196, Part 1)	N/A	No	Yes
Calhoun	Tax Collector	#06-02: No warrants were issued for delinquent personal property taxes as required by law. (See PDF Page 197 of 199)	N/A	Yes - Letter: Will continue to work diligently to notify delinquent personal property accounts.	Yes
Charlotte	Board of County Commissioners	#12-01 Penetration Testing and Vulnerability Assessment: Appropriate firewall testing by a qualified third-party provider has not been performed. (See PDF Pages 129 and 131 of 270)	N/A	Yes - Letter: Corrective action will be completed by June 15, 2013.	Yes
Citrus	Board of County Commissioners	#MLO 2010-01: The fund balances of certain governmental funds, including the General Fund, continue to decline. Although these decreases were budgeted and anticipated by management, the County could find itself in a deteriorating financial condition should these decreases continue or if emergencies arise which require unanticipated expenditures. (See PDF Page 191 of 334)	N/A	Yes - Letter: This issue is at the forefront in the budget preparation for FY 2014 and beyond. Our actions will correct this finding over the next several years.	Yes
	Clerk of the Circuit Court	#11-2 Performance Measurement Standards: The Clerk did not meet all quarterly performance measurement standards developed and certified by the Florida Clerk of Courts Operations Corporation. Performance deficiencies were noted in the area of collection rates. (See PDF Pages 219-220 of 334)	N/A	No	Yes

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Dixie	Board of County Commissioners	#12-2: Documentation was not available to support the tax-exempt monthly travel allowances received by the Commissioners, as required by IRS rules and regulations. (See PDF Page 65 of 188)	SD	Yes - Letter: By 7/1/2013, we will implement a process to track actual mileage traveled.	Yes
		#12-3: The same individual who processes payroll has access to change pay rates and the same individual who processes accounts payable has access to change vendors. Also, County could not provide documentation of authorized pay rates for employees who began work with County more than several years ago. Additionally, authorized timesheets for some employees were not maintained on file for audit. (See PDF Page 65 of 188)	SD	No	Yes
		#12-4: The County did not perform a physical inventory of tangible personal property. (See PDF Page 66 of 188)	SD	No	Yes
	Clerk of the Circuit Court	#12-2: The Registry Fund has several individual balances that relate to cases that have been inactive or have been adjudicated for more than five years. The Office should proceed with final disposition of such unclaimed funds in accordance with state law. (See PDF Page 97 of 188)	MW	Yes - Letter: Remaining balances are in pending cases; upon case close-out, order will be issued instructing Clerk to disburse funds.	Yes
		#12-4: Inadequate procedures are in place to monitor the transactions of certain Agency Funds (including the Registry of the Court Fund, Bond Fund, and Tax Deed Fund) to ensure that all collections are distributed properly. (See PDF Page 97 of 188)	MW	Yes - Letter: Parts of prior year finding corrected; indicates that procedures have been implemented to address remaining part.	Yes
Sheriff	#12-2: Internal controls were not sufficient to ensure accountability of the resources of the Inmate Trust Fund. (See PDF Page 128 of 188)	MW	Yes - Letter: Describes procedures that have been implemented to address finding.	Yes	
Franklin	Sheriff	#12-04: Office expenditures exceeded the approved budget. (See PDF Page 138 of 229)	MW	Yes - Letter: Sheriff will review budget and amend as needed.	Yes

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Gadsden	Board of County Commissioners	#2010-1: Adjusting Journal Entries: Not all journal entries were reviewed by a second individual. (See PDF Page 76 of 218)	SD	No	Yes
		#2010-2: Emergency Medical Services (EMS) Segregation of Duties: The EMS supervisor and the EMS assistant have the ability to create new customer accounts, bill those accounts, receive payments, prepare deposit slips and write off uncollectible accounts. (See PDF Page 76 of 218)	MW	No	Yes
		#ML 2010-2: Disaster Recovery Plan: The Board does appear to have a thorough written contingency plan for recovery of information technology infrastructure in case of a disaster or other catastrophic event. (See PDF Page 78 of 218)	N/A	No	Yes
	Sheriff	#2010-2: Information Technology Controls: There is not a formalized business comprehensive disaster recovery plan and/or documentation. (See PDF Page 149 of 218)	N/A	No	Yes
Gilchrist	Board of County Commissioners	#12-2: Financial Statement Findings: The Auditor assisted with the preparation of financial statements and proposed material adjustments to the financial statements in order for them to be fairly presented in conformity with generally accepted accounting principles (GAAP). (See PDF Page 61 of 179)	MW	No	Yes
Glades	Board of County Commissioners	#2010-01 Audit Adjustments: Audit adjustment were proposed to revise the County's financial statements at year-end. These adjustment involved the recording of accruals, reclassifications or revenues and disbursements to the proper accounts, and fund balance reclassifications. (See PDF Page 69 of 201)	MW	No	Yes
		#2010-04 Accounting Policies and Procedures: The County has few current written accounting policies and procedures to document processes for many accounting functions. Such written policies and procedures should be maintained. (See PDF Page 70 of 201)	MW	No	Yes
	Clerk of the Circuit Court	#ML 2010-01 Timely Remittance of Agency Transactions: The Clerk's agency fund contained balances that were not current, or, for those balances that are held for a period of time, were not supported by subsidiary schedules that are reconciled to the general ledger. (See PDF Pages 105-106 of 201)	N/A	No	Yes

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Glades (continued)	Clerk of the Circuit Court (continued)	#ML 2010-03 Performance Measures: While some corrective actions have been implemented, the following instances were noted during current audit: 1) Some initial clocking dates were not in agreement with date of actual receipt of case; 2) certain detailed collection reports were not printed or saved in electronic format; and 3) certain detailed case court reports were not printed or saved in electronic format. (See PDF Pages 106-107 of 201)	N/A	No	Yes
	Sheriff	#2011-05 Procurement Procedures and Documentation: Documentation for two purchases exceeding \$25,000 did not include documentation of verification that the vendor was not suspended or disbarred. The Sheriff has subsequently implemented a written policy to address this finding. (See PDF Pages 74-75 of 201)	N/A	No	Yes
Hardee	Supervisor of Elections	#2007-01 Preparation of Financial Statements: Management requested that the auditor prepare draft financial statements, including the related notes to the financial statements. Material audit adjustments were necessary in order for the financial statements to be in conformity with generally accepted accounting principles. [Note: FY 2012 CPA report refers to repeat finding as #2007-01, rather than #11-01.] (See PDF Pages 263-264 of 268; also see #2012-01, PDF Page 263 of 268)	MW	Yes - Letter: Currently reviewing the procedures in question for opportunities to improve; contracted with CPA firm to provide quarterly oversight services.	Yes
		#2009-07 Inadequate supporting documentation: Supporting documentation for certain checks were either inadequate or completely missing. The Supervisor and staff were not aware of the requirements for supporting documentation for certain expenses related to public officers and employees. (See PDF Page 266 of 268; also see #2012-05, PDF Page 263 of 268)	N/A	No	Yes
		#2010-08 Accrual of Vacation Time: One employee had accrued vacation time in excess of maximum accrual amount allowed. The Supervisor and staff did not adequately review vacation time accruals to ensure vacation time was appropriately utilized. (See PDF Page 267 of 268; also see #2012-07, PDF Page 263 of 268)	N/A	No	Yes

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Hardee (continued)	Sheriff	#2009-02 Preparation of Financial Statements: Management requested that the auditor prepare the financial statements, including the related notes to the financial statements. [Note: FY 2012 CPA report refers to repeat finding as #2009-02, rather than #2011-02.] (See PDF Page 202 of 268; also see #2012-02, PDF Page 201 of 268)	MW	Yes - Letter: This year there are plans to hire an outside agency to assist with year-end adjustments and preparation of financial statements.	Yes
		#2009-03 Material Financial Statement Adjustments: Material audit adjustments were necessary in order for the financial statements to be in conformity with generally accepted accounting principles. [Note: FY 2012 CPA report refers to repeat finding as #2009-03, rather than #2011-03.] (See PDF Page 202 of 268; also see #2012-03, PDF Page 201 of 268)	MW	Yes - Letter: This year there are plans to hire an outside agency to assist with year-end adjustments and preparation of financial statements.	Yes
		#2009-04 Inadequate General Ledger Software: Accounting department has inadequate general ledger software. [Note: FY 2012 CPA report refers to repeat finding as #2009-04, rather than #2011-04.] (See PDF Page 203 of 268; also see #2012-04, PDF Page 201 of 268)	SD	Yes - Letter: Purchased software, fully operational by FY ending 9/30/2013.	Yes
	Tax Collector	#2009-01 Inadequate separation of duties. Due to limited staffing, the Tax Collector initiates, prepares, and disburses checks and also prepares bank deposits and bank reconciliations. In addition, the Tax Collector initiates, prepares, and reviews journal entries. [Note: FY 2012 CPA report refers to repeat finding as #2009-01, rather than #2011-01.] (See PDF Page 226 of 268; also see #2012-01 on this Page)	MW	Yes - Letter: Duties have been segregated. Bank reconciliation process will be transferred in 6/2013. Currently have plans to hire an additional staff person to further separate duties.	Yes
Holmes	Board of County Commissioners	#01-2: The County's accounting system does not provide an electronic means to record and account for encumbrances, which results in extremely inefficient use of staff resources. (See PDF Page 82 of 198)	N/A	Yes - Letter: Recently implemented a computerized PO system.	Yes
		#06-1: Capital Assets/Depreciation: The current module used to account for capital assets and depreciation of such assets does not provide all needed reports. (See PDF Page 82 of 198)	N/A	Yes - Letter: Currently researching alternative software.	Yes
		#10-02: Accounting for Accruals: Certain receivables, payables, and grant accruals and deferrals were not properly recorded at year end. (See PDF Page 76 of 198)	MW	Yes - Letter: County staff has begun to properly record grant revenue.	Yes

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Holmes (continued)	Board of County Commissioners (continued)	#10-03: Accounting for Other Postemployment Benefits: The County did not implement GASB Statement No. 45, <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions</i> . (See PDF Pages 76-77 of 198)	MW	Yes - Letter: The Board is in process of receiving quotes for the services.	Yes
		#10-10: Building Permit Fees: Eight of 60 building permits tested were issued with incomplete supporting documentation for fees collected. (See PDF Page 82 of 198)	N/A	Yes - Letter: The Board is currently investigating software to computerize the permitting process.	Yes
		#10-11: Ambulance Fees and Accounts Receivable: Inadequate separation of duties related to ambulance fees and accounts receivable. Also, there is no formal bad debt policy for accounts receivable. (See PDF Page 83 of 198)	N/A	Yes - Letter: Since budget limitations prohibit additional staff, director is now reviewing data to mitigate risk. Contracted with outside billing services in 12/2012. County attorney recently instructed to prepare formal bad debt policy.	Yes
		#11-04 Inventory: The present system of controls are not adequate to account for and safeguard the County's inventory. Specifically, a physical count is not performed on a regular basis, and the costing system does not capture historical cost. [Note: Repeat of prior year finding #07-05.] (See PDF Pages 77 and 83 of 198)	MW	Yes - Letter: Board recently purchased software to manage a perpetual inventory.	Yes
Jackson	Board of County Commissioners	#ML 06-02: The Board had not adopted written policies and procedures governing the accounting or administration of its grant programs. (See PDF Page 149 of 268)	N/A	Yes - Letter: Indicates that adequate policies will be adopted during upcoming FY 13-14 budget, and finding will be resolved in 9/30/2013 audit.	Yes
		#ML 06-03: The Board does not have a policy covering travel reimbursement when an employee with a County vehicle elects to use their personal car for trips to allow their spouse to accompany them. (See PDF Page 149 of 268)	N/A	Yes - Letter: Indicates that adequate policies will be adopted during upcoming FY 13-14 budget, and finding will be resolved in 9/30/2013 audit.	Yes

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Jackson (continued)	Board of County Commissioners (continued)	#ML 06-04: The Board does not have a written cell phone or internet usage policy. (See PDF Page 150 of 268)	N/A	Yes - Letter: Indicates that adequate policies will be adopted during upcoming FY 13-14 budget, and finding will be resolved in 9/30/2013 audit.	Yes
		#ML 10-01: The County did not meet the stated requirement regarding submission of audited financial statements in the bond resolution for the Gas Tax Revenue Bonds (within 240 days). (See PDF Page 150 of 268)	N/A	No	Yes
Jefferson	Tax Collector	#2009-1 Tax Account Reconciliation: The Tax Collector's tax account had undisbursed taxes and fees in excess of the installments collected for next year's taxes and other amounts collected. It appears this undisbursed balance has accumulated from several years and possibly past administrations. (See PDF Page 63 of 182; also see #TC06-01, PDF Page 178 of 82)	SD	Yes - Letter: Indicates that Office in process of reconciling overage and subsequently disbursing to BCC; also contracting outside accounting services to assist in bookkeeping.	Yes
Lake	Clerk of the Circuit Court	#10-1 Performance Measurement Standards: The Clerk did not meet all quarterly performance measurement standards; deficiencies were noted in the areas of collection rates and timeliness. It appears staffing shortages caused by recent budget reductions were a significant factor contributing to this. (See PDF Pages 266-267 of 245)	N/A	No	Yes
Lee	Property Appraiser	#2012-02 Financial Reporting: Year-end excess fee calculation for the General Fund was not calculated properly. (See Part 2 PDF Page 57 of 135)	N/A	Yes - Letter: Implementation of recommendations was not fully realized or reflected until the final FY 11-12 audit.	Yes
Leon	Clerk of the Circuit Court	#12-01 Timing of Juror Payment: Payments for three jury service dates were not made within the statutory requirement. (See PDF Pages 192-193 of 291; also see Addendum to the Management Letter, C57 PDF Page 1 of 1)	N/A	No	Yes

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Levy	Board of County Commissioners	#12-2: Federal Programs - CFDA 93.778: The County's Transit Department has during the year, several overlapping and concurrent grants for operations. It was noted that multiple methods are currently used to capture the costs claimed for reimbursement. Consequently, it is difficult during the audit process to ensure that the costs charged to one grant have not been charged to another and that the costs are reasonable and allocable to a particular grant. (See PDF Page 74 of 192)	SD	No	Yes
		#12-3: State Projects - CSFA 55.001: The County's Transit Department has during the year, several overlapping and concurrent grants for operations. It was noted that multiple methods are currently used to capture the costs claimed for reimbursement. Consequently, it is difficult during the audit process to ensure that the costs charged to one grant have not been charged to another and that the costs are reasonable and allocable to a particular grant. (See PDF Page 74 of 192)	SD	No	Yes
Liberty	Board of County Commissioners	#01-3: Financial Reporting: Numerous posting errors to the general ledger accounts were identified and corrected, which substantially changed the overall financial results. As a result of audit adjustments, several funds incurred expenditures in excess of appropriations. (See PDF Page 79 of 203)	N/A	No	Yes
		#2009-1 Fixed Assets: No physical inventory of fixed assets was performed during the year. Also the County does not have a fixed asset system in place that would calculate depreciation expense on fixed assets. (See PDF Page 78 of 203)	N/A	No	Yes
	Sheriff	#10-1: Written policies and procedures were not in place or were not up-to-date for personnel, purchasing, payroll, investigative funds, property, or other general operations. (See PDF Page 106 of 203)	N/A	Yes - Letter: Corrections were made to written policies and procedures subsequent to FY 2011-12. Current Sheriff is implementing those policies, as well as creating and revising other ones.	Yes

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Martin	Board of County Commissioners	#2011-1: A penetration and vulnerability test of the IT network has not been performed. (See PDF Page 405 of 418; also see BOCC Revised Management Letter, PDF Page 4 of 5)	MW	Yes - Funding is being provided in the current fiscal year in order to undertake this task.	Yes
		#2011-2: There is no formal disaster recovery plan for recovering from a disaster affecting data processing services and the loss of financial systems and data. (See PDF Pages 405-406 of 418; also see BOCC Revised Management Letter, PDF Pages 4-5 of 5)	MW	Yes - In FY 2013 the county has been working to implement and test disaster recovery systems. The target date for incorporating these systems and procedures is October 2, 2013.	Yes
		#2011-3: There is no formal process in place for periodic review of access to the County's General Ledger and Financial System access. (See PDF Page 406 of 418; also see BOCC Revised Management Letter, PDF Page 5 of 5)	MW	Yes - A project is underway to develop and implement a policy. Target date for completion is September 2, 2013.	Yes
Nassau	Sheriff	#2009 IC-1: Inadequate separation of duties. One employee signs checks, initiates bank transfers, reconciles bank statements, and prepares and posts journal entries. The auditor recommends that incompatible accounting duties be separated among employees where it is feasible to do so. (See PDF Page 226 of 293)	SD	Yes - Letter: Indicates that, effective immediately, procedures have been revised to separate incompatible duties. Also, anticipate filling new position of part-time general auditor by August 2013.	Yes
		#2009 ML-1: Unclaimed property was not appropriately handled as required by law; auditors noted a significant number of stale-dated checks. (See PDF Page 227 of 293)	N/A	Yes - Letter: Changes should take during the month of 7/2013.	Yes
Okeechobee	Board of County Commissioners	#2009-04: Processing Cash Receipts: Certain monies collected were not deposited on a daily basis as required by Board policy. (See PDF Page 150 of 291)	N/A	Yes - Letter: On May 23, 2013, at the BOCC meeting a revised cash receipt policy was approved.	Yes
Osceola	Clerk of the Circuit Court	#10-01: Information Technology (IT) Disaster Recovery Plan: There is no formally documented IT disaster recovery plan. (See Part 2 PDF Page 29 of 113)	N/A	Yes - Letter: Due to the loss of IT staff we have been unable to complete a formally documented plan. Once staff is in place we will diligently work to complete.	Yes

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Osceola (continued)	Clerk of the Circuit Court (continued)	#10-02: Failure to Achieve Performance Measure Standards: The Clerk did not meet the performance measure standards established by the Clerk of Court Operations Corporation. (See Part 2 PDF Page 29 of 113)	N/A	Yes - Because of budget cuts, we do not anticipate our office meeting timeliness measures until we are able to add additional staff.	Yes
Putnam	Clerk of the Circuit Court	#12-1: Collection performance standards were not met for Circuit Criminal and Civil Traffic cases. Also, timeliness performance standards were not met for Criminal County, Criminal Circuit, Civil Circuit Probate, and Civil Juvenile Dependency. (See PDF Page 183 of 274)	N/A	No	Yes
Washington	Board of County Commissioners	#97-01: Property, equipment, and infrastructure were not recorded on the capital asset listing, and property records do not include a complete listing of buildings, land, and infrastructure owned by the County. Because of the lack of sufficient detail, the capital asset listing is unauditible. (See PDF Page 70 of 274)	MW	Yes - Letter: Indicates that County has hired numerous employees to work on such records, but they then left the County; aware of the records needing to be completed and are still working on clearing this issue.	Yes
		#03-01: The County did not compute accumulated depreciation on purchases of capital assets prior to fiscal year ending September 30, 2003, due to the lack of capital asset records. (See PDF Pages 70-71 of 274)	SD	Yes - Letter: Indicates that County has hired numerous employees to work on such records, but they then left the County; aware of the records needing to be completed and are still working on clearing this issue.	Yes
		#ML 05-01: There are no written accounting policies and procedures. (See PDF Pages 81 and 152 of 274; also see BOCC Revised Management Letter, PDF Page 2 of 4)	N/A	Yes - Letter: The County is working on the Policies and Procedures and having procedures in writing.	Yes
		#ML 05-02: Documentation of personal and/or business use of automobiles does not appear to be in compliance with Internal Revenue Service regulations. (See PDF Pages 82 and 153 of 274; also see BOCC Revised Management Letter, PDF Page 3 of 4)	N/A	Yes - Letter: States that County vehicles are only being used for County purposes, and they are in accordance with IRS regulations.	Yes
		#ML 05-03: The County needs to improve their controls over credit cards issued to employees for the purchase of fuel and general items. (See PDF Pages 82 and 153 of 274; also see BOCC Revised Management Letter, PDF Page 3 of 4)	N/A	Yes - Letter: States that County has improved controls over credit card uses.	Yes

COUNTIES

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Washington (continued)	Board of County Commissioners (continued)	#09-03: Certain accounting transactions were misclassified. (See PDF Page 72 of 274)	SD	Yes - Letter: Indicates that they have utilized procedures to help alleviate the situation.	Yes
		#09-04: Accounts receivable for EMS charges were not recorded at year end. Contractual adjustments for EMS were not recorded for part of 2009. (See PDF Page 72 of 274)	SD	Yes - Letter: Indicates that they have utilized procedures to help alleviate the situation.	Yes
		#10-01: The County has not uploaded electronic versions of financial statements to the REAC website as required by U.S. Department of Housing and Urban Development. (See PDF Page 79 of 274)	SD	No	Yes
	Tax Collector	#ML 05-01: No warrants were issued for delinquent personal property taxes as required by state law. (See PDF Page 82 of 274; also see BOCC Revised Management Letter, PDF Page 3 of 4)	SD	Yes - Letter: Will continue to notify personal property accounts of current and delinquent taxes; however, funds are limited in small counties.	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.

Municipalities

Failed to Take Full Corrective Action in Reponse to a Recommendation that was included in the 2010-11 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Recommend Requiring a Written Response This Year?
Springfield, City of	Bay	#11-01 Audit Adjusting Entries: Significant adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles. (See PDF Page 51 of 61)	MW	Yes
		#11-02 Financial Statements: Inadequate design of internal control over the preparation of financial statements being audited. The auditor assists in the preparation of the financial statements, while the City retains responsibility for them. (See PDF Page 51 of 61)	MW	Yes
		#11-03 Bank Reconciliations: Several general ledger bank account balances did not agree with related reconciliations. Also, bank reconciliations were not completed in a timely manner. (See PDF Page 51 of 61)	MW	Yes
		#11-04 Account Balances: Many general ledger accounts had incorrect balances and were not reconciled to the subsidiary ledger when the audit was started. (See PDF Page 52 of 61)	MW	Yes
		#11-05 Operating Expenditures Exceed Budget: Expenditures exceeded the approved budget in total for the general fund and in the special governing, police, fire, protective services, highways and streets, library and recreation departments. (See PDF Page 52 of 61)	MW	Yes
		#11-06 Transfers and Inter-fund Balances: Transfers between funds and inter-fund balances did not agree. (See PDF Pages 52-53 of 61)	MW	Yes
		#11-07 Accounts Receivable: The subsidiary ledger of accounts receivable for the proprietary funds did not agree with, and was not reconciled, to the general ledger at fiscal year-end. (See PDF Page 53 of 61)	MW	Yes
		#11-08 Property and Equipment: The property and equipment records were not complete and the property and equipment is not being properly tagged. (See PDF Pages 53-54 of 61)	MW	Yes
		#11-09 Customer Deposits: The subsidiary ledger of customer deposits did not agree with, and was not reconciled to, the general ledger. (See PDF Page 54 of 61)	MW	Yes
		#11-10 Summary of Grant Awards: Certain grants were not initially identified by the City as grants awarded, due to lack of organized records. Also, a summary of grant activity was not prepared. (See PDF Page 54 of 61)	MW	Yes
		#11-11 Separation of Duties: Due to the small number of staff, the City doesn't have proper segregation of duties in many areas. (See PDF Pages 54-55 of 61)	MW	Yes

MW = material weakness (see 2. in Legend)
 SD = significant deficiency (see 3. in Legend)

Prepared by staff of the Joint Legislative Auditing Committee
 February 2014

Municipalities
Failed to Take Full Corrective Action in Reponse to a Recommendation that was included in the 2010-11 Fiscal Year Audit Report
and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Recommend Requiring a Written Response This Year?
Springfield, City of (continued)	Bay	#11-12 Transaction Documentation: Various types of transactions had little or no supporting documentation. <i>(See PDF Page 55 of 61)</i>	MW	Yes
		#11-13 Recording Activity in the Proper Period and in a Timely Manner: The City did not record transactions in the general ledger in a timely manner. Also, certain transactions were recorded in the wrong period. <i>(See PDF Page 55 of 61)</i>	MW	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.

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Altha, Town of	Calhoun	#2009-01: Accounting Policies and Procedures Documentation: The Town did not have an accounting procedures manual that had been finalized and adopted. (See PDF Pages 36 and 43 of 48)	MW	Yes - Letter: States "I have been working on a manual but do not have completed."	Yes
		#2009-03: Bank Reconciliations: Certain accounts had reconciling items, including transfers that had not been made, that were old and outstanding, or did not exist, as well as outstanding checks. Also, bank reconciliations were not prepared timely. (See PDF Pages 37 and 43 of 48)	MW	Yes - Letter: Describes some procedures implemented to address issue.	Yes
		#2009-04: Monthly Closeout Procedures: The Town did not have any formalized monthly or year-end financial statement closeout procedures. Also, accounting system used does not require a "close" of each month; as a result, transactions can be backdated to the prior period. (See PDF Pages 37 and 43 of 48)	MW	Yes -Letter: States "still in progress but working on."	Yes
		#2009-05: Physical Inventory of Capital Assets: The Town had not taken a complete physical inventory of its capital assets. The Town also did not include an ID number for each capital asset. (See PDF Pages 37 and 43 of 48)	MW	Yes -Letter: States that there is no previous number for physical inventory and Town does not have resources to have it appraised.	Yes
		#2009-06: Prepare Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) and Significant Adjustments: Financial statements were submitted to the auditor by management that were generated as a by-product of the bookkeeping system. The auditors proposed certain material adjustments to the financial statements, drafted both the financial statements and required note disclosures, and submitted the draft to management for approval. (See PDF Page 38 and 43 of 48)	MW	Yes - Letter: Does not address finding. Sent follow-up e-mail on 9/16/2013. No response received to date.	Yes
		#2010-07: Utility Billing: The Town did not keep an accurate utility billing system. Instances were noted where amounts billed to customers did not agree with Town's utility rate sheet, and late fees were not charged accurately due to system overrides. Also, Clerk could not produce an accurate monthly cutoff worksheet from billing system. (See PDF Page 38 of 48)	MW	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Altha, Town of (continued)	Calhoun	#2009-01 (ML): Budgetary Controls – General: The Town included carry forward accounts in its adopted budget, however, after year end, when final funds equities were determined, the Town did not amend the budget to include the appropriate amounts. (See PDF Page 43 of 48)	N/A	Yes - Letter: Does not address finding. Sent follow-up e-mail on 9/16/2013. No response received to date.	Yes
		#2009-02 (ML): Disaster Recovery Plan: The Town does not have current well-defined, written disaster recovery procedures. (See PDF Pages 43-44 of 48)	N/A	Yes - Letter: Does not address finding. Sent follow-up e-mail on 9/16/2013. No response received to date.	Yes
		#2009-03 (ML): Excess Expenditures Over Appropriations: For the year ended September 30, 2011, expenditures exceeded appropriations in several funds. (See PDF Pages 43-44 of 48)	N/A	Yes - Letter: Does not address finding. Sent follow-up e-mail on 9/16/2013. No response received to date.	Yes
Anna Maria, City of	Manatee	#2009-1 (ML): Building Permits: In one instance, the fee charged for a City's building permit was not correct. The difference appeared to be related to data entry of the job cost. (See PDF Page 32 of 35)	N/A	Yes - Letter: Indicates that procedures have been and are being implemented to address issue; Amending budget for FY 13-14.	Yes
Apalachicola, City of	Franklin	#12-01: Need to comply with Budgetary Requirements: Expenditures should not exceed budgeted amounts. (See PDF Page 59 of 59)	SD	Yes - Letter: City to review and amend budget; Will do as needed during the year to ensure expenditures don't exceed budgeted amounts.E20	Yes
		#12-03: Significant Adjustments to the Financial Records: Adjustments were needed in order for the financial statements to conform with GAAP. (See PDF Page 59 of 59)	MW	Yes - Letter: Future internal control procedures to conform. Indicates that steps are being taken to address issue.	Yes
Bal Harbour Village, Town of	Miami-Dade	#2011-02: Assets acquired with federal funds are not being properly identified and aggregated into the capital asset system. (See PDF Pages 119-120 of 122; see also Addendum to Management Letter, PDF Page 1 of 1)	MW	No	Yes
Belle Glade, City of	Palm Beach	#2008-01: The City has procedures in place that require one person to oversee all grants; however, during the fiscal year ended 9/30/2011, various grants were administered by several different staff positions. As a result, staff had difficulties in locating grant files and supporting documentation and ascertaining status of some grants. Reimbursement requests were also filed late and missing supporting documentation, transactions were not being timely recorded, and grant files were unorganized (Note: Refers to all grants received). (See PDF Page 140 of 148)	MW	Yes - Letter: Reassigned grant responsibilities to Grant Manager with oversight by Chief Accountant in FY 2012 in order to centralize grant responsibilities. Anticipates that this finding will not be included in FY 2013 audit report.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Belle Glade, City of (continued)	Palm Beach	#2008-03: Major State Projects – The City has procedures in place that require one person to oversee all grants; however, during the fiscal year ended 9/30/2011, various grants were administered by several different staff positions. As a result, staff had difficulties in locating grant files and supporting documentation. Reimbursement requests were also filed late and missing supporting documentation, transactions were not being timely recorded, and grant files were unorganized. (See PDF Pages 141-142 of 148)	MW	Yes - Letter: Reassigned grant responsibilities to Grant Manager with oversight by Chief Accountant in FY 2012 in order to centralize grant responsibilities. Anticipates that this finding will not be included in FY 2013 audit report.	Yes
		#2008-05: FEMA Deferred Revenue in Marina Fund – The Marina Fund had a balance of Deferred Revenue from FEMA. FEMA has not conducted a final close-out, therefore, the amount due to FEMA has not yet been determined, but the current Deferred Revenue is more than available cash on hand. (See PDF Page 144 of 148)	N/A	Yes - Letter: States that largest of 3 projects closed in FY 2012; Florida Division of Emergency Management to assist in developing action plan to close-out all outstanding grants that are ready for closure.	Yes
Belle Isle, City of	Orange	#ML 12-1: Balance Trial Balance - Current financial software does not provide trial balances that balance at fund level. All prior year net income or loss is closed to one account. (See PDF Page 98 of 104)	N/A	No	Yes
		#ML 12-3: Impact Fees Due to Orange County - The City is collecting school impact fees on behalf of Orange County Public Schools, but is not remitting them to Orange County on a timely basis. (See PDF Page 98 of 104; also see Revised Report on Internal Control, PDF+C26 Pages 1-2 of 2)	SD	No	Yes
Bonifay, City of	Holmes	#10-04: Water Billing: The City has had difficulty minimizing and accounting for unbilled water consumption. (See PDF Page 57 of 58)	N/A	Yes - Letter: Describes steps that management is taking to resolve this finding.	Yes
		#10-05: Fixed Asset Management Policy: The City does not have a formal written fixed asset management policy. The purpose of such a policy is to ensure the proper accounting and safeguarding of City assets and compliance with law. (See PDF Page 57 of 58)	N/A	Yes - Letter: Indicates that draft policy to be submitted to city attorney for review and then to city council for formal approval; anticipated completion by 7/31/2013.	Yes
Bowling Green, City of	Hardee	#12-01: Year End Adjustments: Numerous year-end adjustments were required to correctly reflect the City's financial position and results of operations. (See PDF Page 54 of 58)	SD	Yes - Letter: New personnel, concern being corrected.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Bradenton Beach, City of	Manatee	#2010-1: Segregation of Duties: The City has two employees who have access to the general ledger system and are also authorized check signers, which creates a lack of separation of duties. (See PDF Pages 38-39 of 41)	N/A	No	Yes
		#2010-2: Accounting Function: During the course of the audit, it was necessary to record entries to correct account balances and to record accounts payable and accrued revenue. (See PDF Page 39 of 41)	N/A	Yes - Letter: Being corrected; new personnel. Describes steps that are being taken to resolve this finding.	Yes
Branford, Town of	Suwannee	#2010-1: Financial Statement Preparation: The Town does not have the expertise necessary to draft the financial statements and all required footnote disclosures in accordance with GAAP. (See PDF Pages 51-52 of 55; also see Revised Report on Internal Control, PDF Pages 1-2 of 2)	SD	No	Yes
Bronson, Town of	Levy	#ML2009-1: Fixed Asset Inventory: The Town did not perform an annual physical inventory of its tangible property during the fiscal year. (See PDF Page 32 of 36)	N/A	Yes - Letter: States that annual physical inventory began, but not completed in time for FY 2012 audit; goal and objective is to have it completed by 2013 Fiscal year-end.	Yes
		#ML2009-3: Written Policies: The Town does not currently have detailed written policies and procedures covering areas such as purchasing, utility billing and collection, travel, capital assets, inventory control, and vehicles assigned to employees. (See PDF Page 33 of 36)	N/A	Yes - Letter: To be addressed by the end of this Fiscal year.E61	Yes
		#ML2009-4: Water and Sewer Fund: The Town's water and sewer fund has not been able to operate self-sufficiently under the current rate structure. (See PDF Page 33 of 36)	N/A	Yes - Letter: Increase in rates approved 3/18/2013; effective 5/1/2013.	Yes
Bushnell, City of	Sumter	#2008-2: Segregation of Duties: The City operates 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. (See PDF Page 106 of 116)	SD	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Bushnell, City of (continued)	Sumter	#2011-1: Financial Condition Assessment – Wastewater Fund: The wastewater fund has negative working capital, continues to show a net operating loss, is operating with borrowed funds from both outside sources and through interfund advances from the electric and water fund, and has only a small balance of positive unrestricted cash. (See PDF Page 112 of 116)	N/A	Yes - Letter: Describes actions to be taken by city council to address issue.	Yes
		#2011-2: Financial Condition Assessment – General Fund: The general fund continues to experience a decrease in fund balance wherein revenues and transfers in were less than expenditures and transfers out, causing a decrease in fund balance. (See PDF Page 112 of 116)	N/A	Yes - Letter: Describes actions to be taken by city council to address issue.	Yes
Callaway, City of	Bay	#2010-ML-01: Debt Service Requirements: The City needs to develop a debt service strategy and perform an analysis of rates in the water and sewer utility fund. (See PDF Pages 116-118 of 120)	N/A	No	Yes
Campbellton, Town of	Jackson	#07-1 (in Management Letter): Cancellation of Invoices - Town does not cancel all invoices after payment. (See PDF Page 42 of 43)	N/A	Yes - Letter: Town has made substantial progress in correcting finding and believes it will not be an issue in FY 2013 audit; recently re-employed an experienced Clerk.	Yes
		#08-1 (in Management Letter): Property Records and Inventory – Town does not have a written policy regarding the recording and inventory of capital assets. (See PDF Page 42 of 43)	N/A	Yes - Letter: Describes procedures implemented to address finding; hope to see a resolution of this finding in FY 2013 audit.	Yes
		#09-1 (in Management Letter): Water Reconciliation – Town does not have procedures in place to reconcile monthly utility billings to utility collections. (See PDF Page 42 of 43)	N/A	Yes - Letter: Describes procedures implemented to address finding.	Yes
		#10-1: The Town did not file the audit report with the Auditor General within the legal due date. (See PDF Page 39 of 43)	N/A	No	Yes
Carrabelle, City of	Franklin	#09-03: General Fixed Assets: The City had not taken a complete physical inventory of property and equipment. (See PDF Page 53 of 57)	N/A	Yes - Letter: City completing inventory list.	Yes
		#09-04: Accounting Manual: The City does not have an accounting procedures manual. (See PDF Page 53 of 57)	N/A	Yes - Letter: To be completed by 2013 year end.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Carrabelle, City of (continued)	Franklin	#09-05: Disaster Recovery Plan: The City does not have current, well-defined, written disaster recovery procedures. (See PDF Pages 53-54 of 57)	N/A	Yes - Letter: States that off site back-up implemented, but doesn't state when completed.	Yes
		#09-06: Budgetary Controls: 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. (See PDF Page 54 of 57)	N/A	Yes - Letter: City will amend budget at year end; will not show up on future audits.	Yes
		#09-07: Budgetary Control – General: 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. (See PDF Page 54 of 57)	N/A	Yes - Letter: City will amend budget at year end; will not show up on future audits.	Yes
Center Hill, City of	Sumter	AG-2 (PY Finding #5): The accounting system and financial reports of the City are not organized and operated on a fund basis. The City should implement accounting procedures established for governmental entities. (See PDF Page 70 of 71, not numbered, but refers to PY finding #5)	N/A	Yes - Letter: Issue now resolved [but not before 11-12].	Yes
Cocoa, City of	Brevard	#IC 2003-01: Water and Sewer Receivables and Payables: The City bills and collects for utility services of residents of other local governments and remits payments to these governments when payments are received; however, the City's utility billing system does not have an accounts receivable module that incorporates these payables to other local governments. As a result, the City does not reconcile its accounts payable to other governments for amounts collected on their behalf, and no subsidiary records exist for the balances in these accounts. (See PDF Pages 171-172 of 179)	SD	Yes - Letter: Describes actions taken to address issue; expects finding to be cleared with auditors during FY 2012-13 audit.	Yes
Coleman, City of	Sumter	#2: Lack of Capital Assets Records and Safeguarding of Assets: The City's procedure for safeguarding property and equipment are inadequate. (See PDF Page 54 of 57)	SD	Yes - Letter: City continuing to work toward adequate procedures.	Yes
Coral Gables, City of	Miami-Dade	#ML 2008-02: Approval of Information Technology (IT) Policies: The City has IT Security Policies and Procedures in place, which are implemented on an operational basis. These policies and procedures, however, have not been officially approved by all the required levels of City Management, specifically the City Attorney. (See PDF Pages 146-147 of 147)	N/A	Yes - Letter: Finding corrected; IT policies and procedures approved on 5/14/2013.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Coral Gables, City of (continued)	Miami-Dade	#ML 2012-01: Internal Service Fund: The fees charged by the internal service insurance are significantly in excess of the amounts necessary to fund the costs of providing insurance related services. (See PDF Page 144 of 147)	N/A	Yes - Letter: Describes actions taken to resolve issues.	Yes
Crescent City, City of	Putnam	#2003-ML-1: Accounting Procedure Manual: The City has developed a preliminary accounting policy and procedure manual. In order to strengthen controls, a detailed accounting manual should be developed, which also incorporates the new computer software implementation. (See PDF Page 84 of 89)	N/A	Yes - Letter: To have a unified manual in place by October 2013.	Yes
Dania Beach, City of	Broward	#2010-05: Water Service Connections: The City has incurred losses resulting from the misapplication of, and deficiencies in, its water service connection procedures. (See PDF Pages 164-165 of 166)	N/A	No	Yes
Davenport, City of	Polk	#2010-02: Bank Reconciliations: One bank reconciliation did not agree with the general ledger, and unusual reconciling items were not appropriately documented. (See PDF Page 47 of 49)	MW	No	Yes
DeBary, City of	Volusia	#2010-02: Deficit Fund Balance-Flood Improvement Capital Project Fund: Capital project costs incurred were in excess of the amount of revenues generated. As a result, The Flood Improvement Capital Project Fund reported a cumulative deficit net assets balance. (See PDF Page 97 of 100)	N/A	No	Yes
Deerfield Beach, City of	Broward	#ML 07-1: Retrospective look back on risk reserves – The City has improved its reconciliation process of ensuring claims and other items are properly recorded and reviewed prior to sending to the actuary. However, a retrospective review to assess reasonableness of actuarial results is not being performed by City staff. (See PDF Page 160 of 234)	N/A	Yes - Letter: Describes steps taken to address finding.	Yes
		#ML 08-2: Accounting Policies and Procedures Manual – The manual continues to be a work in progress as of 9/30/2011 and has not been completed and approved. (See PDF Page 159 of 234)	N/A	Yes - Letter: Describes steps taken to address finding; manual should be completed by FYE 9/30/2014.	Yes
		#ML 09-2: Documentation of IT Policies and Procedures – It was not clear whether the Information Security Policies and Procedures and draft documents provided during the audit addressed certain specified critical aspects related to information security. (See PDF Page 158 of 234)	N/A	Yes - Letter: Describes steps taken to address finding; expects resolution of this finding in FY 2014.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Deerfield Beach, City of (continued)	Broward	#ML 10-2: Segregation of Duties-Payroll – 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. (See PDF Page 157 of 234)	N/A	No	Yes
		#IC 10-09 Eligibility (SHIP): Operations of this program have been temporarily suspended while the City takes corrective actions relating to procedures for eligibility. (See PDF Page 141 of 234)	N/A	No	Yes
		#IC 10-10 Reporting (SHIP): Operations of this program have been temporarily suspended while the City takes corrective actions relating to procedures for ensuring that reporting requirements are met. (See PDF Page 141 of 234)	N/A	No	Yes
		#IC 12-01 Bank Reconciliation Process: Monthly reconciliations were not performed and reviewed by management in a timely manner. (See PDF Page 135 of 234)	SD	No	Yes
Doral, City of	Miami-Dade	#2009-2: Controls over Capital Assets: The City does not maintain and update a master physical inventory listing of City-wide capital assets. Each department conducts an annual physical inventory, but the departmental records are not reconciled and agreed to a master list. Furthermore, the existing master list lacks sufficient details. (See PDF Pages 102-103 of 105)	SD	Yes - Letter: Indicates that steps have been taken to address issue. Also, letter from CPA firm provided which states that this finding will be reported as cleared in FY 2012-13 audit report.	Yes
Dundee, Town of	Polk	#11-01: Restricted Cash Monitoring Needs Improvement: The procedures in place are not adequate to track the sources and uses of all restricted resources or to monitor compliance with all debt related covenants. (See PDF Page 51 of 51)	MW	Yes - Letter: New Finance Director anticipates it will be end of FY 13-14 before corrected.	Yes
		#11-02: Internal Control over Budget to Actual Reporting: The internal control procedures over budget-to-actual reporting were not adequate to ensure that budget-to-actual financial reports were materially correct and timely reported to the commission. (See PDF Page 51 of 51)	N/A	Yes - Letter: New Finance Director anticipates it will be end of FY 13-14 before corrected.	Yes

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Eatonville, Town of	Orange	<u>Finding 2006-01</u> : Reconciliations – Reconciliations were not provided for receivables and interfund balance sheet accounts during the fiscal year. As a result, certain general ledger account balances were incorrectly recorded. The Town’s ability to address financial management matters is compromised by the inability to rely on unsupported financial data. (See PDF Pages 62 and 64 of 71)	MW	Yes - Letter: States that they are currently reconciling all major balance sheet accounts and are in process of hiring a consultant to help streamline current procedures.	Yes
		<u>#2006-A</u> : The Town had a deficit fund balance when aggregating the General Fund and enterprise funds, and thus met a condition that could lead to a state of financial emergency. (See PDF Page 69 of 71)	N/A	Yes - Letter: Describes steps being taken to address findings.	Yes
		<u>Finding 2007-06</u> : Compliance with Regulatory and Debt Reporting Requirements –Town is delinquent in its financial reporting, compounded by the state of its financial records and internal difficulties in understanding and researching transactions recorded. Town is in noncompliance with timeliness requirements of regulatory agencies and debt covenants, and with June 30 th audit report deadline. Also, audit report required by a loan was not provided as required. (See PDF Pages 63 and 66 of 71)	N/A	Yes - Letter: Provides explanation for delayed audit and states that finding has been addressed.	Yes
		<u>Finding 2008-02</u> : Recording of Receivables – There were instances where receivables and revenues were not recorded in the proper period, and where receivables were incorrectly classified as internal fund balances. (See PDF Page 64 of 71)	SD	Yes - Letter: Describes steps being taken to address finding.	Yes
		<u>Observation 2010-B</u> : The Town had an allowance for doubtful accounts for Water and Sewer Fund activities and adjustments had not been made. (See PDF Page 69 of 71)	N/A	No	Yes
		<u>Observation 2012-C</u> : There are significant balances from/to within the Town. Fund level accountability is compromised and it is unclear as to how interfund balances will be eliminated. (See PDF Page 70 of 71; also see PY Finding 2008-03,C118 PDF Page 65 of 71)	N/A	Yes - Letter: Describes steps being taken to address findings.	Yes

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Edgewater, City of	Volusia	#2011-02: Information Technology: 1) The City does not have complete documentation relating to IT procedures; 2) Users are not forced to change passwords regularly nor are there any criteria on the strength of password; 3) Access to local network resources should be secured by implementing a password policy; and 4) Consolidation and organization of the City's various IT hardware would lessen the amount of IT management related tasks. (See PDF Page 116 of 125)	SD	Yes - Letter: Review to take place and appropriate policies and procedures to be in place prior to Sept. 30, 2013.	Yes
Eustis, City of	Lake	#2009-1: Financial Condition Assessment: After making several ongoing expense cuts, the City's General Fund, Water and Sewer Fund, and several other funds budgeted for a decrease in fund equity for the year, due to shrinking revenue availability. Thus these reductions of reserves were provided for in the annual budget and generally, the actual results turned out better than was budgeted. (See PDF Page 163 of 168)	N/A	Yes - Letter: Indicates that steps are being taken to address issue.	Yes
		#2010-1: Financial Controls (Payables): The accounts payable clerk has access to add/update/delete vendors to/from the vendor master file, which creates a lack of segregation of incompatible duties. (See PDF Page 164 of 168)	N/A	No	Yes
		2010-1: Financial Controls (Payroll): The payroll manager has access to make changes in pay rate in the Payroll database, post to general ledger, and run the payroll register, which creates a lack of segregation of incompatible duties. (See PDF Page 164 of 168)	N/A	No	Yes
Fellsmere, City of	Indian River	#2010-02: General Accounting Records: The City's closing entries on a monthly and annual basis are performed via a manual journal entry process, due to the nature of the City's information technology system. (See PDF Page 80 of 83)	N/A	No	Yes
Fort Lauderdale, City of	Broward	#2012-1: Capital Assets: The City had in excess of \$1 billion as of September 30, 2011, invested in capital assets net of accumulated depreciation. The detail of capital assets is currently maintained in Excel spreadsheets, which increases the risk of error. (See PDF Page 174 of 203)	MW	Yes - Letter: Project expected to be completed by 6/30/2013.	Yes
		#2012-2: Capital Assets-Physical Inventory: The City has not performed a physical inventory of capital assets for several years. (See PDF Page 175 of 203)	MW	Yes - Letter: Project expected to be completed by 6/30/2013.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Fort Lauderdale, City of (continued)	Broward	#2012-4: Calculation of Compensated Absences: Errors were noted in the underlying data used in the calculation. Also errors were noted in the calculation of accrued leave using the approved leave accrual rates, and recalculation of some balances was not possible because underlying supporting data was not available. (See PDF Page 177 of 203)	SD	No	Yes
		#2012-11: Information Systems Controls: Information systems controls in various areas were not fully developed, thereby exposing the City to various risks, including financial reporting risks and general business risks. (See PDF Page 200 of 203; also see Revised Management Letter, PDF Page 4 of 6)	N/A	No	Yes
Fort Meade, City of	Polk	#2009-4: Expenditures in Excess of Budgeted Appropriations: Five general fund departments exceeded their department budgets. (See PDF Page 77 of 79)	N/A	Yes - Letter: Describes procedures being implemented to address issue.	Yes
Fort Myers Beach, Town of	Lee	#2012-02: Receivables and Revenues: Internal controls were not sufficient to detect material misstatements in the reporting of the Town's receivables and revenues. Certain audit adjustments were required to correct current year amounts. (See PDF Pages 53-54 of 57)	MW	Yes - Letter: States that an additional accountant was hired to assist; anticipates that this should help decrease number of auditor adjusting entries.	Yes
		#2012-03: Liabilities and Related Expenses/Expenditures: Internal controls were not sufficient to detect material misstatements in the reporting of the Town's liabilities and related expenses/expenditures. Certain audit adjustments were required to correct current year and prior year amounts. (See PDF Page 54 of 57)	MW	Yes - Letter: States that an additional accountant was hired to assist; anticipates that this should help decrease number of auditor adjusting entries.	Yes
Fort White, Town of	Columbia	#2009-1: Utility Adjustments Report: The Town's water billing software generates a monthly report to document the various adjustments made to customer accounts during the year. The audit revealed that there generally was no evidence of supervisory review and approval of the individual customer adjustments to the water billing transactions. (See PDF Page 42 of 44)	N/A	Yes - Letter: States that Town Clerk reviews and approves all adjustments to individual transactions and reviews and signs all monthly adjustment reports.	Yes
		#2009-2: Pumped vs. Billed Variances: The auditors noted that the revenues in the Town's Enterprise Fund showed large undocumented gallons variances between the amounts of water pumped and the amounts billed for water usage. (See PDF Page 42 of 44)	N/A	Yes - Letter: States that "Documentation is made for water pumped in excess of amount billed for water usage" and describes what documentation includes.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Glen Saint Mary, Town of	Baker	<u>#12-02</u> : The auditors identified misstatements during the audit process that required material adjustments to the financial statements. Also, it was necessary for the auditors to assist with the preparation of the financial statements. (See PDF Page 39 of 40)	MW	No	Yes
Graceville, City of	Jackson	<u>#2010-1</u> : The City's water and sewer revenue was not reconciled to the water and sewer billing system. (See PDF Page 52 of 54)	N/A	No	Yes
Greensboro, Town of	Gadsden	<u>#10-03</u> : Budgetary Controls - General: The Town did include carry forward amounts in its adopted budget; however, when final fund equities were determined, the Town did not amend the budget to include the appropriate amounts. Failure to consider accurate beginning fund equities in the budget diminishes the Town'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. (See PDF Pages 42-43 of 45)	N/A	Yes - Letter: Describes procedure implemented to address issue.	Yes
Gulf Breeze, City of	Santa Rosa	<u>#2008-1</u> : Capital Asset Balances: In the auditors' testing of the general ledger capital asset control accounts and the subsidiary capital asset balances and other City controls over capital assets, it was noted that the beginning balances in the subsidiary ledger for business-type activities did not agree to the prior year ending balances; capital assets were not consistently classified in the general ledger or in the capital asset system. (See PDF Page 155 of 164)	MW	Yes - Letter: Describes procedure implemented to address issue.	Yes
		<u>#2008-3</u> : Annual Close-Out and General Ledger Maintenance: The auditors noted instances where balance sheet accounts were not properly adjusted as part of the City's year-end closing. (See PDF Page 157 of 164)	MW	Yes - Letter: Describes procedure implemented to address issue.	Yes
		<u>#2010-1</u> : Grant Financial Reporting: The City's Schedule of Expenditures for Federal Awards (SEFA) contained errors, misclassifications, and inclusion of amounts unrelated to the federal and state programs or amounts not expended during the current fiscal year. (See PDF Pages 157-158 of 164)	MW	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Haines City, City of	Polk	#12-02: Publicly Accessible Email Servers: Publicly accessible email servers are not segmented in an area of the network known as the DMZ. If the email servers are not segmented from the City's network by a DMZ, the threat of a Denial of Service (DoS) attack is increased resulting in access to the network by unauthorized individuals. In addition, the City's network could be targeted and used as a spam relay. (See PDF Page 121 of 121)	N/A	Yes - Attachment to e-mail: Security device will be purchased; per management response in FY 2012 report, will be implemented during FYE 9/30/2013.	Yes
		#12-03: Technology Disaster Recovery Plan: Currently the City does not have a written disaster and recovery plan in place. (See PDF Page 121 of 121)	N/A	Yes - Attachment to e-mail: Target date of formal adoption is 9/19/2013.	Yes
Hampton, City of	Bradford	#2010-3: The Water Fund has not been covering its costs without support from the General Fund. The Water Fund has continued to operate at a significant loss even though the water rates were increased recently. (See PDF Page 42 of 46; also see Revised Management Letter, PDF Page 2 of 4)	N/A	Yes - Letter: Have set up a fund and in process of setting up automatic transfers to address finding.	Yes
		#2010-4: The 1979 Bond Resolution requires the City to transfer, on a monthly basis, \$45 to a reserve account until this account equals \$5,422, and thereafter whenever such account is less than \$5,422. The current balance in the reserve account is \$146. (See PDF Page 41 of 46; also see Revised Management Letter, PDF Page 2 of 4)	N/A	Yes - Letter: Have set up a fund and in process of setting up automatic transfers to address finding.	Yes
		#2010-5: The bank reconciliations were not always performed in a timely manner. Additionally, some transactions that had not cleared the bank are so old that they are not likely to ever clear the bank. (See PDF Page 41 of 46; also see Revised Management Letter, PDF Page 2 of 4)	N/A	Yes - Letter: Independent accountant coming in on bi-weekly basis and is performing all reconciliations.	Yes
		#2010-6: The City does not use the approved budget to control spending in the law enforcement department. As a result, the law enforcement department often expends more than the approved budget. (See PDF Page 41 of 46; also see Revised Management Letter, PDF Page 2 of 4)	N/A	No	Yes
		#2010-7: Disbursements were coded incorrectly as to department and expense type. It was also noted that a deposit was incorrectly dated by over a month. (See PDF Pages 41-42 of 46; also see Revised Management Letter, PDF Pages 2-3 of 4)	N/A	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Hawthorne, City of	Alachua	#2010-1: The City's Enterprise Funds do not generate revenue in excess of operating funds and its other obligations. The City is required to enact rate ordinances and revise them from time to time in order to provide gross revenues sufficient to pay 100% of cost of operation and maintenance of the system, as well as the bond reserve requirement. (See PDF Page 58 of 62)	SD	No	Yes
		#2010-2: The City did not meet the Bond reserve requirements. (See PDF Page 58 of 62)	SD	No	Yes
		#2010-4: While the City did not have sufficient cash restricted for future uses as required by the County's Wild Spaces, Public Places initiative, it has begun the systematic transfers of cash to a segregated account. (See PDF Page 59 of 62)	SD	No	Yes
		#2010-6: The City's staff does not have the accounting expertise to draft the financial statements including footnote disclosures nor does it have the required staff skills necessary to accurately record transactions often required by fund accounting and the complexity of transaction recording to the various City funds. (See PDF Page 59 of 62)	SD	No	Yes
Hialeah, City of	Miami-Dade	#2007-7: Solid Waste Fund Deficit: The Solid Waste enterprise fund had an operating loss. The fees charged to the City by Miami-Dade County for waste disposal have increased; however, there have been no significant adjustments to rates charged to the residents for these services. (See PDF Page 177 of 179)	N/A	Yes - E-mail: Describes procedures implemented to address issue.	Yes
Highland Park, Village of	Polk	#ML-2010-2: Compliance Matters: The Village's General Fund expenditures for the physical environment exceeded its available budget. This over expenditure was primarily due to an increase in maintenance. Although the Village did budget amendments, these two areas were not adjusted adequately. (See PDF Page 38 of 39)	N/A	Yes - Letter: Describes procedures to be implemented to address issue.	Yes
Hilliard, Town of	Nassau	#2010-1: Audit Adjustments: Multiple transactions were not being recorded properly in the Town's books and records. Without this oversight process, errors and omissions may occur in the accounting records as well as noncompliance issues with specific grants. (See PDF Page 52 of 61)	MW	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Hollywood, City of	Broward	<u>#IC 2012-01</u> : Bank Reconciliations: The auditors noted that 5 of the 15 bank reconciliations selected through-out the year for testing were not prepared and/or reviewed within the two month timeframe. (See PDF Page 181 of 193)	SD	Yes - Letter: Describes actions taken and to be taken to address issue.	Yes
Holmes Beach, City of	Manatee	<u>#2010-1</u> : Cross Training: The Treasurer performs most accounting functions and no other employee is trained to perform these functions. (See PDF Page 50 of 51)	N/A	Yes - Letter: Describes actions being taken to address issue; expects cross-training to be completed by next audit.	Yes
Horseshoe Beach, Town of	Dixie	<u>#2011-1</u> : Financial Statement Preparation: The Town is not capable of drafting the financial statements and all required note disclosures in accordance with generally accepted accounting principles. The Town also does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements and related notes. (See PDF Pages 48-49 of 52)	SD	No	Yes
Indialantic, City of	Brevard	<u>#ML 2008-02</u> : Budgeting: The Town incurred costs that were not approved as a formal budget amendment by the Council, creating expenditures in excess of budget. This is not in compliance with Section 166.241, Florida Statutes. The Town overspent its budget in the areas of public safety and recreation. (See PDF Page 69 of 70)	N/A	Yes - Letter: Indicates that actions have been taken to address issue.	Yes
Jennings, Town of	Hamilton	<u>#12-03</u> : The accounting and internal control oversight policies and procedures of the Town Council are not formalized. Also, accounting and internal control oversight by governance is optimized when at least one audit committee member is a financial expert. The Town Council, which serves as the audit committee for the Town, does not include a financial expert. (See PDF Pages 72 and 74 of 75)	SD	Yes - Letter: Indicates that actions have been taken to address issue.	Yes
		<u>#12-04</u> : Documentation of the components of internal controls is not complete. Adequate written documentation of accounting policies and procedures are not available in the event of employee turnover or absences or for use by governance in fulfilling accounting and internal control duties. (See PDF Pages 73-74 of 75)	SD	Yes - Letter: Indicates that actions have been taken to address issue.	Yes
		<u>#12-05</u> : The Town was not in compliance with the requirement that budgets are a legal spending limit at the fund level. Expenditures were not limited to budgeted amounts at the fund level. (See PDF Page 73 of 75)	N/A	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Jupiter, Town of	Palm Beach	#2009-5: Information Systems - Protection and Recovery: Potential vulnerabilities in software are regularly identified and patched by software vendors. These vulnerabilities often allow system access to be compromised or even the remote capture of user names and passwords. Currently the IS Department relies on a manual system to install software patches rather than using an automatic patching system. (See PDF Pages 135-136 of 140)	N/A	Yes - Letter: Describes steps taken to address issues; new financial systems in place at town; remainder of prior year audit finding expected to be resolved by late 2013 or early 2014.	Yes
		#2009-5: Information Systems - User Accounts: The "Administrator" account should be renamed and a bogus account put in its place that is locked down. This will help prevent unauthorized access to critical information. Also, users should not be local administrators on workstations and laptops. (See PDF Pages 135-136 of 140)	N/A	Yes - Letter: Describes steps taken to address issues; new financial systems in place at town; remainder of prior year audit finding expected to be resolved by late 2013 or early 2014.	Yes
		#2010-3: Purchase Approvals: For five purchases, the purchase requisition or approval documentation was approved after the vendor invoice date. Also, one blanket purchase order did not have any quotes documented in the AS-400 system. (See PDF Page 136 of 140)	N/A	No	Yes
Key West, City of	Monroe	#2007-02: Establish 1) a City-Wide Schedule of Fees, and 2) a Cash Receipts Procedure Manual: 1) The City has substantially completed its City-Wide Schedule of Fees but awaits final review by management and presentation to the City Commission. 2) The City has diverse revenue sources ranging from parking meters/lots, rentals, fines, bus fares, advertising, building permits, sales and utilities services, etc. These revenues are collected at various locations and processed by the Revenue Department. Management should review current practices used to account for each revenue source and establish written processing guidelines. The City continued but has not finalized the process of compiling information to produce a formal cash receipts procedures manual. (See PDF Page 160 of 167)	N/A	Yes - Letter: Describes actions taken to address issue; expect finding to be resolved in FY 2012-13.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Key West, City of (continued)	Monroe	#2007-06: Review and Adjust the Penalty Calculation for Stormwater: The penalty calculation for stormwater is not in compliance with the City's code. The City's code reads as follows: "user fees shall be subject to a five percent per month (not to exceed 25% late fee)". The billing system is assessing a "one-time" five percent penalty charge. (See PDF Page 160 of 167)	N/A	Yes - Letter: Describes actions to be taken to address issue; expect finding to be resolved in FY 2012-13.	Yes
LaBelle, City of	Hendry	#1 (in ML): Utilities Department: Total accounts receivable per the utility billings program does not agree with the general ledger balance. (See PDF Page 72 of 76)	N/A	Yes - Letter: Describes actions to be taken to address issue	Yes
		#2 (in ML): Meeting Required Sinking Fund and Reserve Account Covenants Related to Water and Sewer Revenue Bonds, Series 2002 and Series 2005: The Water and Sewer Bonds require the City to deposit monthly into the Sinking fund an amount equal to 1/12 of the interest and principal due on the following Sept 1. There was a shortage of funds in the Sinking Fund and Reserve Account. (See PDF Page 73 of 76)	N/A	Yes - Letter: Describes actions to be taken to address issue	Yes
		#3 (in ML): Decrease in Unreserved Fund Balance of Governmental Fund: Over the past three years the unreserved fund balance of the governmental fund has decreased. The City has also budgeted expenditures for the governmental fund in excess of revenues. At the current rate of expenditures the City's deteriorating financial condition could soon create a state of financial emergency. (See PDF Page 73 of 76)	N/A	Yes - Letter: Describes actions to be taken to address issue	Yes
Lake Butler, City of	Union	#2009-1: Financial Statement Preparation: The City is not capable of drafting the financial statements and all required note disclosures in accordance with generally accepted accounting principles. The City also does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements and related notes. (See PDF Pages 50-51 of 55)	SD	No	Yes
Lake City, City of	Columbia	#11-2: Pension Contributions: The City has previously underfunded the annual required contribution to the General Employees' Retirement Plan which resulted in a new pension obligation. Although an additional contribution was made during the fiscal year, the net pension obligation at fiscal year-end was \$236,238. (See PDF Page 80 of 82)	N/A	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Lake Hamilton, Town of	Polk	#2009-2: Enterprise Fund accounts receivable detail had not been reconciled to the general ledger control account. Recordkeeping was insufficient to provide accurate recording of account receivable. (See PDF Page 41 of 52)	MW	Yes - Letter: Describes actions to be taken to address issue.	Yes
		#2009-3: Water deposits payable were not reconciled to the general ledger account. Recordkeeping was insufficient to provide accurate recording of account receivable. (See PDF Page 42 of 52)	MW	Yes - Letter: Describes actions to be taken to address issue.	Yes
		#2009-8: Payroll record totals were not in agreement with, and were not reconciled to, the general ledger. (See PDF Page 42 of 52)	MW	Yes - Letter: Describes actions to be taken to address issue.	Yes
		#2009-10: The Town did not have and continues not to have written policies for many of its accounting systems or departmental functions. (See PDF Page 43 of 52)	SD	Yes - Letter: Describes actions to be taken to address issue.	Yes
		#2009-11: Several receipts and disbursements were found to be misposted in the general ledger. (See PDF Page 43 of 52)+C203	SD	Yes - Letter: Describes actions to be taken to address issue.	Yes
		#2009-13: The Town incurred expenditures beyond what was appropriated in the adopted budget in prior years. (See PDF Pages 43-44 of 52)	N/A	Yes - Letter: States that Town will continue to make attempts to operate within budget it adopts.	Yes
		#2010-01: The Town's cash accounts were reconciled incorrectly. (See PDF Page 42 of 52)	MW	No	Yes
Lake Helen, City of	Volusia	#ML 2008-02: Uniform Accounting Policies and Procedures Manual: The City has not fully developed a formal written, accounting policies and procedures manual. (See PDF Page 91 of 98)	N/A	Yes - Letter: Attempt has been made to start process to develop and prepare manual through engaging an external contract provider to assist; will work toward its development as resources allow.	Yes

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Lake Helen, City of (continued)	Volusia	#2008-03: Property and Equipment Records and Maintenance: The City has not performed a physical inventory of its general and utility fixed assets to determine if the assets actually exist, or are no longer in use. It was also noted, that the City has not developed or employed a formal system to internally account for its investment in capital assets. Instead, the City has relied on externally prepared asset depreciation schedules that do not contain sufficient asset descriptions or provide other essential information that is necessary. These records are separately produced and maintained and they are not integrated into the City's automated financial accounting systems. Instead, the records are updated annually on a manual, batch entry basis. (See PDF Pages 79 and 81 of 98)	MW	Yes - Letter: Mostly due to lack of staff and financial resources; have taken some action to start addressing issue, including performing a physical inventory in 2013; when sufficient funding is available, city will explore availability of automating capital asset accounting and inventory systems.	Yes
		#2008-04: Accounts Payable Reconciliation: The City continued to experience significant difficulties in reconciling its computerized accounts payable subsidiary ledger with the general ledger. The auditors noted that numerous accounting entries were posted to the general ledger after the closing of the year-end accounting period. However, no reconciliations have been prepared that separately account for these transactions, or to provide a means to document that these payables were accounted for in the proper accounting period(s). (See PDF Pages 79 and 83 of 98)	SD	Yes - Letter: Describes reasons for issue with reconciliation and steps being taken to address finding.	Yes
		#2009-01: Accuracy of Account Postings: The City continues to have significant difficulties in the development of the routine account postings, many of which required audit corrections to ensure accurate financial reporting. (See PDF Pages 79 and 83 of 98)	SD	Yes - Letter: Describes reasons for issue with accuracy of account postings and steps being taken to address finding.	Yes
		#2009-02: Utility Accounts Receivable: The City is continuing to experience difficulty in reconciling the computerized customer accounts receivable subsidiary ledger with the general ledger. Customer account reconciliation procedures should be performed, and reviewed by oversight personnel, on a routine and timely basis. (See PDF Pages 84 and 91 of 98)	SD	Yes - Letter: Describes reasons for issue with these receivables and steps being taken to address finding.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Lake Helen, City of (continued)	Volusia	#ML 2010-01: Purchase Orders and Procurements: The City does not utilize a formally approved Purchase Order system to manage its contractual purchasing commitments, budget authorizations, and related procurements. (See PDF Pages 92-93 of 98)	N/A	No	Yes
		#2010-02: Inventory Procedures - Creative Arts Café Restaurant: The management of the restaurant no longer performs routine physical inventory counts of its food stock items, some of which are stored in an outside building structure with little security. Also, no procedures are in place to monitor food cost percentages that are effective management tools to control food stores and costs. (See PDF Pages 84-85 of 98)	SD	No	Yes
		#2010-04: Timely Deposit of Police Pension Funds: The City continued to fail to deposit the state-provided Casualty Insurance Premium Tax funds in the local law plan within the required 5-day limit. (See PDF Page 87 of 98)	N/A	No	Yes
		#2010-05: Impact Fee Funds: The City did not deposit the proceeds of its water utility development (Impact) fees into the required and restricted water development account. (See PDF Page 88 of 98)	N/A	No	Yes
Lake Park, Town of	Palm Beach	2001-1: Written Policies and Procedures: The Town has made improvements in strengthening the internal control system and in communicating to the employees their responsibilities in the system; however, there has been no formal documentation or codification of the current policies and procedures. (See PDF Pages 136 and 138 of 143)	SD	Yes - Letter: Full corrective action taken subsequent to FY 2012 audit; town commission approved manual on 7/3/2013.	Yes
Lake Placid, Town of	Highlands	ML 2012-1: Budget Violations: The Town's expenditures exceeded available budget for individual budget line items in the Town's General Fund. Debt Service expenditures exceeded budgeted amounts by \$25,000 and transfers out to other funds exceeded available budgeted amounts. (See PDF Pages 51 and 52 of 53; also see Addendum to Management Letter, PDF Page 1 of 1)	N/A	No	Yes
Lake Worth, City of	Palm Beach	#M-08-05: Inventory: An oversight of inventory results in an understatement of expenses as well as an overstatement of net assets. (See PDF Pages 188 and 191 of 197)	SD	Yes - Letter: Describes actions taken to address issue.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Lakeland, City of	Polk	#07-3: IT Policies and Procedures - Logical Access: The City's logical security controls for the three significant financial reporting systems and the network revealed that several areas would require further control enhancements to meet industry best practices and standards. (See PDF Page 224 of 226)	N/A	No	Yes
Lauderdale Lakes, City of	Broward	#2012-01: Year End Closing Entries: The balance sheet accounts, which include accrued liabilities, capital assets and due to/from in all funds reflected on the respective trial balances, were not properly reconciled to reflect the appropriate balances as of year-end. (See PDF Page 84 of 95)	SD	No	Yes
Lawtey, City of	Bradford	#2010-3: The City has not established and maintained a sinking fund account pursuant to the loan agreement with the USDA. (See PDF Page 40 of 43)	N/A	Yes - Letter: City has now established a sinking fund; also states that necessary monthly transfers are being made.	Yes
Mangonia Park, Town of	Palm Beach	#2009-01: Accounting Records – Timely reconciliations are not being performed. (See PDF Page 45 of 52)	MW	Yes - Letter: Describes steps being taken to address finding.	Yes
		#2009-02: Capital Assets Record Keeping – The Town did not have a detailed listing of capital assets. (See PDF Page 46 of 52)	MW	Yes - Letter: Describes steps being taken to address finding.	Yes
Marco Island, City of	Collier	#2009-11: Accounting Software: The current accounting software cannot produce the reports necessary for account analysis or to provide information user friendly for audit or citizen information requests. (See PDF Page 128 of 128)	N/A	Yes - Letter: Amount has been appropriated in budget and included in 5-year Capital Improvement Plan to purchase new accounting software to address issue.	Yes
Mary Esther, City of	Okaloosa	#2009-2: Accounting for Capital Assets: Activity recorded in the fixed asset module did not reconcile to the general ledger control accounts. Certain capital purchases were not coded properly using the Uniform Accounting System chart of accounts, thereby understating capital outlay purchases throughout the year. (See PDF Page 88 of 89)	N/A	Yes - Letter: Progress has been made regarding this finding; expect to eliminate finding by end of FY 2013-14.	Yes
Mayo, Town of	Lafayette	#2007-1: Pumped vs. Billed Variances: Revenues in the Town's Enterprise Fund continues to show large variances between the amounts of water pumped and the amounts billed to water usage. (See PDF Page 46 of 49)	N/A	Yes - Letter: Additional source of possible water loss noted; Town is trying to find funding assistance for project.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Medley, Town of	Miami-Dade	#2012-02: Capital Asset Items: The Town does not complete periodic or annual inventories for reconciliation purposes. (See PDF Pages 62 and 65 of 67)	MW	Yes - Letter: Performs periodic inventory of large dollar items; inventory of smaller items not taken or deemed necessary; continuing to pursue obtaining title to all infrastructure items.	Yes
		#2012-03 : Licenses and Permit Items: There are a significant amount of manual calculations in the license and permit processes. In addition, there is a lack of supervisory review in the processes. Various licenses and permits were tested and noted the following: (1) Subsidiary ledgers do not interface with the general ledger. Reports cannot be generated. (2) The Town periodically receives cash payments and there are little to no controls over such receipts and the safeguarding of these payments. Amounts received are not consistently posted and deposited daily. (3) One of the quarterly surcharge fee reports submitted to the state was completed inaccurately resulting in an underpayment to the state. (See PDF Pages 63-65 of 67)	SD	Yes - Letter: New permit fee schedule instituted to simplify calculations. Building department being restructured due to retirement of staff; operations of department have been put out for bid; town council will make decision regarding how to handle this department based on info received.	Yes
		#2012-04: Payroll and Compensated Absences Items: (1) In one instance out of fifteen selected, a police officer received incentive pay in error. (2) Balances of compensated absences for five employees were tested and noted the following: (a) In two instances, amounts credited to the employee's compensated absences totals were in excess of the amount they earned. (b) In one instance, an employee was paid comp-time in excess of the amount they had earned. (c) No documentation to support the administrative time accumulated for department heads. (d) The Town's comp-time earning procedures appear to need more detail documentation regarding supervisory approval and manual changes to electronic time clock entry. (See PDF Pages 63-65 of 67)	SD	Yes - Letter: Describes procedures implemented to address finding.	Yes
Melbourne Beach, Town of	Brevard	#IC 2010-02: Travel Expenditures: The Town paid for lodging based upon the reservation rather than the actual receipt, although the receipt only included two nights of lodging instead of three. (See PDF Page 66-67 of 68)	N/A	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Melbourne Village, Town of	Brevard	<u>Finding 001</u> : Timeliness of Year-End and Other Accounting Procedures: Although the Town has roughly developed a process for year-end closing procedures, the process has not been formalized and documented with planned completion dates well in advance of the June 30 deadline. In addition, the task of preparing and reviewing the Town's closing entries was performed by one person, with limited assistance from the firm preparing the financial statement compilation. Capital asset inventory had not been maintained properly. (See PDF Page 43 of 62)	SD	No	Yes
		<u>Comment 001</u> : Ordinance 93-8: The amount withdrawn in October 2008, based on the fiscal year ended September 30, 2008, net interest amount, was in excess of the amount allowed. In addition, the voters of the Town did not approve any withdrawal of amounts over the allowed distribution amount described in both Ordinances 2009-1 and 93-8. As of September 30, 2012, this \$17,500 amount has not been repaid to the fund. (See PDF Page 55 of 62)	N/A	Yes - Letter: In September 2012, Town Commission voted to repay amount; do not anticipate comment being repeated in FY 2012-13.	Yes
Miami, City of	Miami-Dade	<u>#2012-01</u> : Financial Statement Close Process: The City's Comprehensive Annual Financial Report presented for audit contained numerous issues, such as inconsistent amounts between financial statements and footnotes, and amounts that did not agree to supporting documentation. (See PDF Pages 199-201 of 233)	MW	No	Yes
		<u>#2012-02</u> : Capital Assets: 1) The City does not record Neighborhood Stabilization Program (NSP) properties based on cost (appraised value) and does not classify these assets as held for sale; 2) Closed projects were not put into service and depreciated timely; 3) The City recorded adjustments relating to capital assets for errors relating to prior years with a cumulative increase to change in net assets of \$7.6 million. (See PDF Pages 201-202 of 233)	MW	Yes - Letter: Describes history of finding and steps being taken to resolve it.	Yes
		<u>#2012-02 (ML)</u> : Grant Reimbursements: The City does not request reimbursements for grant expenditures in a timely manner, soon after the incurrence and payment of qualified related expenditures. (See PDF Page 223 of 233)	N/A	Yes - Letter: Describes procedures being implemented to address issues.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Miami Lakes, Town of	Miami-Dade	#2008-02: Fixed Assets Register: The Town has no formal detailed records and reconciliation process of fixed assets owned. (See PDF Page 109 of 111)	SD	Yes - Letter: New financial management software implemented, which includes a fixed asset module; module implemented at close of FY 2012, all assets now loaded into system.	Yes
Milton, City of	Santa Rosa	#2009-1: Purchasing: The City's purchasing policy was not consistently being applied. Items were purchased before the purchase order was approved. (See PDF Page 91 of 92)	N/A	Yes - Letter: City is currently re-evaluating and revising purchasing policy to address issues.	Yes
		#2010-01: The pooled cash account reconciliation did not agree to the general ledger balance. (See PDF Page 88 of 92)	SD	No	Yes
Moore Haven, City of	Glades	#ML 06-3: Formal Written Purchase Policy: The City does not have its own formal written purchase policy. The City is currently mirroring Section 287.057, F.S., requirement to obtain competitive sealed bid for contracts or purchases of commodities of \$35,000 or more. (See PDF Pages 90 and 93 of 93; also see Revised Management Letter, PDF Page 2 of 5)	N/A	Yes - Letter: Purchasing policy should be in place before end of fiscal year.	Yes
Mulberry, City of	Polk	#2010-1 (ML): Financial Trends: The City continues to have a net deficit in unrestricted net assets in the enterprise fund. (See PDF Page 54 of 58)	N/A	No	Yes
		#2010-2 (ML): Accounting Function: The City continued its efforts to improve the financial reporting process. However, numerous adjustments were necessary in the current year as part of the audit process to properly reflect the financial statements. (See PDF Page 55 of 58)	N/A	No	Yes
New Smyrna Beach, City of	Volusia	#2011-2: Uniform Accounting Policies and Procedures Manual: The City's Finance Department has never fully developed a formal written, accounting policies and procedures manual. (See PDF Pages 153-154 of 156)	N/A	Yes - Letter: City has multiple documents with policies and procedures; working to combine such into a single manual and present draft to auditors for FY 2012-13 audit and to commission for final approval.	Yes
		#2011-4: Information Technology Systems: The City has established a disaster recovery plan; however, it is not formally documented. (See PDF Page 154 of 156)	N/A	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
North Bay Village, City of	Miami-Dade	#2006-1: Capital Assets Subsidiary Detail Ledger Software, Reconciliation and Maintenance – The City maintains a manually prepared schedule in Excel for tracking its capital assets. The existing subsidiary ledger maintained on the spreadsheet requires constant maintenance and formula manipulation which lends itself to the possibility of errors being made, miscalculation along with additional time and effort to maintain. (See PDF Page 64 of 68)	N/A	Yes - Letter: Village signed a contract in FY 2013 to implement a complete financial, account, utility billing, and fixed asset management software system; also implementing integrated fixed asset system.	Yes
		#2006-3: General Ledger Maintenance – The City’s financial audit required numerous material adjusting journal entries in order to prepare financial statements in accordance with GAAP. (See PDF Page 64 of 68)	SD	Yes - Letter: Describes steps being taken to address finding, including one additional staff member in finance department for FY 2013.	Yes
		#2009-1: Bank Reconciliations – Reconciliations of the City’s operating cash accounts had been performed but not reconciled to the general ledger for a significant portion of the fiscal year. In addition to the preparation of bank reconciliations by a designated individual, there should be another individual charged with the review and approval of the reconciliation once it is prepared to verify the reconciliation process is complete. (See PDF Page 65 of 68)	MW	Yes - Letter: States that bank reconciliations are now being prepared within two weeks of end of month; also established separation of duties for preparation and review such reconciliations.	Yes
		#2010-2: Implement Formal Monthly Closing Procedures: The Village would benefit from developing a formal monthly closing process. (See PDF Pages 65-66 of 68)	SD	No	Yes
		#2010-03: Document Significant Operational and Accounting Processes: The Village should institute a program to methodically identify and document its significant operational and accounting process. (See PDF Page 66 of 68)	N/A	No	Yes
		#2010-04: Assess the Accounting Department Staffing Needs: The recent reduction of accounting staff is putting a strain on the current staff to complete their responsibilities in a timely manner. There was also an increase in the time spent to accomplish day-to-day responsibilities, as well as on time needed to close financial reports. Village Manager and Finance Director should assess staffing needs of accounting department. (See PDF Page 67 of 68)	N/A	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
North Bay Village, City of (continued)	Miami-Dade	#2010-07: Consider Implementing an Enterprise Risk Management (ERM) Program: The Village will face risks from both expected and unexpected channels. To weather current financial crisis, the Village has to be more proactive than ever when identifying, assessing, prioritizing, and managing those risks. (See PDF Page 68 of 68)	N/A	No	Yes
North Miami Beach, City of	Miami-Dade	#08-02: Material Journal Entries: Various general ledger accounts were not reviewed during the year to determine and record the required adjustments prior to producing the final trial balances. (See PDF Pages 164-165 of 171)	MW	Yes - Letter: Management expects new system to eliminate issues with finding, but it will take 12 to 18 months.	Yes
		#08-03: Financial Records Review and Closing Process: Cash disbursements, cash receipts, and payroll, reconciliations were not signed/initialed by the reviewer as described in the accounting policies of the City. In addition, not all journal entries are approved by a designated member of management. (See PDF Pages 165-166 of 171)	SD	Yes - Letter: Management expects new system to eliminate issues with finding, but it will take 12 to 18 months.	Yes
		#09-3: Upgrade the Accounting System: The financial accounting and reporting system software program used to perform the financial functions and related activity are several years old and out-dated. Also, since that time, growth of the City has resulted in increased financial and operational requirements. (See PDF Page 163 of 171)	SD	Yes - Letter: City has issued a RFP for new ERP system and received 4 responses; presentations to review committee to be completed by end of May, then evaluations will be done.	Yes
Oak Hill, City of	Volusia	#2009-01: Tangible Personal Property Records and Inventory: The City continues to have difficulty in developing and maintaining the records necessary to support the acquisition costs for prior years' qualifying fixed asset purchases. The physical inventory on the City's personal property items could not be completed until such records are generated. (See PDF Page 59 of 70)	SD	Yes - Letter: City doesn't presently have the necessary human resource capabilities to examine archived prior year files to obtain additional supporting documentation for all prior year asset acquisitions.	Yes
		#ML 2009-1: Uniform Accounting Policies and Procedures Manual: The City has not yet fully developed a formal accounting policies and procedures manual. (See PDF Page 66 of 70)	N/A	Yes - Letter: City hasn't fully developed manual due to lack of availability of trained finance personnel in small 2-person office; aware of this need and will work on its development when additional staffing can be accomplished.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Oak Hill, City of (continued)	Volusia	#ML 2009-2: Personnel Policies and Procedures Manual: Many of the City’s formal policies are subject to varying interpretations by management. The auditor specifically noted several instances where conflict existed between the Manual and the applicable provisions of the Fair Labor Standards Act. The City has made progress in revising the Manual, but has not been completed as of the completion of the audit and has not yet been formally adopted by the City Commission. (See PDF Pages 66-67 of 70)	N/A	Yes - Letter: Prior city clerk (who was terminated) had primary responsibility for developing manual; since termination, City hasn’t had available personnel with required training/expertise necessary to finalize project; will continue to work with City Attorney to complete final manual.	Yes
		#ML 2009-3: Information Technology - Data Backups of Network: The City’s email records are effectively backed up on the City’s secondary backup server, the auditors continue to be concerned that the backup records are still retained in the same physical location (City Hall). (See PDF Pages 66-67 of 70)	N/A	Yes - Letter: City currently working with external technology services contractor to acquire proper tools to actively produce off-site back-up.	Yes
Oakland, Town of	Orange	#10-01: Utility Billing Subledgers should be Reconciled to the General Ledger – Management should implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts. (See PDF Page 51 of 53)	MW	Yes - Response in Audit Report: Monthly reconciliations will be done.	Yes
		#10-02: Cash Disbursements – Internal control procedures over cash disbursements have not been adequately designed or were not operating properly: (1) inadequate supporting documentation to support several disbursements; and (2) there is no formally adopted purchasing policy. (See PDF Page 51 of 53)	N/A	Yes - Response in Audit Report: Concur with findings and are in process of implementing auditors’ recommendations.	Yes
		#10-03: Cash Receipts – Internal control procedures over cash receipts have not been adequately designed. The utility billing cashier has the ability to make unapproved adjustments to customer accounts. (See PDF Page 51 of 53)	SD	Yes - Response in Audit Report: Monthly adjustment report will be done to show all adjustments made and which employee did the adjustment.	Yes
		#10-04: Payroll – 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. (See PDF Page 52 of 53)	N/A	Yes - Response in Audit Report: Management team has scheduled times to present revised vacation and sick leave before end of FY 2013.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Oakland, Town of (continued)	Orange	#10-05: Internal Control over Financial Reporting – Internal control over financial reporting failed to detect many financial statement misstatements resulting in audit adjustments. (See PDF Page 52 of 53)	SD	Yes - Response in Audit Report: Concur with findings and are in process of implementing auditors' recommendations.	Yes
		#10-06: Restricted Cash Monitoring Needs Improvement: Management was not always monitoring the restrictions places on revenues that are restricted as to use by enabling legislation or contract. (See PDF Page 52 of 53)	SD	No	Yes
Pahokee, City of	Palm Beach	#2010-1: The City did not perform a physical count of inventories and has not maintained perpetual inventory records for the Cemetery Fund. Also, the City has not established adequate controls over the completeness of revenues and receivables for the Cemetery Fund. (See PDF Page 69 of 76)	MW	No	Yes
		#2011-8: Financial Condition Assessment Procedures – Three of the City's four enterprise funds have experienced operating losses for several years, and the general fund had a significant decrease in fund balance during the current fiscal year. The City is in a deteriorating financial condition. (See PDF Pages 74-75 of 76)	N/A	Yes - Letter: Describes steps being taken to address finding.	Yes
		#2011-9: Excess of Expenditures Over Appropriations – As noted in the financial statements for the year ended 9/30/2011, certain departmental expenditure categories exceeded budgeted amounts. (See PDF Page 75 of 76)	N/A	Yes - Letter: Describes steps being taken to address finding.	Yes
Palatka, City of	Putnam	#12-1: Rate covenants on certain debt obligations of the Golf Course and Airport Funds were not met. (See PDF Page 108 of 111)	N/A	Yes - Letter: City Commission took action at 4/11/2013 meeting to refund debt instruments in Golf Course and Airport funds; covenants of new loan agreements executed on 4/11/2013 will be met by both funds - will eliminate finding in future audit reports.	Yes

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Panama City Beach, City of	Bay	#12-02: Accounting Policies: Some of the policies have not been updated in several years. (See PDF Page 85 of 93)	N/A	Yes - Letter: If additional accounting position is added next year, one of the first tasks assigned to employee would be to update existing Accounting Policies Handbook; although City recognizes importance of doing so, current staff levels do not allow for allocation of time for this task.	Yes
Paxton, City of	Walton	#2012-01: 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 GAAP based financial statements. (See PDF Page 47 of 52)	SD	Yes - E-mail received only included city's response to FY 2011 audit report. Sent follow-up e-mail on 9/16/2013. No response received to date.	Yes
		#2012-02: Due to the small size of the City of Paxton, the accounting and administrative staff are precluded from performing certain internal controls that would be preferred. (See PDF Page 47 of 52)	SD	Yes - E-mail received only included city's response to FY 2011 audit report. Sent follow-up e-mail on 9/16/2013. No response received to date.	Yes
Pembroke Park, Town of	Broward	#2009-3: Purchase Fund Accounting Software: The current setup does not allow for a pooled cash fund which results in significant interfund balances that need to be continually reconciled in order to correctly reflect each funds true cash position. The current accounting software is not optimal for this type of financial reporting. (See PDF Page 94 of 94)	N/A	Yes - Letter: Town is assessing situation, checking prices, and analyzing accounting systems from a cost efficiency standpoint; may decide to purchase software that will comply with requirement relating to pooled cash, if cost is not prohibitive; also requesting current software provider to look into possibility of modifying current software to comply with auditors' requests.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Pembroke Park, Town of (continued)	Broward	#2009-4: Accounts Payable Subsidiary Detailed Listing: The current accounting system does not produce a date sensitive accounts payable detail listing unless it is run at year end. This limitation does not allow the Town to continue operating normally until all payables are vouched into the system which could be for a significant period of time. (See PDF Page 94 of 94)	N/A	Yes - Letter: Town is assessing situation, checking prices, and analyzing accounting systems from a cost efficiency standpoint; may decide to purchase software that will provide accounts payable subsidiary detail listing, if cost is not prohibitive; also requesting current software provider to look into possibility of modifying current software to comply with auditors' requests.	Yes
Pierson, Town of	Volusia	#2008-01: Recording Activity on General Ledger: The Town does not maintain a complete set of financial records. Several bank accounts were identified where the receipt and disbursement transactions are not being included in the Town's books. (See PDF Page 40 of 41)	N/A	Yes - Letter: Does not address finding. Sent follow-up e-mail on 9/16/2013. No response received to date.	Yes
		#2008-02: Early Redemption of Bonds: The Council should consider paying off the Water Revenue Bonds as soon as feasible after September 1, 2008. The early redemption penalties expire at that date. This would eliminate \$66,000 annual payment and save the Town over \$600,000 in interest over the life of the bonds. (See PDF Page 40 of 41)	N/A	Yes - Letter: Does not address finding. Sent follow-up e-mail on 9/16/2013. No response received to date.	Yes
		#2008-03: Codification of Ordinances: The Town should update the codification of the ordinances. The Town's ordinances have not been codified since 1984. (See PDF Page 40 of 41)	N/A	Yes - Letter: Does not address finding. Sent follow-up e-mail on 9/16/2013. No response received to date.	Yes
		#2009-03: Bank Reconciliations: The Town's bank reconciliations were prepared; however, they were never agreed to the general ledger. There were numerous transactions that were not recorded that required significant adjustments to the cash accounts during the audit. (See PDF Page 37 of 41)	MW	Yes - E-mail: Town Clerk now prepares monthly audit reports to make sure bank statements are reconciled and agree to general ledger; if discrepancy noted, those items are reviewed by Chairman of Town Council.	Yes
		#2010-02: Timely Recording of Transactions: Several deposits and electronic fund transfers had not been posted for the entire year. (See PDF Pages 40-41 of 41)	N/A	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Pierson, Town of (continued)	Volusia	#2010-03: Improve Accounts Payable Recording and Payment Practices: Several late fees had been paid to multiple vendors. At present, accounts payable are processed 1-2 times a month. (See PDF Page 41 of 41)	N/A	No	Yes
Ponce de Leon, Town of	Holmes	#05-04: Sinking and Reserve Fund Deposits: Sewer and Water Bond covenant requires that by the 15 th of each month, 1/12 of the annual principal and interest debt service requirement be deposited into a sewer sinking fund account and a water sinking fund account. All required deposits had been made, but not timely. (See PDF Page 50 of 52)	SD	Yes - Letter: Town will strive to make payments by 15 th of each month.	Yes
		#08-05: Accrual Basis of Accounting: The Town keeps its books on the cash basis of accounting. Generally accepted accounting principles require the financial statements to be on the modified accrual basis of accounting. (See PDF Page 51 of 52)	MW	Yes - Letter: Town will explore with auditor the measures that can be taken to convert to accrual basis of accounting.	Yes
Port St. Lucie, City of	St. Lucie	#2009-01: Financial Management: The debt service in various funds had expenditures that were in excess of budget. (See PDF Page 225 of 227)	N/A	Yes - Letter: Describes procedures being taken to address issue.	Yes
Reddick, Town of	Marion	#ML2009-1: Due to the inherent staff limitations, the Town is unable to produce the extensive Management Discussion and Analysis that accounting principles generally accepted in the U.S. has determined necessary to supplement although not required to be a part of the basic financial statements. (See PDF Page 27 of 31)	N/A	Yes - Letter: Town has been unable to prepare MD&A; however, Town will include in FY 2012-13 audit report.	Yes
		#IC2009-2: The Town has not complied with the tangible personal property rules of the Chief Financial Officer regarding the maintenance of adequate property records and inventory procedures. (See PDF Page 26 of 31)	SD	Yes - Letter: Town will also do an annual inventory of these items and keep asset list up-to-date with any purchases or deletions.	Yes
Rockledge, City of	Brevard	#2010-A: Disaster Grants - Public Assistance: The final inspection report from State of Florida Division of Emergency Management asserts that, at the time of the disaster, Phase I of the project was complete, but Phase II was still underway, and, as a result, ineligible for funding. As a result, there are questioned costs of \$378,727. The City is working through the appeals process. (See PDF Pages 88-89 of 94)	N/A	No	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Sanibel, City of	Lee	<u>#2010-03</u> : Information Technology Controls: The City's information security policies should be enhanced for organization and management controls as should user access and applicable reviews for application security administration and access controls. (See PDF Pages 191 and 193 of 194)	N/A	No	Yes
Sebring, City of	Highlands	<u>#ML-2010-3</u> : Water Inventory: Work orders are not being properly completed when inventory is utilized. (See PDF Page 80 of 81)	N/A	No	Yes
Sneads, Town of	Jackson	<u>#00-1</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. (See PDF Page 48 of 59)	SD	Yes - Letter: Complete records to comply with statutes would require manpower that is not currently available.	Yes
		<u>#2009-1</u> : Purchasing Policies and Procedures: The Town's policies and procedures did not stress documentation of calls for quotes and other data used for purchasing decisions. [NOTE: Also refers to finding #12-1 on p. 50 of 59, which is a MW.] (See PDF Page 54 of 59)	N/A	Yes - Letter: Town has amended Purchasing Policy to address issue. [Note: Auditor noted that Town Council adopted reworded policy subsequent to fiscal year-end.	Yes
St. Marks, City of	Wakulla	<u>#2010-01</u> : Separation of Duties: The same person within the accounting department handled cash and checks and posted receipts and disbursements to the general ledger. (See PDF Pages 40-41 of 43)	MW	Yes - Letter: States "...the city manager or outside bookkeeping firm will spot check the agreement to the billing software to comply with s. 218.39(8), F.S.	Yes
Starke, City of	Bradford	<u>#12-03</u> : Financial Health of the Utilities System: The utility system has experienced declining revenues for the fourth consecutive year. The City continues to see a decline in unrestricted net assets and meeting cash flow demands has been difficult. (See PDF Pages 71-72 of 80)	N/A	Yes - Letter: City received electric utility rate study and has authorized a water/waste water rate study; describes policies and procedures implemented to address issue.	Yes
Tampa, City of	Hillsborough	<u>#11-1</u> : Financial Statement Close Process: The City has not fully developed effective and efficient period end financial statement close procedures which enable the accurate preparation of the financial statements and related disclosures contained in the CAFR. (See PDF Page 243 of 295)	MW	Yes - Letter: Also describes certain short-term measures taken by City to mitigate weaknesses in financial closing process.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Trenton, City of	Gilchrist	<u>#2007-1</u> : Financial Statement Preparation: The City is not capable of drafting the financial statements and all required note disclosures in accordance with generally accepted accounting principles. The City also does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements and related notes. (See PDF Page 50 of 52)	SD	No	Yes
Umatilla, City of	Lake	<u>#ML 12-1</u> : Pooled Cash Reconciliations: The reconciled pooled cash balance required several adjustments, including adjustments to the interfund accounts at year end. Bank reconciliations were not done timely for the operating bank account to track any variances. (See PDF Page 123 of 127)	N/A	No	Yes
Waldo, City of	Alachua	<u>#2009-1</u> : Credit Card Documentation: There were multiple instances where original receipts were not on file to support amounts charged to credit cards. (See PDF Page 51 of 54)	N/A	No	Yes
West Miami, City of	Miami-Dade	<u>#2007-1</u> : Audit Journal Entries: The City's audit required several audit adjustments to prepare GAAP financial statements. The independent auditors assisted the City with the preparation of the financial statements. (See PDF Page 64 of 65)	SD	Yes - Letter: Due to time and budget constraints throughout prior years and lack of staff availability, City has been unable to fully correct this deficiency.	Yes
		<u>#2010-1</u> : Restricted Cash and Customer Deposits: The City did not have sufficient cash and/or deposits in the water system fund to restrict for customer deposits. (See PDF Page 64 of 65)	N/A	No	Yes
West Palm Beach, City of	Palm Beach	<u>#2011-04</u> : Subrecipient Monitoring: The City did not monitor four participating subrecipients during fiscal year and did not have adequate internal controls over subrecipient monitoring in place. (See PDF Pages 332-333 of 337)	MW	No	Yes
Williston, City of	Levy	<u>#2008-1</u> : Utility Materials and Supplies Inventory – City continues to maintain its utility materials and supplies inventory record keeping using a combination of manual and Excel spreadsheets. These tools and related procedures fail to accurately record the nature and amount of any receipt and requisition of materials and supplies transactions on a timely and consistent basis. (See PDF Page 77 of 81)	N/A	Yes - Letter: States that final module of significant upgrade to accounting software will be implemented in November 2013. This will give City tools to implement an integrated inventory management system, which should be in place and staff trained and using it by end of FY 2014.	Yes

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Williston, City of (continued)	Levy	#2008-2: Disaster Recovery Plan – The City utilized a daily backup procedure for the safeguarding and protection of certain electronic stored data as part of its disaster recovery policies. However, these procedures do not include policies and plans pervasive enough to serve as a comprehensive disaster recovery plan. (See PDF Page 77 of 81)	N/A	Yes - Letter: City has established a draft disaster recovery plan that will be submitted to Council for approval; expects finding to be resolved for FY 2013 audit.	Yes
		#2010-4: Capital Assets: Capital asset subsidiary records do not correctly agree with the general ledger. Additionally, it was noted that the capital asset records had not been reviewed and inventoried for a period of time to ensure completeness and accuracy of the capital assets of the City. (See PDF Page 78 of 81)	N/A	No	Yes
		#2010-5: Airport Fund: The Airport Fund has a deficit balance at fiscal year-end; this deficiency was created by expenditures utilized to match the state grants that were not properly funded for in the budget. (See PDF Page 78 of 81)	N/A	No	Yes
Winter Haven, City of	Polk	#09-2: Utility billing rates were incorrectly charged to various customers for the year. (See PDF Page 178 of 178)	N/A	Yes - Letter: Describes actions taken to address issue.	Yes
Yankeetown, Town of	Levy	#12-2: Pledged revenues of the Utility Fund were not adequate to meet the rate coverage requirements of the State Revolving Fund loan. (See PDF Page 36 of 37)	N/A	No	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.

Special Districts

Failed to Take Full Corrective Action in Reponse to a Recommendation that was included in the 2010-11 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Recommend Requiring a Written Response This Year?
Aqua Isles Community Development District [per DEO wesbite, dissolved 12/11/2012]	Broward	#2011-01 Audit Report Filing: The District did not file the annual audit report in a timely manner. (See PDF Page 27 of 28)	N/A	No
Eastpoint Water and Sewer District	Franklin	#11-01 The District should separate duties so that no one individual has control over all phases of a transaction. (See PDF Page 33 of 33)	MW	Yes
		#11-02 Significant adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles. (See PDF Page 33 of 33)	MW	Yes
		#11-03 Inadequate design of internal control over the preparation of the financial statements. The auditors assist with the preparation of the financial statements. (See PDF Page 33 of 33)	MW	Yes
Oakmont Grove Community Development District (renamed Solterra Resort Community Development District in FY 2011-12)	Polk	#11-01 Failure to Make Debt Service Payments When Due: The District did not pay principal and interest due on the Series 2007 Bonds. (See PDF Page 36 of 38)	N/A	Yes
		#11-02 Failure to Meet Debt Service Reserve Account Requirement: The Debt Service Reserve Accounts were deficient. (See PDF Page 37 of 38)	N/A	Yes

LEGEND:

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

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.

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Aberdeen Community Development District	St. Johns	#12-01: Failure to Meet Debt Service Reserve Requirements: Debt Service Reserve Accounts for the Series 2005 and Series 2006 Bonds were deficient at fiscal year-end. (See PDF Page 38 of 41)	N/A	No	Yes
		#12-02: Failure to Make Bond Debt Service Payments When Due: Principal and interest was not paid when due on the Series 2005 and Series 2006 Bonds. (See PDF Page 38 of 41)	N/A	No	Yes
Amelia Concourse Community Development District	Nassau	#2012-01: Reserve Requirement – The Debt Service Reserve Requirement was not met at 9/30/2011. (See PDF Page 32 of 34)	N/A	Yes - Letter: Describes history and current status of CDD; SPE (special purpose entity) created to take title to property subject to foreclosure and to subsequently maintain, sell, and/or dispose of such property for benefit of bondholders and District. Bond trust indenture does not require District to replenish reserve account by assessing property owners and residents who have paid their special assessments over time (thereby effectively paying for shortfall caused by developer). Also, no request made by bondholders or Trustee to replenish it.	Yes
		#2012-02: Financial Condition Assessment – The District’s financial conditions continue to deteriorate, and the future of the project remains uncertain. General Fund and Debt Service Fund reported deficit fund balances at 9/30/2011. (See PDF Page 32 of 34)	N/A	Yes - Letter: Describes history and current status of CDD; SPE (special purpose entity) created to take title to property subject to foreclosure and to subsequently maintain, sell, and/or dispose of such property for benefit of bondholders and District. District will continue to work with SPE and bondholders to sell foreclosed property, and SPE will continue to fund its share of operations and maintenance activities for District.	Yes
Arlington Ridge Community Development District	Lake	#2012-01 Noncompliance: Debt Service Reserve: The District should take steps to replenish the Series 2006A Debt Service Reserve Account when the district incurs unscheduled draws to make scheduled debt service payments. (See PDF Page 29 of 30)	N/A	Yes - Letter: Describes history and current status of CDD; SPE (special purpose entity) created to hold foreclosed property.	Yes
		#2012-02 Financial Condition: District’s financial conditions are deteriorating. The District did not have sufficient funds to make certain scheduled debt service payments and, as a result, the payments were not made. (See PDF Page 29 of 30)	N/A	Yes - Letter: Describes history and current status of CDD; SPE (special purpose entity) created to hold foreclosed property.	Yes

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Bainebridge Community Development District	Duval	#IC2010-01: The District is not in compliance with certain provisions of its bond indenture including those relating to collecting assessments, maintaining adequate funds in debt service reserve requirements, and making semi-annual debt service principal and interest payments. (See PDF Page 30 of 32)	N/A	No	Yes
Baker Fire District	Okaloosa	#12-01: Establish a Policy to Acquire, Safeguard, and Dispose of Capital Assets: The District conducts an annual inspection of its capital assets inventory; however, it does not reconcile the capital asset inventory schedules to the general ledger on a regular basis in order to properly record purchases and disposals. (See PDF Page 25 of 31)	MW	No	Yes
		#12-02: Financial Statement: The District must rely on an external auditor to prepare its annual financial statements in accordance with generally accepted accounting principles. The District's management consists of individuals who volunteer their services and do not have the education or experience needed to prepare full disclosure financial statements. (See PDF Pages 25-26 of 31)	MW	No	Yes
		#12-03: Audit Adjustments: The District must rely on an external auditor to propose audit adjustments for the preparation of its annual financial statements in accordance with generally accepted accounting principles. Audit adjustments were proposed for the recording of accruals, depreciation expense, reclassification of revenues and disbursements, and capitalizing of capital asset purchases. (See PDF Page 26 of 31)	MW	No	Yes
		#12-04: Audit and Annual Financial Report Submission: Required financial reports were not prepared and submitted on a timely basis. (See PDF Page 27 of 31)	MW	No	Yes
		#12-05: Bank Reconciliation Process: The operating and impact fee bank accounts were not formally reconciled on a regular basis, and the reconciliations were prepared by the personnel responsible for signing the checks. The bank accounts should be reconciled on a timely basis to determine cash flows of the District and identify any improper or unapproved expenditures. (See PDF Page 27 of 31)	MW	No	Yes

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Barefoot Bay Recreation District	Brevard	#07-04 Accounts Receivable: The District's sub-ledger of detail listing of receivables did not reconcile to the amounts reported in the District's general ledger. (See PDF Page 35 of 38)	SD	Yes - Letter: Describes procedures implemented to address issue; FY 2012 CPA report states that certain components of PY finding were incorporated in FY 2012 finding.	Yes
Bayshore Gardens Park and Recreation District	Manatee	#2012-01: Audit Adjustments: Several audit adjustments were necessary for the fair presentation of the financial statements. The District relies on the auditors for such fair presentation; however, the auditor cannot be part of the District's internal control system. (See PDF Page 30 of 30)	MW	No	Yes
Belmont Community Development District	Hillsborough	#2012-01 Reserve Requirement: The District should make the necessary arrangements to ensure funds are available to comply with the debt service reserve requirement. (See PDF Page 31 of 32)	N/A	Yes - Letter: Describes steps taken to address issue.	Yes
		#2012-02 Bondholder Consent: In current year, no Bondholder consent was provided for certain additional payments from the trust accounts in the debt service funds. (See PDF Page 31 of 32)	N/A	No	Yes
Boca Raton Airport Authority	Palm Beach	#IC2012-01 Separation of Duties – Cash Receipts, Cash Disbursements, and Payroll: It is recommended that a non-employee verify the bank statement and cancelled checks for propriety. In addition, it is recommended that someone other than the Comptroller review the payroll reports from the outside payroll service on a periodic basis. (See PDF Pages 32 & 37 of 40)	SD	Yes - Letter: Describes procedures that management is expected to implement to address issues; if implemented, CPA firm expects finding will not be repeated in FY 2013 audit report.	Yes
		#IC2012-02 Payroll Tax Underreporting: Payroll taxes were underpaid, due to the fact that the calculation of the appropriate taxes was misinterpreted. Recommendation is to engage an outside payroll service to prevent this situation. (See PDF Pages 34 & 37 of 40)	SD	Yes - Letter: Describes status of finding – waiting on correspondence from IRS; informal communication from IRS indicates that situation should be resolved before 9/30/2013; CPA firm expects finding will not be repeated in FY 2013 audit report.	Yes
Captiva Island Fire Control District	Lee	2010-01 Financial Reporting Process: District management requested the auditors to prepare a draft of the financial statements, including the related note disclosures. (See PDF Pages 35 & 38 of 39)	MW	Yes - Letter: Describes steps taken to address issue.	Yes
Cedar Key Special Water and Sewer District	Levy	#12-2: Inventory items used in the utility operation were not physically counted at fiscal year-end. (See PDF Page 22 of 23)	MW	Yes - Letter: "...have adopted procedures and will have a completed an inventory of spare parts and supplies by year-end."	Yes

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Central Community Redevelopment Agency	Manatee	#2012-3 Segregation of Duties: Custody of checks after signature, but prior to mailing is not handled by an employee who is independent of all payable, disbursing, cash, receiving, and general ledger functions. (See PDF Pages 25 & 28 of 31)	N/A	No	Yes
		#2012-4 Journal Entries: Monthly financial statements are prepared for the Board in a format that the Board feels is user friendly, and allows them to make informed operating decisions on an ongoing basis. This format is not intended to be in accordance with generally accepted accounting principles. It was necessary for the auditors to propose numerous journal entries in the general ledger in order for it to be in accordance with generally accepted accounting principles. (See PDF Pages 25 & 28 of 31)	MW	Yes - Letter: Describes steps taken to address issue.	Yes
		#2012-5 Credit Card Documents: Original invoices were not available to support some credit card charges for expenditures. (See PDF Pages 25 & 29 of 31)	N/A	Yes - Letter: Describes steps taken to address issue.	Yes
		#2012-6 Rental Revenue Controls: Rents for properties were collected by an independent property manager who also controlled the occupancy records related to the rents with little or no formal oversight by the Agency. (See PDF Pages 25 & 29 of 31)	N/A	No	Yes
CFM Community Development District	Lee	#IC2010-1 The District was not in compliance with certain provisions of its Debt Service Bond indenture. (See PDF Page 30 of 32)	N/A	No	Yes
Championsgate Community Development District	Osceola	#2012-01 Reserve Requirement: As a result of unscheduled draws on the Series 1998A Debt Service Reserve Account to make the May 1 2010, debt service payments, the reserve requirement was not met at fiscal year-end. (See PDF Page 28 of 30)	N/A	No	Yes

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Chapel Creek Community Development District	Pasco	#12-01: Failure to Make Debt Service Payments When Due – In current and prior year, District did not pay principal and interest due on Series 2006 Bonds. At 9/30/2011, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition. (See PDF Page 35 of 38)	N/A	Yes - Letter: Describes brief history and current status of CDD; SPE (special purpose entity) created to own, manage, and dispose of land purchased at tax deed sale. Trustee has temporarily deferred payment of principal and interest on bonds and directed District to defer collection of debt service assessments until such time as District receives notice from Trustee to the contrary. Corrective action, to extent possible at this time, has been taken; however, finding will remain until assessments are collected.	Yes
		#12-02: Failure to Meet Debt Service Reserve Account Requirement – The District is not in compliance with the Trust Indenture, which requires District to maintain a minimum balance in the Debt Service Reserve Accounts. (See PDF Page 35 of 38)	N/A	Yes - Letter: See comments for #12-01; Corrective action, to extent possible at this time, has been taken; however, finding will remain until assessments are collected and reserve account replenished.	Yes
		#12-03 Failure to Include Component Unit Financial Statements in the Financial Report: The District did not include the Special Purpose Entity (SPE) as a component unit in the District's financial report. (See PDF Page 34 of 38)	MW	No	Yes
		#12-05 Failure to Pay Claims from Creditors within 90 Days: The District had payables due to creditors that were greater than 90 days old. (See PDF Page 36 of 38)	N/A	No	Yes
Children's Services Council of Okeechobee County	Okeechobee	#ML 09-1 Excess Reserves: The Council has not spent all monies that it has appropriated for expenditures, resulting in reserves on hand over \$800,000. (See PDF Page 29 of 30)	N/A	Yes - Letter: Reserves reduced to \$800,000 in 2012; Council will review amount at July 2013 meeting when preliminary budget is made. (Note: In FY 2012 CPA report, recommendation is to commit excess fund balance for specific programs or reduce assessments for upcoming budget year.)	Yes
		#2010-3 Awarding of Grants and Monitoring of Grantees: The Council had missing documents required during the applications and monitoring process in six agencies, specifically one agency certification with no Board member signature and missing monitoring reports for two agencies. In addition, four agencies did not have a current audited financial statement (or reviewed statement with waiver) on file. (See PDF Page 26 of 30)	SD	No	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
City-County Public Works Authority	Glades	#ML 2010-02 Policies and Procedures: The Authority does not have their own approved policies and procedures independent of the City of Moore Haven. (See PDF Pages 22 & 24 of 25)	N/A	Yes - Letter: Indicates that steps are being taken to address issue.	Yes
Clearwater Cay Community Development District	Pinellas	#IC2009-1: 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 29 of 31)	N/A	Yes - Letter: Describes history and current status of CDD; foreclosure suit successful and property is being held by District for benefit of bondholders; property is being marketed for sale and District is cooperating with bondholders in negotiating a sale of this property.	Yes
Concorde Estates Community Development District	Osceola	#12-02 Failure to Make Debt Service Payments When Due: The District did not pay principal and interest due on a bond series. This is due to the Developer's failure to pay debt service assessments to the District. (See PDF Pages 35-36 of 39)	N/A	Yes - Letter: Describes history and current status of CDD; SPE (special purpose entity) created to own, manage, and dispose of land taken in lieu of foreclosure from developer and significant landowner.	Yes
Connerton West Community Development District	Pasco	#12-01 Failure to Make Bond Debt Service Payments When Due: The District is not in compliance with the requirements of the Bond Indenture; it is delinquent on paying bond principal and interest. This is due to the Developer's failure to pay debt service special assessments to the District. (See PDF Pages 36-37 of 39)	N/A	Yes - Letter: Describes history and current status of CDD; prior year forbearance agreement delayed all debt service payments until 6/30/2012 or restructure of bonds; subsequent to 9/30/2012, District received \$9 million from developer which will be used to satisfy debt related to platted lots; District and Trustee are still working on collecting delinquent assessments related to unplatted property; corrective action taken to extent possible and finding will remain until all assessments are collected or land is foreclosed on.	Yes
		#12-02 Failure to Make Debt Service Account Reserve Requirements: Debt Service Accounts for the Series 2006A Bonds and Series 2007B Bonds were deficient a fiscal year-end. (See PDF Page 37 of 39)	N/A	No	Yes
Creekside Community Development District	St. Lucie	#2012-01 Reserve Requirement: The District's debt service reserve requirement was not met. (See PDF Page 29 of 32)	N/A	Yes - Letter: Describes history and current status of CDD; major landowner has emerged from bankruptcy and District's Board has authorized foreclosure on property with delinquent assessments; successful conclusion to foreclosure proceedings will eliminate delinquent assessments financially burdening property and allow sale of property at market value; proceeds of sale will eliminate the bonds secured by the property and fund operations.	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Creekside Community Development District (continued)	St. Lucie	<u>#2012-02</u> Financial Condition Assessment: The District's financial conditions continue to deteriorate. The District reported a deficit unassigned fund balances in the general fund and debt service fund. The Developers have essentially stopped funding the District and the future of the project remains uncertain. A significant portion of the assessments levied during fiscal years 2009-2013 remain delinquent. Furthermore, as a result of lack of funds, the District has not been paying operating costs of creditors as they come due. (See PDF Page 29 of 32)	N/A	Yes - Letter: Describes history and current status of CDD; see comments for #2012-01.	Yes
The Crossings at Fleming Island Community Development District	Clay	<u>#2010-01</u> : The District did not meet the debt service reserve requirement and has not made a scheduled debt service payment on the Revenue Bonds, Series 1999, since April 1, 2011. (See PDF Page 40 of 43)	N/A	No	Yes
		<u>#2012-01</u> Financial Condition Assessment Procedures: A deteriorating financial condition exists with respect to the General Fund, Debt Service Fund, and Golf Course Fund. The General Fund and the Debt Service Funds have significant uncollected assessments related to fiscal years 2010-2012. The Golf Course Fund has an accumulated net asset deficit and continues to report negative changes in net assets. (See PDF Page 42 of 43)	N/A	Yes - Letter: Describes history and current status of CDD; golf course fund has been financially struggling for years; describes steps taken by District to try to resolve issue; District's Board continuing to work diligently to find a solution; deteriorating financial condition in golf course fund has limited or no effect to overall positive financial condition of District.	Yes
Daytona Beach Racing and Recreational Facilities District	Volusia	<u>#2010-01</u> Develop an Operations and Accounting Procedures Manual: The District does not have an operations and accounting procedures manual. (See PDF Page 30 of 35)	N/A	Yes - Letter: Indicates that steps are being taken to address issue.	Yes
Disston Island Conservancy District	Glades, Hendry	<u>#2011-2</u> Overall Financial Position: The District incurred significant expenditures for repair and replacement of various portions of water control facilities in prior fiscal years, which resulted in a deficit fund balance. The District needed to borrow additional money from another water control district and a local bank in a prior fiscal year. Although delinquent assessments continue to exist, an aggressive collection program has been established to collect assessments. (See PDF Page 25 of 28)	N/A	Yes - Letter: Does not address finding. Spoke with CPA firm and sent follow-up e-mail on 9/17/2013; Response received on 9/17/2013 – District has taken some steps to resolve finding.	Yes
East Naples Fire Control And Rescue District	Collier	<u>#2010-2</u> Uniform Chart of Accounts: The District does not use the uniform chart of accounts as provided by the Department of Financial Services. (See PDF Page 42 of 44)	N/A	No	Yes

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
East Park Community Development District	Orange	<u>#2012-01</u> Reserve Deficiency: As a result of unscheduled draws on the debt service reserve accounts to make debt service payments due during the current fiscal year and other payments of expenses related to the foreclosure, the reserve requirements were not met at fiscal year-end. <i>(See PDF Page 31 of 34)</i>	N/A	No	Yes
Emerald Coast Utilities Authority	Escambia	<u>#2012-1</u> Information Technology - Documentation and Controls: The small size of the Information Technology (IT) Department places limitations on internal controls that are applicable to the Authority's IT, such as separation of duties, systems documentation, and some computer security procedures. <i>(See PDF Page 115 of 116; also see Addendum to Management Letter, PDF Page 1 of 1)</i>	N/A	Yes - Letter: Describes steps taken and to be taken to address issue.	Yes
Escambia-Pensacola Human Relations Commission	Escambia	<u>#2011-A</u> (in Management Letter): Automobile Insurance Coverage – The Interlocal Agreement with Escambia County and the City of Pensacola require the Commission to carry automobile insurance, even though the Commission does not own an automobile, since it does have employees operating non-owned automobiles in the conduct of Commission business. The Commission does not have such insurance coverage. <i>(See PDF Pages 26-27 of 29; also see Addendum to Management Letter, PDF Pages 1-2 of 3)</i>	N/A	Yes - No response received to date.	Yes
		<u>#2012-1</u> : Overall Segregation of Duties – Duties are not adequately segregated; the potential exists for errors or irregularities to occur which would not be found or corrected in a reasonable time period. <i>(See PDF Page 23 of 29)</i>	SD	Yes - No response received to date.	Yes
Estates at Cherry Lake Community Development District	Lake	<u>#12-01</u> Failure to Make Debt Service Payments When Due: Debt service assessments are not being paid to the District due to the prior Developer nonpayment of debt service assessments. The District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition. <i>(See PDF Page 33 of 35)</i>	N/A	Yes - Letter: District is involved in a foreclosure action against prior landowner in effort to collect delinquent assessments; new entity has now obtained title to most or all property owned by prior landowner; should enhance District's ability to collect assessments; corrective action taken to extent possible and finding will remain until all assessments are collected or land is foreclosed on.	Yes

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Estates at Cherry Lake Community Development District (continued)	Lake	#12-02 Failure to Meet Reserve Account Requirement: The District is not in compliance with the Trust Indenture requirement to keep a minimum amount in the Debt Service Reserve Account. (See PDF Page 33 of 35)	N/A	Yes - Letter: Once assessments are collected, Trustee and Bondholders will determine whether or not debt service reserve will be replenished with funds corrective action taken to extent possible and finding will remain until all assessments are collected or land is foreclosed on.	Yes
Forest Creek Community Development District	Manatee	2007-01: The District has a negative fund balance in the Capital Projects fund. (See PDF Page 30 of 32)	N/A	Yes - Letter: Describes reasons for deficit – occurred when District acquired land from developer with specified bonds; District is doing well; expects funding to cover deficit will be available.	Yes
Gainesville-Alachua County Regional Airport Authority	Alachua	#ML 2010-1 Adjusting Journal Entries: Not all journal entries were reviewed by a second individual. (See PDF Page 46 of 49)	N/A	No	Yes
Golden Gate Fire Control and Rescue District	Collier	Significant Deficiency 1: District needs to designate a qualified individual to be responsible for implementation of all applicable Government Accounting Standards Board's (GASB) new rules and regulations on an annual basis. (See PDF Page 50 of 54)	SD	Yes - Letter: Interlocal agreement entered into for the purposes of developing a joint merger plan and address immediate consolidation of administrative functions. As a result of interlocal agreement, finance functions of District are under supervision of a dedicated Administration Division Director; accountant position (occupied) and Director both annually attend on-going audit/GASB training sessions.	Yes
		General Comment 1: The Treasure has taken the lead to perform an oversight function. The Commissioners should be considered as a monitor of internal control. (See PDF Page 50 of 54)	N/A	Yes - Letter: Describes procedure implemented to address issue.	Yes
		General Comment 2: The cash flow statements and cash flow projections should be used as a planning tool. (See PDF Page 51 of 54)	N/A	Yes - Letter: Describes procedure implemented to address issue.	Yes
		General Comment 3: The District needs to increase awareness of antifraud culture. (See PDF Page 51 of 54)	N/A	Yes - Letter: Comprehensive anti-fraud policy has been written and is being vetted through Board, management, and others; expect implementation prior to FY 2013 year-end.	Yes
		General Comment 4: The District needs a fraud risk policy and assessment procedures. (See PDF Page 52 of 54)	N/A	Yes - Letter: Comprehensive anti-fraud policy has been written and is being vetted through Board, management, and others; expect implementation prior to FY 2013 year-end.	Yes
		General Comment 5: The District needs to perform and document risk assessment of operations and develop mitigating controls to reduce identified risks. (See PDF Page 52 of 54)	N/A	Yes - Letter: Describes actions taken or being taken to address issue.	Yes
		General Comment 6: The District needs to establish and adopt a formal written accounting policies and procedures manual. (See PDF Page 52 of 54)	N/A	Yes - Letter: District has begun establishing manual; ready for new joint management teams consideration.	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Golden Gate Fire Control and Rescue District (continued)	Collier	<u>General Comment 7</u> : The District needs to establish a cross training program to handle critical general ledger functions and financial statements reporting. (See PDF Page 53 of 54)	N/A	Yes - Letter: Describes actions taken or being taken to address issue.	Yes
		<u>General Comment 8</u> : The District needs to develop a comprehensive three year fleet maintenance plan. (See PDF Page 53 of 54)	N/A	Yes - Letter: Describes actions taken or being taken to address issue.	Yes
		<u>General Comment 9</u> : The District needs to implement and adhere to a capitalization policy of property and equipment purchases. (See PDF Page 54 of 54)	N/A	Yes - Letter: Describes actions taken or being taken to address issue.	Yes
		<u>General Comment 10</u> : The District needs to develop and adopt a methodology plan of funding reserves in the future. (See PDF Page 54 of 54)	N/A	Yes - Letter: Describes actions taken or being taken to address issue.	Yes
Gramercy Farms Community Development District	Osceola	<u>#2012-03</u> Reserve Requirement: As a result of unscheduled draws on the Series 2007 Debt Service Reserve Accounts to make certain scheduled debt service payments, the reserve requirement was not met at fiscal year-end. (See PDF Pages 32-33 of 35)	N/A	No	Yes
		<u>#2012-04</u> Financial Condition Assessment: The District's financial conditions have deteriorated. The Developer discontinued funding of the District and has subsequently transferred all its land to the SPE. As a result, certain scheduled debt service payments in prior years were not made when due. The District should take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 33 of 35)	N/A	Yes - Letter: Describes history and current status of CDD; SPE (special purpose entity) created to own and manage property previously held by developer; corrective action taken to extent possible and finding will remain until all assessments are collected or land is foreclosed on.	Yes
		<u>#2012-05</u> Bondholder Consent: The auditor was not provided Bondholder consent for certain transfers from the Series 2007 Reserve to the Remedial Account or from the Construction fund to general fund in prior years. (See PDF Page 33 of 35)	N/A	No	Yes
Grand Bay at Doral Community Development District	Miami-Dade	<u>#2010-01</u> Failure to Make Debt Service Payments When Due: There is a deficiency in the Series 2007 Reserve Account, this deficiency is a result of the Reserve Account being used to pay debt service amounts in prior years. (See Revised Management Letter, PDF Page 2 of 2)	N/A	No	Yes
		<u>#2010-01</u> Reserve Account Requirement: The District did not make the May 1, 2010, November 1, 2010, May 1, 2011, November 1, 2011 and May 1, 2012 principal and interest payments due on the Series 2007 Bonds. Additionally, subsequently to year end, the District did not make the November 2012 principal or interest payments due. (See PDF Page 31 of 31; also see Revised Management Letter, PDF Page 2 of 2)	N/A	No	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Greater Lakes/Sawgrass Bay Community Development District	Lake	#2012-01: Debt Service Reserve – The District did not meet the debt service reserve requirement as of 9/30/2011. (See PDF Page 31 of 33)	N/A	Yes - Letter: States that, subsequent to 9/30/2012, approx. \$10 million of bonds were extinguished. Debt service requirement reduced, and District now has adequate reserves to meet reserve requirement per trust indenture.	Yes
		#2012-02: Financial Condition Assessment – As a result of performing financial condition assessment procedures, it was determined that deteriorating financial conditions exist. Developer did not pay assessment and, as a result, District did not have sufficient funds to make certain debt service payments. (See PDF Page 31 of 33)	N/A	Yes - Letter: States that, subsequent to 9/30/2012, approx. \$10 million of bonds were extinguished. In November 2012, past due principal and interest, along with November 2012 interest payment on remaining bonds, were paid.	Yes
Hardee County Industrial Development Authority	Hardee	#2009-01 Preparation of Financial Statements: Management requested that the auditors prepare the financial statements, including the related notes to the financial statements, as the Authority has no employees and limited resources. (See PDF Pages 29 and 31 of 33)	MW	Yes - Letter: Contracted services of a CPA firm to assist with financial reporting.	Yes
		#2009-05 Material Financial Statement Adjustments: Audit procedures disclosed material audit adjustments that were necessary in order for the financial statements to be in accordance with generally accepted accounting principles. (See PDF Pages 30-31 of 33)	MW	Yes - Letter: Contracted services of a CPA firm to assist with financial reporting.	Yes
Hendry County Hospital Authority (d/b/a Regional Medical Center)	Hendry	#2011-01 Annual Closing Process: In some cases, year-end reconciliations identified differences, but did not result in correcting entries to the general ledger or the reconciliation process did not identify certain items connected with appropriate year-end cut off to be recorded in the general ledger. (See PDF Page 39 of 42; also see Revised Management Letter, PDF Pages 1-2 of 3)	N/A	Yes - Letter: Indicates that actions have been taken to address issue, subsequent to FY 2012 year-end.	Yes
Heritage Isle Community Development District	Hillsborough	#2009-01 The District reported a net asset deficit in the enterprise fund and failed to meet certain debt service requirements. (See PDF Page 44 of 45)	N/A	No	Yes
Highland Meadows Community Development District	Polk	#2012-1 The District was unable to make scheduled debt service payments due on November 1, 2009, and thereafter. This condition was the result of financial difficulties by the developer and landowner in the District and resultant of non-payment of tax assessments to the District. (See PDF Page 34 of 36)	N/A	No	Yes

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Highlands Soil & Water Conservation District	Highlands	#2010-1 Reconciliation of General Ledger Accounts: The District's accounting and financial reporting functions were handled by a contracted bookkeeper who did not have the adequate training and skills in governmental accounting necessary to record transactions and prepare financial statements in accordance with generally accepted accounting principles. (See PDF Pages 30-31 of 35)	MW	Yes - Letter: District has hired a CPA to maintain accounting system and be responsible for accounting functions.	Yes
Hillsborough Transit Authority	Hillsborough	#10-1 Payroll Policies and Procedures: Two of 60 files tested did not contain an approved rate change ticket for union step increase wage adjustments. Also, for 1 of 60 transactions tested, the supporting time card was not documented as approved. (See PDF Pages 94-95 of 110)	SD	No	Yes
		#10-3 Inventory Count Procedures: Errors were noted in year-end inventory counts. Policies and procedures should be in place to ensure accurate inventory counts to support the inventory valuation on the financial statements. (See PDF Page 95 of 110)	SD	No	Yes
Homosassa Special Water District	Citrus	#ML 12-1 Use of Loan Proceeds: The District had unspent debt proceeds. Even though it appears earnings rate is less than loan rate, an arbitrage computation is the only way to document compliance annually until proceeds are spend or repaid. (See PDF Page 42 of 45)	N/A	No	Yes
		#ML 12-2 Water Loss: Gallons of water billed continues to be considerably less than gallons pumped. (See PDF Page 42 of 45)	N/A	Yes - Letter: Describes procedures implemented to address issue.	Yes
Immokalee Fire Control District	Collier	#2008-6: A Fraud Risk Policy and Assessment Procedures are Needed by the District: The District needs fraud risk policy and assessment procedures. (See PDF Page 52 of 62)	N/A	Yes - Letter: Describes actions taken in June 2013 to resolve finding.	Yes
Jacksonville Transportation Authority	Duval	#ML 2010-01 Capital Asset Inventory: Physical inventory of all capital assets was being completed on a biannual basis, which is in accordance with Federal Transit Administration regulations, rather than annually as required by Department of Financial Services Rule. Also, disposals of capital assets were not timely recorded in the asset records of the Authority. (See PDF Pages 73-74 of 74)	N/A	No	Yes
Lakeside Landings Community Development District	Polk	#2012-02 Financial Condition Assessment: The District's financial conditions are deteriorating. The District failed to make its required debt service payments during the fiscal year ended September 30, 2012. In addition, the general and debt service funds reported a deficit fund balance. (See PDF Page 29 of 32)	N/A	No	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Lakeside Landings Community Development District (continued)	Polk	#2012-03 Reserve Requirements: The District incurred unscheduled reserve draws on the 2007A and B Debt Service Reserve Accounts. The reserve accounts were not subsequently replenished, and the reserve requirements were not met at fiscal year-end. (See PDF Page 29 of 32)	N/A	No	Yes
Lakeside Plantation Community Development District	Sarasota	#ML2007-1: The District failed to maintain the required balance in the Debt Service Reserve Fund. (See PDF Pages 29-30 of 31)	N/A	Yes - Letter: Describes history and current status of CDD; no request has ever been made by bondholders or Trustee for District to replenish reserve account; District is currently investigating a possible refinancing of the bonds, which would most likely require establishment of a new reserve account; this would eliminate the current finding.	Yes
Landmark at Doral Community Development District	Miami-Dade	#2010-01: The District did not meet the debt service reserve requirements for the Special Assessment Revenue Bonds, and reserve accounts reflect a deficit. (See PDF Page 33 of 33)	N/A	No	Yes
Lee Memorial Health System	Lee	Finding #3 Terminated Employee Access to Network and Applications: Instances were noted of terminated employees whose access to the network and/or certain key applications was not restricted. (See PDF Page 9 of 82; also see Revised Management Letter, PDF Page 9 of 11)	N/A	No	Yes
Leon County Educational Facilities Authority	Leon	#2009-01 Fixed Charges Coverage Ratio: The Fixed Charges Coverage Ratio for the fiscal year was 1.13, thus requiring the Authority to implement corrective action. (See PDF Page 31 of 33)	N/A	No	Yes
		#2010-01 Significant Adjustments: Numerous significant adjustments were made in order for the financial statements to be presented in accordance with generally accepted accounting principles. (See PDF Page 29 of 33)	MW	No	Yes
		#2010-02 Reserve Fund Requirement Series: The Reserve Fund was below the required minimum balance. (See PDF Page 29 of 33)	N/A	No	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Madeira Community Development District	St. Johns	#2012-01 Reserve Requirement: The District's debt service reserve requirement was not met at fiscal year-end. (See PDF Page 30 of 32)	N/A	No	Yes
		#2012-02 Financial Condition Assessment: The District's financial conditions are deteriorating. The Developer failed to pay a significant portion of its assessments during the 2010 and 2011 fiscal years. As a result, certain debt service payments were not made. Also, the debt service fund reported a deficit fund balance at fiscal year-end. (See PDF Page 30 of 32)	N/A	No	Yes
Magnolia Creek Community Development District	Walton	#12-01 Failure to Meet Debt Service Reserve Requirements: The Trust Indentures require the District to keep minimum amounts in the Debt Service Reserve Accounts. At fiscal year-end, the Reserve Accounts were deficient. (See PDF Page 36 of 38)	N/A	No	Yes
		#12-02 Failure to Make Bond Debt Service Payments When Due: In prior years and in the current year, principal was not paid when due on the Capital Improvement Revenue Bonds, Series 2007. (See PDF Page 36 of 38)	N/A	No	Yes
Matlacha / Pine Island Fire Control District	Lee	#2010-01 Financial Reporting Process: Management requested the auditors to prepare a draft of the financial statements, including the related notes. (See PDF Page 37 of 43)	MW	Yes - Letter: Long tenured staff in accounting dept., but no one with CPA or governmental financial reporting training; Board has approved motion to enter into contract with a consultant to oversee financial report process.	Yes
		ML 2010-01 Excess Accrual of Compensated Absences: Some employees did not take the minimum required time away from work. (See PDF Pages 39-40 of 43)	N/A	No	Yes
		#2010-02 Audit Adjustment: It was necessary for the auditors to propose audit adjustments to revise the District's books at year-end. (See PDF Pages 37-38 of 43)	MW	Yes - Letter: Limited staff in accounting dept. who work with auditors re: necessary entries; Board has approved motion to enter into contract with a consultant to oversee financial report process.	Yes
Meadow Pointe IV Community Development District	Pasco	#12-01 Failure to Make Bond Debt Service Payments When Due: The District has failed to make bond debt service payments when due, this is because debt service assessments are not being paid to the District due to landowner bankruptcies. (See PDF Pages 39 and 41 of 44)	N/A	Yes - Letter: Describes history and current status of CDD; SPE (special purpose entity) created to own, manage, and dispose of land taken in lieu of foreclosure; bonds restructured in FY 2012 and assessment lien transferred to new bonds; due to lack of special assessment revenue to pay unexchanged portion of bonds, no principal or interest payments can be made.	Yes
		#12-02 Failure to Meet Debt Service Reserve Requirements: The District failed to meet debt service reserve requirements. (See PDF Pages 39 and 41 of 44)	N/A	Yes - Letter: Describes history and current status of CDD; bonds restructured in FY 2012; no plan to replenish reserve for unexchanged portions of old outstanding bonds.	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Mediterranea Community Development District	Palm Beach	#IC2010-01: The District is not in compliance with certain provisions of its bond indenture including those relating to levying and collecting assessments, maintaining adequate funds in debt service reserve accounts, and making semi-annual principal and interest payments. (See PDF Page 30 of 32)	N/A	No	Yes
Miami-Dade County Industrial Development Authority	Miami-Dade	#2011-1 Financial Conditions Assessment: The auditors' financial assessment of the District disclosed several deteriorating and inconclusive financial conditions. (See Management Letter, PDF Page 4 of 5)	N/A	Yes - Letter: Describes background of finding and provides detailed explanation of certain aspects of financial condition assessment; Authority is financially sound.	Yes
Miami-Dade Expressway Authority	Miami-Dade	#ML-2010-01: The Authority has no direct interface of the RITE system sub-ledger to MUNIS system GL; Report reconciliations for manual journal entries were not consistent in each period; Lack of physical documentation of proper approval of system access rights for RITE system; and lack of SSAE 16 review for the third-party provider. (See PDF Page 99 of 101)	N/A	No	Yes
Montecito Community Development District	Brevard	#2012-02 Reserve Requirement: The Debt Service Reserve Requirements were not met. (See PDF Pages 31-32 of 33)	N/A	Yes - Letter: Developer and two major landowners failed to pay assessments; bondholders directed Trustee to use funds from debt service reserve account to make some debt service payments; District is attempting to collect past due assessments.	Yes
		#2012-03 Financial Condition Assessment: The District's financial conditions continue to deteriorate. The Developer and certain major landowners failed to pay a significant portion of the assessments. (See PDF Pages 31-32 of 33)	N/A	Yes - Letter: District and bondholders are pursuing all options regarding collection of delinquent assessments; provides some specifics; corrective action taken to extent possible and finding will remain until land is foreclosed on or assessments are collected from landowners.	Yes
Naturewalk Community Development District	Walton	#12-01 Failure to Meet Debt Service Reserve Requirements: The Trust Indentures require the District to keep minimum amounts in the Debt Service Reserve Accounts. At fiscal year-end, the Series 2007 Reserve Accounts were deficient. (See PDF Page 36 of 37)	N/A	No	Yes
New Port - Tampa Bay Community Development District	Hillsborough	#IC2009-1 The District is not in compliance with certain provisions of its bond indenture including those relating to levying and collecting assessments, maintaining adequate funds in debt service reserve accounts, and making semi-annual principal and interest payments. (See PDF Page 30 of 32)	N/A	Yes - Letter: Describes history and current status of CDD; District's foreclosure suit was successful and property obtained by District in early 2013; property now being held by District for benefit of bondholders; District's majority bondholders have assumed control of District's Board and are in process of determining whether to sell foreclosed property or attempt to develop it themselves.	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
North Palm Beach Heights Water Control District	Palm Beach	#2012-1 Excess of Expenditures Over Appropriations: Several departments had expenditures in excess of appropriations. (See PDF Page 39 of 41)	N/A	Yes - Letter: Describes procedures implemented to address issue.	Yes
Okeechobee Soil and Water Conservation District	Okeechobee	#ML10-1 Accrue Receivables and Payables: The District did not accrue receivables and payables at year-end. (See PDF Page 40 of 41)	N/A	Yes - Letter: Will work to ensure that appropriate receivables and payables are properly recorded at year-end.	Yes
Palatka Gas Authority	Putnam	#12-1: The Authority needed assistance in preparation of financial statements in order to ensure that they were presented in conformity with generally accepted accounting principles. (See PDF Page 20 of 21)	MW	No	Yes
Palm River Community Development District	Hillsborough	#2012-01 Failure to Make Debt Service Payments When Due: The District did not pay the required principal and interest due. (See PDF Page 34 of 37)	N/A	No	Yes
		#2012-02 Failure to Meet Debt Service Reserve Account Requirements: The debt service reserve account requirements exceeded the balances in the Debt Service Reserve accounts. (See PDF Pages 34-35 of 37)	N/A	No	Yes
		#2012-03 Failure to Pay Uncontested Claims of Creditors Within 90 Days: The District did not pay uncontested claims of creditors within 90 days, due to a lack of funds. (See PDF Page 35 of 37)	N/A	No	Yes
Parrish Fire Control District	Manatee	#2010-1 Year End Adjustments: It was necessary for the auditors to propose some year-end accruals and adjustments. (See PDF Page 31 of 32)	N/A	Yes - Letter: Describes actions taken to address issue; confident that District will gain full compliance in FY 2013.	Yes
Pine Island Community Development District	Lake	#12-01 Failure to Meet Debt Service Reserve Requirements: There is a deficiency in a Bonds Debt Service Reserve Account and Shortfall Investment Account. (See PDF Page 39 of 42)	N/A	Yes - Letter: Describes history and current status of CDD; District is able to meet its day-to-day financial obligations (other than semi-annual debt service payments on specific bonds); some property owners have started to construct homes and District recently collected some pledged revenues.	Yes
		#12-02 Failure to Make Bond Debt Service Payments When Due: The District has been unable to pay off these bonds or pay the interest that is due. (See PDF Page 39 of 42)	N/A	No	Yes

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Polk Transit Authority	Polk	<u>#2009-1</u> Entity Level Controls – The entity is in the developmental stage and has not yet adopted key policies relating to: (1) Whistleblower Policy for employees, (2) formal job descriptions for key employees, and (3) an employee handbook. Such key policies should be considered as the entity begins to more formally organize and prepare for daily operations. (See PDF Page 20 of 20)	N/A	Yes - Letter: Describes steps taken to address finding, including implementation of certain policies. Authority currently has no employees and no operations; however, plan has been developed (specifics noted in letter). Anticipates additional policies to be developed beginning in FY 2014.	Yes
Portofino Isles Community Development District	St. Lucie	<u>#2012-02</u> Financial Condition Assessment: The District’s financial conditions continue to deteriorate. The Developer has not paid its share of assessments for the prior, current, and subsequent fiscal years resulting in significant delinquent assessments. As a result, the District did not have sufficient funds necessary to make debt service payments. (See PDF Page 31 of 34)	N/A	Yes - Letter: Describes history and current status of CDD; developer and bondholder agreed to deed property to District in lieu of foreclosure; SPE (special purpose entity) created to own, manage, and dispose of property with delinquent debt assessments.	Yes
		<u>#2012-03</u> Reserve Requirement: The Debt Service Reserve Requirement was not met as of fiscal year-end. (See PDF Page 32 of 34)	N/A	Yes - Letter: See comments for #2012-02; also no request has ever been made by bondholders or Trustee for District to begin to replenish reserve account.	Yes
Portofino Landings Community Development District	St. Lucie	<u>#2012-01</u> Reserve Requirement: Debt Service Reserve requirements were not met as of fiscal year-end. (See PDF Page 30 of 32)	N/A	Yes - Letter: Describes history and current status of CDD; lawsuit filed seeking foreclosure on all property benefitted by specified bonds for which assessments delinquent; also no request has ever been made by bondholders or Trustee for District to begin to replenish reserve account.	Yes
		<u>#2012-02</u> Financial Condition Assessment: The District’s financial conditions continue to deteriorate. The Developer failed to pay its assessments resulting in a significant portion of assessments for the year to be delinquent. Two debt service payments were not made, resulting in an event of default. The interest payment on two bond series was not made, resulting in an event of default, due to the Developer’s failure to pay its assessments. In addition, there is a deficit in the capital projects fund due to the Developer’s failure to pay certain expenses relating to the project per the completion agreement. The District is economically dependent on the Developer. (See PDF Page 30 of 32)	N/A	Yes - Letter: See comments for #2012-01.	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Portofino Vista Community Development District	Osceola	#2012-02 Reserve Requirement: Debt Service Reserve requirements were not met as of fiscal year-end. (See PDF Page 29 of 32)	N/A	Yes - Letter: Describes history and current status of CDD; lawsuit filed seeking foreclosure on all property benefitted by specified bonds for which assessments delinquent; successful conclusion to foreclosure proceedings will eliminate delinquent assessments and allow District to sell property at market value; proceeds of sale will eliminate specified bonds and fund operations.	Yes
		#2012-03 Financial Condition Assessment: The District's financial conditions continue to deteriorate. Due to the Developer's failure to pay its share of assessments, a significant portion of the assessments for the fiscal year ended were delinquent. Consequently, the District did not have sufficient funds to make the scheduled debt service payments. (See PDF Page 29 of 32)	N/A	Yes - Letter: See comments for #2012-02; also, no request has ever been made by bondholders or Trustee for District to begin to replenish reserve account.	Yes
Reunion East Community Development District	Osceola	#12-01 Failure to Make Bond Debt Service Payments When Due: The District has not paid debt service payments due on the Special Assessment Revenue Bonds. (See PDF Page 36 of 38)	N/A	No	Yes
River Glen Community Development District	Nassau	#12-01 Failure to Meet Reserve Requirements: The District is not in compliance with the Trust Indenture; it has failed to keep a minimum amount in the Debt Service Reserve Account. (See PDF Page 35 of 38)	N/A	Yes - Letter: District has taken all necessary and available actions in order to comply with Trust Indenture; in prior year, District and Trustee, on behalf of bondholders, formed a SPE (special purpose entity) which took title to developer's property through foreclosure sale; proceeds from sale of land will be used to satisfy associated debt; unlikely that debt service reserve will be replenished.	Yes
		#12-02 Failure to Make Debt Service Payments When Due: The District has met a financial emergency condition; it has not paid principal and interest on a bond series. The Developer has failed to pay debt service assessments and there is a foreclosure on Developer land. (See PDF Page 35 of 38)	N/A	Yes - Letter: See comments for #12-01; also there are no debt service assessments to collect relating to foreclosed property.	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
River Place on the St. Lucie Community Development District	St. Lucie	<u>#ML-12-01</u> Financial Condition Assessment: The District's financial conditions continue to deteriorate. A significant portion of the assessments for fiscal years 2009-2011 were delinquent. In the previous fiscal year, the District was unable to make bond interest and principal payment due, resulting in an event of default. The outstanding principal balance had not been paid by the date of the audit report. (See PDF Pages 32-34 of 35)	MW	Yes - Letter: Describes history and current status of CDD; lawsuit filed seeking foreclosure on all land for which there are delinquent assessments; successful conclusion to foreclosure lawsuit will eliminate delinquent assessments and allow District to sell property at market value; proceeds of sale will be used to retire 100% of specified bonds.	Yes
Riverwood Estates Community Development District	Pasco	<u>#12-01</u> : The District did not make the required debt service interest and principal payment on a bond series. The Developer declared bankruptcy and abandoned the project. (See PDF Pages 34 and 36 of 39)	N/A	Yes - Letter: District and Trustee formed a SPE (special purpose entity) on behalf of bondholders; in prior year SPE took title to developer's property through a credit bid sale and has assumed responsibility for operations and maintenance payments; past due and future debt service payments will be held in abeyance until Trustee notifies District to the contrary; corrective action has been taken to extent it can be at this time.	Yes
		<u>#12-02</u> : Bond Debt Service Reserve accounts were deficient at year-end. (See PDF Pages 34 and 36 of 39)	N/A	Yes - Letter: See comments for #12-01.	Yes
Shingle Creek Community Development District	Osceola	<u>#IC2009-1</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 29 of 31)	N/A	Yes - Letter: District has filed and prosecuted a foreclosure suit for all landowners within District who have defaulted on payment of their bond debt service assessments; worked cooperatively with bondholders at every step of foreclosure process; ultimate security for repayment of bond debt service assessments is property located within District.	Yes
South Dade Soil & Water Conservation District	Miami-Dade	<u>#2006-2</u> : Bank Reconciliations and Journal Entries (segregation of duties) – Bank reconciliations and journal entries are prepared and approved by the fee accountant. (See PDF Page 30 of 30)	N/A	Yes - Letter: Describes procedures implemented to address finding.	Yes
		<u>#2007-1</u> : Year-End Closing Procedures – District had not properly closed its books for 2006, 2007 and 2008. The 2006 audit entries were not recorded. QuickBooks for 2007 and 2008 audits were not up-to-date. (See PDF Pages 28-29 of 30)	SD	Yes - Letter: Describes procedures implemented to address finding.	Yes
		<u>#2007-2</u> : Capital Assets and Depreciation – The District has not recorded depreciation for the year and had not capitalized equipment in accordance with its capitalization policy. (See PDF Page 29 of 30)	SD	Yes - Letter: Describes procedures implemented to address finding.	Yes

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
South Dade Soil & Water Conservation District (continued)	Miami-Dade	#2007-5: Use the QuickBooks Close Feature Yearly – The District uses QuickBooks software to manage the general ledger and payroll functions. Transactions can be backdated to the prior period, thus changing the previously reported financial statements. A yearly close will eliminate the ability to backdate. (See PDF Page 30 of 30)	N/A	Yes - Letter: Describes procedures implemented to address finding.	Yes
		#2009-03: Uniform Chart of Accounts – The current chart of accounts does not comply with the Uniform Chart of Accounts (UCA) published by the State of Florida Department of Financial Services (DFS). The UCA enables the DFS to provide uniform data that may be used to analyze accurately and compare special district transactions with the transactions of all other governmental entities in the state for a number of other uses. (See PDF Page 26 of 30)	N/A	Yes - Letter: Describes procedures implemented to address finding. Audit finding will be satisfied for FY 2013.	Yes
Southern Hills Plantation I Community Development District	Hernando	#12-01 Budget Administration: The District did not amend the General Fund budget for expenditures that exceeded the original budget. (See PDF Page 34 of 35)	N/A	No	Yes
Southern Hills Plantation II Community Development District	Hernando	#2012-01 Financial Condition Assessment: The District's financial conditions continue to deteriorate. The Developers did not pay their share of the fiscal year 2012 assessments. In addition, a considerable portion of the fiscal years assessments levied remain delinquent. As a result, certain prior and current year debt service payments were not made. (See PDF Page 29 of 30)	N/A	No	Yes
Spring Ridge Community Development District	Hernando	#2009-01 Financial Condition: The District's financial condition continues to deteriorate. Debt service payments due in the current year were not paid. Further, the debt service fund and the Special Purpose Entity (SPE) fund reported a deficit fund balance for the fiscal year. (See PDF Page 29 of 32)	N/A	Yes - Letter: District entered into a Tri-Party Agreement with bondholders to settle payment issues on bonds; District has also taken steps to keep its operations expenses low in order to fulfill its obligations under the Agreement; anticipates that it will collect more special assessments when real estate market recovers in county and will be able to replenish its financial reserves.	Yes
		#2009-02 Reserve Requirement: The Debt Service Reserve requirements were not met. (See PDF Page 29 of 32)	N/A	Yes - Letter: See comments for #2009-01.	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Spring Ridge Community Development District (continued)	Hernando	#2010-01 Appraisal Not Performed and Land Held for Resale Not Recorded: Consequently, no appraisal was performed on the property owned by SPE. No amount was recorded in the financial statements related to this asset as the market value of the Property at fiscal year-end could not be determined. (See PDF Page 29 of 32)	MW	No	Yes
		#2010-05 Bondholder Consent: The auditor was not provided Bondholder consent for the transfer of funds from the Trust Estate and the creation of the SPE, as well as Bondholder consent pages related to the Tri-Party Agreement. (See PDF Page 30 of 32)	N/A	No	Yes
St. Lucie West Services District	St. Lucie	#2012-1 Reconciliation and Review of Account Balances: During the audit, it was noted that various accounts and supporting schedules required material adjustments. These included adjustments to construction in progress and the underlying capital asset schedule and adjustments to individual funds to record amortization, deferred revenue, accrued expenses and other items. There were also adjustments to interfund payable and receivable accounts between the general fund and the water and sewer fund due to sharing one operating cash account. (See PDF Page 45 of 48)	MW	Yes - Letter: Describes actions taken to address issue.	Yes
		#2012-2 Capital Asset Inventory: The District hired a contractor in FY 2007 to perform an inventory of capital assets. However, the inventory listing could not be relied upon due to several discrepancies with historical records. A full reconciliation has not yet been produced. (See PDF Page 45 of 48)	SD	Yes - Letter: Describes actions taken to address issue.	Yes
Sterling Hill Community Development District	Hernando	#2012-01 Omission of a Major Fund: The District did not include Special Purpose Entity 1 and Special Purpose Entity 2 as major funds as required by generally accepted accounting principles. (See PDF Page 32 of 36)	MW	No	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Sterling Hill Community Development District (continued)	Hernando	#2012-03 Bond Reserve Requirement: As a result of unscheduled draws on bonds to either make debt service payments or pay for costs related to foreclosure process, the reserve requirement was not met. (See PDF Pages 32-33 of 36)	N/A	Yes - Letter: During prior year, District and Trustee formed a SPE (special purpose entity) on behalf of bondholders to own and maintain property subject to delinquent assessments; District also filed foreclosure against three landowners for failure to pay assessments; Trustee formed SPE 2 to own and maintain other described property; two foreclosure lawsuits are still pending; District's position is that corrective action has been taken to extent it can be at this time.	Yes
		#2012-04 Financial Condition Assessment: The District's financial conditions continue to deteriorate. The Developer and other landowners failed to pay their share of assessments during the prior and current fiscal years. As a result, certain debt service payments were not made. (See PDF Page 33 of 36)	N/A	Yes - Letter: See comments for #2012-03.	Yes
Stoneybrook Community Development District	Lee	#2012-01 Financial Condition Assessment: As a result of performing financial condition assessment procedures, it was determined that a deteriorating financial condition exists and continues with respect to the enterprise fund golf course operations. In addition, the District did not make prior years and the current year debt service payments. (See PDF Page 34 of 36)	N/A	Yes - Letter: Describes history and current status of CDD; describes actions taken to address issue, including agreement between new majority bondholder and District to restructure bond terms.	Yes
		#2012-02 Non-compliance with Series 1998 Bond Indenture: Due to the continuing deteriorating financial conditions with respect to the enterprise fund golf course operations, the District did not have sufficient funds to make the previously deferred debt service amounts or the additional debt service payments. (See PDF Page 34 of 36)	N/A	No	Yes
Stoneybrook South Community Development District	Osceola	#IC2010-1: The District is not in compliance with certain provisions of its bond indenture including those related to: collecting assessments, maintaining adequate funds in debt service reserve accounts, and making its semi-annual principal and interest payments. (See PDF Page 29 of 31)	N/A	No	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Sun'n Lake of Sebring Improvement District	Highlands	#2012-02 Golf Fund Operations: Golf Fund Operations: The golf course and restaurant activities in the golf fund continued to report an operating loss before non-operating revenues and expenses during FY 2010-11. (See PDF Page 55 of 62)	N/A	Yes - Letter: To provide community with desired level of golf and restaurant amenities, Golf Fund's operating expenses exceed operating income; legally adopt budget each year to provide operating funds from annual maintenance assessment revenue; District continually monitors all operations and provides Board and community monthly financial statements; District is operating at condition level desired by Board and community.	Yes
		#2012-03: Financial Condition Assessment: The unassigned fund balance of the Debt Service Fund had a deficit balance at fiscal year-end. (See PDF Page 56 of 62)	N/A	No	Yes
Suwannee Water and Sewer District	Dixie	#12-2: The District does not have complete, detailed records of all its property and equipment. (See PDF Page 22 of 24)	MW	Yes - Letter: In process of cataloging and tracking all capital assets within District	Yes
Taylor County Development Authority	Taylor	#2012-01 Maintain Fixed Asset Records: At the present time, fixed asset records are not maintained by the Authority. Several fixed assets were not included on the inventory of fixed assets list. (See PDF Page 32 of 36)	N/A	Yes - Letter: States that a current and revised fixed asset record was presented to Board in May 2013 meeting.	Yes
		#2012-02 Accounting Policies and Procedures: The Authority does not have a written accounting policies and procedures manual. (See PDF Page 32 of 36)	N/A	Yes - Letter: States that Board adopted such in May 2013.	Yes
		#2012-03 Budget: The budget was not amended to reflect changes in requirements. There were no minutes to reflect variations in budget versus actual and amendments to the budget. (See PDF Page 33 of 36)	N/A	Yes - Letter: States that Board discussed recording future amendments to budget in May 2013.	Yes
		#2012-04 Investment Policy: The Authority does not have a formal investment policy. (See PDF Page 33 of 36)	N/A	Yes - Letter: States that Board adopted policy in May 2013.	Yes
Tern Bay Community Development District	Charlotte	#IC2009-01: The District is not in compliance with certain provisions of its Bond Indenture, including those relating to: collecting assessments to provide payment of debt service, maintaining adequate funds in debt service reserve accounts, and making its semi-annual debt service principal and interest payments. (See PDF Page 30 of 32)	N/A	Yes - Letter: Former developer abandoned entire project; District has initiated a foreclosure action on all property subject to assessment and has a final judgment in favor of District for delinquent properties; District has taken all corrective action in its power, although assessments remain unpaid due to economic conditions; no foreseeable conclusion to these findings unless and until another developer purchases property and/or works out an agreeable solution to delinquent assessments.	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Trailer Estates Park & Recreation District	Manatee	#2012-01 Audit Adjustments: The District is responsible for accurate financial reporting which includes detecting and preventing misstatements in the financial statements, as well as within the underlying financial records. As noted in the prior year audit, several audit adjustments were necessary for the fair presentation of the financial statements. (See PDF Page 31 of 33)	MW	Yes - Letter: Describes actions being taken to address issue.	Yes
Trails Community Development District	Duval	#2009-03 Financial Condition Assessment: The District's financial conditions are deteriorating. A former major landowner and the Developer failed to pay their share of assessments in the prior and current fiscal years. As a result, the District failed to make certain required debt service payments during the current and prior fiscal years. In addition, the general fund reported a deficit fund balance at the end of the fiscal year. (See PDF Page 30 of 34)	N/A	Yes - Letter: Describes history and current status of CDD; SPE (special purpose entity) created to hold title to foreclosed property; operations and maintenance assessments relating to such land are responsibility of SPE; during FY 2012, District entered into agreement with SPE where debt service assessments will be held in abeyance; therefore, there are no funds to make debt service payments.	Yes
		2009-04 Reserve Requirement: The Debt Service Reserve requirement was not met at fiscal year-end. (See PDF Page 31 of 34)	N/A	Yes - Letter: See comments for #2009-03.	Yes
		#2010-05 Bondholder Consent: The auditor was not provided Bondholder consent for certain expenditures paid using amounts on deposit in the Reserve trust account or for not using funds collected for bond prepayments to pay down principal on the bonds. (See PDF Page 31 of 34)	N/A	No	Yes
Treeline Preserve Community Development District	Lee	#2012-01 Financial Condition Assessment: The District's financial conditions continue to deteriorate. Due to the Developer's failure to pay the fiscal year assessments, a majority of the assessments remain delinquent. Furthermore, during a prior fiscal year, an event of default was declared due to the District's incapability to fulfill its obligations under the Bond Indenture, a condition that continues to exist. The District reported a deficit fund balance in its debt service fund. Due to the Developer's failure to pay its assessments, interest payment was not made. The failure by the District to pay its debt service is considered an event of default. (See PDF Page 28 of 30)	N/A	Yes - Letter: Describes history and current status of CDD; developer and owner of all assessable land in District failed to pay prior year's annual assessments; District filed foreclosure lawsuit, which is currently in discovery stage; District has moved for Summary Judgment, but no daring date has been set yet.	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Treeline Preserve Community Development District (continued)	Lee	#2012-02 Reserve Requirement and Other Compliance: The Debt Service Reserve Requirement was not met at fiscal year-end. Further, Securities Exchange Commission Rule 15c2-12 requires the (Bond) issuer to report certain event notices, including principal and interest payment delinquencies. However, the non-payment of interest and principal was not reported. (See PDF Page 28 of 30)	N/A	No	Yes
Twelve Oaks Special District	Hillsborough	#2009-1: In the prior year, instances were found in which the expenditures exceeded the legally authorized budget amount, that the Trustees did not amend the budget during the year, and that there is not integration of the budget within the monthly financial reporting. In the current year, the Board did amend the budget in order to eliminate line items that exceeded the budget amounts. However, the District continued to spend amounts in excess of the legal authorization throughout the year until such amendment. (See PDF Page 34 of 36)	N/A	Yes - Letter: Describes actions taken to address issue.	Yes
Upper Captiva Fire Protection and Rescue Service District	Lee	#2010-04 Disbursements Supporting Documentation: Several transactions did not have proper supporting documentation and were paid based on the statements received. (See PDF Page 28 of 33)	N/A	No	Yes
Villa Vizcaya Community Development District	St. Lucie	#2012-03 Reserve Requirement: The Debt Service Reserve Requirement was not met as of fiscal year-end. (See PDF Page 29 of 32)	N/A	No	Yes
		#2012-04 Financial Condition Assessment: The District's financial conditions continue to deteriorate. 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 prior and current year debt service payments were not made. (See PDF Page 30 of 32)	N/A	No	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Waterford Estates Community Development District	Charlotte	#IC2009-01: 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 30 of 31)	N/A	Yes - Letter: Describes history and current status of CDD; in lieu of foreclosure suit, developer and major landowner agreed to deed property to SPE (special purpose entity) to own, manage, maintain, and dispose of property; at request of bondholders, District entered into agreement with SPE which deferred debt assessments until further notification by Trustee and required SPE to provide quarterly funding of general operating expenses of District.	Yes
Waterlefe Community Development District	Manatee	#IC2010-01: The District is not in compliance with certain provisions of its Golf Course Revenue Bond indenture, including those relating to collecting assessments, maintaining adequate funds in debt service reserve accounts, and making semi-annual principal and interest payments. (See PDF Page 39 of 41)	N/A	No	Yes
Waterstone Community Development District	St. Lucie	#2012-02 Budget: The District's proposed budget was not adopted until January 5, 2012. The budget should be adopted prior to October 1 of each year. (See PDF Page 30 of 34)	N/A	No	Yes
		#2012-03 Bondholder Consent: The Auditor was not provided Bondholder consent for certain expenditures paid for the Debt Service Fund. (See PDF Page 30 of 34)	N/A	No	Yes
		#2012-04: Financial Condition Assessment – The District's financial conditions continue to deteriorate. The Debt Service Fund reported a deficit fund balance. The developer stopped funding the District during 2009 and has not paid assessments for prior and current fiscal years. As a result, the District did not have sufficient funds to make certain debt service payments during the 2009 – 2012 fiscal years. (See PDF Page 31 of 34)	N/A	Yes - No response received to date.	Yes
		2012-05: Reserve Requirement and Other Compliance – The debt service reserve requirement was not met at 9/30/2011. Further, the Securities and Exchange Commission requires the (Bond) Issuer to report certain event notices, including principal and interest payment delinquencies. However, the non-payment of interest was not reported to the Municipal Securities Rulemaking Board, as required. (See PDF Page 31 of 34)	N/A	Yes - No response received to date.	Yes

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
West Orange Healthcare District	Orange	#2010-01 Governmental Accounting Standards Board (GASB) Continuing Professional Education (CPE): The District's management, employees responsible for financial reporting have not obtained any GASB CPE related to new GASB pronouncements during the six-month period. (This is numbered 2011-01) (See PDF Page 28 of 30; also see Revised Management Letter, PDF Page 4 of 6)	N/A	No	Yes
West Palm Beach Downtown Development District	Palm Beach	#2010-3 Bank Reconciliations: There is no evidence that the Executive Director reviews monthly bank reconciliations. (See PDF Page 36 of 38)	N/A	No	Yes
Westgate / Belvedere Homes Community Redevelopment Agency	Palm Beach	#2008-5 Accounting/Finance Function: The Agency's accounting/finance function is presently performed by the Redevelopment Specialist, among various other duties, who has limited accounting/finance education or experience necessary to complete all financial reporting processes. (See PDF Pages 57-58 of 61)	SD	Yes - Letter: Recently contracted with CPA who will begin working immediately with staff to help address audit findings.	Yes
		#2008-7 Rental Activities: The Agency did not properly record rental income and expenses in the financial statements. Rental income was sometimes reported net of expenses paid. Therefore, rental income appeared understated. (See PDF Page 59 of 61)	SD	Yes - Letter: Recently contracted with CPA who will begin working immediately with staff to help address audit findings.	Yes
Withlacoochee Regional Water Supply Authority	Citrus, Hernando, Marion, Sumter	#2010-1 Segregation of Duties: The primary weakness in the Authority's internal control is a lack of separation of incompatible finance and accounting duties. (See PDF Page 21 of 26; also see Revised Internal Controls Report and Management Response, PDF Page 2 of 7)	SD	Yes - Letter: Extremely limited budget; describes procedures implemented to address issue, including hiring of new executive director and administrative assistant.	Yes

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
The Woodlands Community Development District	Sarasota	#2012-01 Financial Condition Assessment: The District's financial conditions continue to deteriorate. Major landowners failed to pay their share of assessments. As a result, the District did not make part of its required debt service payments. In addition, the general and debt service funds reported deficit fund balances at the end of the fiscal year and the general fund has outstanding payables exceeding 90 days. (See PDF Page 28 of 30)	N/A	Yes - Letter: Describes history and current status of CDD; subsequent to 2009, District received direction from bond trustee not to foreclose on delinquent assessments, and in FY 2012 District was advised that master developer acquired defaulted bonds; therefore, master developer is both owner of substantially all of the land subject to delinquent debt assessments and the bondholder; master developer owes District approx \$1.5 million in delinquent assessments; Board has explored every alternative to restore or improve District's financial condition and found there are simply too few residential property owners to sustain more than a Spartan operating budget.	Yes
		#2012-02 Reserve Requirement: The Debt Service Reserve requirement was not met. (See PDF Page 28 of 30)	N/A	Yes - Letter: See comments for #2012-01.	Yes
Wylde Palms Community Development District	Citrus	#IC2009-1: The District is not in compliance with certain provisions of its Bond Indenture including those relating to: levying and collecting assessments to provide payment of debt service, maintaining adequate funds in debt service reserve accounts, and making its semi-annual debt service principal and interest payments. (See PDF Page 29 of 31)	N/A	Yes - Letter: Describes history and current status of CDD; District's foreclosure suit was eventually successful and title to all developer-owned property within District has now been obtained by District; property still being held by District for benefit of bondholders; District is cooperating with bond trustee and bondholders in negotiating sale of property.	Yes

LEGEND:

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

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

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

For example, a deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis.

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

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

Charter Schools
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Alachua	Healthy Learning Academy	#12-1: Inadequate separation of duties. Whenever possible, duties should be separated 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 30 of 31)	SD	Yes - Letter: Fiscal Policy revision (provides "whenever possible" duties are separated) approved by the Board of Directors, adopted 4/16/2013.	No
	Micanopy Area Cooperative School	#10-01: Auditor needed to recommend five adjusting journal entries; the School should have procedures in place to identify and make these adjustments. (See PDF Page 24 of 25)	SD	Yes - Letter: States no changes being made; not cost effective.	No
Bay	Bay Haven Charter Academy Elementary School	#12-1: Significant adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles. (See PDF Pages 27-28 of 30)	MW	Yes - Letter: Management believes costs for correction would outweigh benefits of corrective action.	No
		#12-2: Inadequate design of internal control over the preparation of the financial statements. (See PDF Page 28 of 30)	MW	Yes - Letter: Management believes costs for correction would outweigh benefits of corrective action.	No
	Bay Haven Charter Academy Middle School	#12-1: Significant adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles. (See PDF Pages 27-28 of 30)	MW	Yes - Letter: Management believes costs for correction would outweigh benefits of corrective action.	No
		#12-2: Inadequate design of internal control over the preparation of the financial statements. (See PDF Page 28 of 30)	MW	Yes - Letter: Management believes costs for correction would outweigh benefits of corrective action.	No
Citrus	Academy of Environmental Science	#12-1: Inadequate separation of duties. Employee who maintains accounting records also handles cash collections, cosigns checks, and reconciles bank statements. Auditor acknowledges that personnel may not always be available to permit appropriate separation, the auditor thinks it is important that the School is made aware of the condition. (See PDF Page 32 of 33)	SD	Yes - Letter: Insufficient funding to hire additional personnel to correct this problem.	No

Charter Schools
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Escambia	Beulah Academy of Science	#08-1: Inadequate separation of duties. Small size of staff is a factor; however, management should continue to review its internal control structure and segregate duties among its staff to the greatest extent possible. Individuals outside of accounting can be used to mitigate situations where incompatible duties exist. (See PDF Pages 7-8 of 36)	SD	Yes - Letter: A third person has been added to procedures relating to entering receipt of funds into the accounting system, preparation of checks for disbursement, and maintaining personnel data and custody of time records.	No
	Escambia Charter School	2009-1: Inadequate separation of duties. Small size of staff is a factor; however, management should continue to review its internal control structure and segregate duties among its staff to the greatest extent possible. Individuals outside of accounting can be used to mitigate situations where incompatible duties exist. (See PDF Page 6 of 34)	SD	Yes - Letter: Very small office with only two administrative positions; school utilizes services of outside CPA to perform all input data into accounting software and uses an outside agency for all employees. Duties have all been segregated to greatest extent possible without hiring another employee.	No
Gadsden	Crossroad Academy Charter School	#2012-01: Management relies on the audit firm to draft the financial statements and related disclosures. (See PDF Page 12 of 15)	SD	Yes - Letter: Fiscal Administrator prepares monthly budget to actual financial statements, which are submitted to Board each month. No cost benefit in hiring CPA solely for purpose of drafting financial statements ahead of year-end audit procedures.	No

Charter Schools
Failed to Take Full Corrective Action in Response to a Recommendation that was included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Indian River	Sebastian Charter Junior High	#2009-1: Inadequate segregation of duties between authorization, custody, and recordkeeping processes for assets. Auditors recognize that small size of staff limits extent to which duties can be separated and recommend that the Board of Directors continue its high degree of involvement in financial process. (See PDF Pages 26-27 of 30; also see Revised Internal Control Report, PDF Pages 1-2 of 2)	MW	Yes - Letter: Small organization; describes some procedures implemented to address finding; Board members have a high degree of involvement/oversight in the financial processes.	No

LEGEND:

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

For example, a deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis.

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

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

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Baker	Board of County Commissioners	#12-1: Inadequate separation of duties. To the extent possible, given the availability of personnel, the County should implement a system of checks and balances. Steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 61 of 180)	MW	Yes - Letter: Due to limited staff; understand the finding and will do everything we can to keep a check and balance on financial activities.	No
		#12-2: Financial reporting. The County should consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 61 of 180)	MW	Yes - Letter: Due to limited staff, it is in the best interest to outsource this task to independent auditors.	No
	Clerk of the Circuit Court	#12-1: Inadequate separation of duties. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or to all phases of a transaction. (See PDF Page 87 of 180)	MW	Yes - Letter: Corrected and segregated duties to the extent possible.	No
	Property Appraiser	#12-1: Inadequate separation of duties. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or to all phases of a transaction. (See PDF Page 159 of 180)	MW	Yes - Letter: Not enough employees. Implemented compensating controls with available staff to mitigate this weakness.	No
	Supervisor of Elections	#12-1: Inadequate separation of duties. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or to all phases of a transaction. (See PDF Page 179 of 180)	MW	Yes - Letter: Due to limited resources, have not been able to hire additional staff. Understand the finding and will do everything we can to keep a check and balance on financial activities.	No
	Sheriff	#12-1: Inadequate separation of duties. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or to all phases of a transaction. (See PDF Page 116 of 180)	MW	Yes - Letter: Limited funding and staff size. Have separated duties to extent possible.	No

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Baker (continued)	Sheriff (continued)	#12-3: Financial reporting. The Office should consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 116 of 180)	MW	Yes - Letter: Continuing to make improvements and hope to have corrected in the near future.	No
	Tax Collector	#12-1: Inadequate separation of duties. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or to all phases of a transaction. (See PDF Page 139 of 180)	MW	Yes - Letter: Not enough employees. Implemented compensating controls with available staff to mitigate this weakness.	No
Bradford	Clerk of the Circuit Court	#2009-1: Inadequate separation of duties. Where feasible, the Clerk should separate incompatible duties. (See PDF Page 105 of 204)	MW	Yes - Letter: Small county with limited staff – have asked auditors what can be done, if anything, to address finding.	No
	Property Appraiser	#2009-1: Inadequate separation of duties. Where feasible, the Property Appraiser should separate incompatible duties. (See PDF Pages 179-180 of 204)	SD	Yes - Letter: Extremely limited staff, it is not feasible to divide the financial duties.	No
	Sheriff	#2009-1: Inadequate separation of duties. Where feasible, the Sheriff should separate incompatible duties. (See PDF Page 136 of 204)	MW	Yes - Letter: Procedures implemented - should be in compliance for FY 12-13.	No
	Tax Collector	#2009-1: Inadequate separation of duties. Where feasible, the Tax Collector should separate incompatible duties. (See PDF Pages 158-159 of 204)	MW	Yes - Letter: Indicates that procedures have been implemented to separate incompatible duties; also plans to cross train other employees to assist.	No
Calhoun	Property Appraiser	#04-01: Inadequate separation of duties. The auditor recognizes that the small size of the office makes it impractical to provide total separation of incompatible duties; however, controls should be implemented to help compensate for the weakness and to provide checks and balances. (See PDF Page 70 of 199)	SD	Yes - Letter: The cost/benefit ratio is far too great for this office to employ more budget personnel. Have implemented some compensating controls.	No

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Calhoun (continued)	Supervisor of Elections	#04-01: Inadequate separation of duties. The auditor recognizes that the small size of the office makes it impractical to provide total separation of incompatible duties; however, controls should be implemented to help compensate for the weakness and to provide checks and balances. (See PDF Page 70 of 199)	SD	Yes - Letter: Invoices and checks are verified by the supervisor and asst. supervisor to ensure invoices were processed properly.	No
	Sheriff	#04-02: Inadequate separation of duties. Due to a limited number of employees; the office recognizes that the cost of its internal control structure should not exceed the benefits expected to be derived and the inherent limitations of any internal control structure. (See PDF Page 70 of 199)	SD	Yes - Letter: Small agency, limited funding. Sheriff involved in monitoring finances.	No
	Tax Collector	#04-02: Inadequate separation of duties. Due to a limited number of employees; the office recognizes that the cost of its internal control structure should not exceed the benefits expected to be derived and the inherent limitations of any internal control structure. (See PDF Page 70 of 199; PY Finding #09-01, Page 195 of 199)	SD	Yes - Letter: Considering the number of employees, I believe we have a good segregation of duties. Tax Collector involved in day-to-day operations.	No
Dixie	Board of County Commissioners	#12-1: Auditor proposed material adjustments to the County's financial statements and assisted with the preparation of the County's financial statements. (See PDF Page 65 of 188)	MW	Yes - Letter: Evaluated cost/benefit, it is in the best interest to outsource this task to independent auditors.	No
	Clerk of the Circuit Court	#12-1: Inadequate separation of duties. Where possible, the Office should provide compensating controls. (See PDF Page 97 of 188)	MW	Yes - Letter: Small county and staff; working toward restructuring to incorporate an employee to alleviate this finding.	No
	Supervisor of Elections	#12-1: Inadequate separation of duties. To the extent possible, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 187 of 188)	MW	Yes - Letter: Every effort is being made to accomplish more effective internal procedures	No

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Dixie (continued)	Supervisor of Elections (continued)	#12-2: Auditor proposed material adjustments to the Office's financial statements and assisted with the preparation of the Office's financial statements. (See PDF Page 187 of 188)	MW	Yes - Letter: Investing in the resources necessary for us to implement an effective internal control system would outweigh the cost of those resources.	No
	Sheriff	#12-1: Certain employees who record cash transactions in the accounting records also have access to cash collections and perform bank reconciliations. To the extent possible, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 128 of 188)	MW	Yes - Letter: We are unable to employ additional personnel. We have a system in place to separate employee duties to the extent possible.	No
		#12-3: It was necessary for the auditor to assist in the preparation of the Sheriff's financial statements. (See PDF Page 128 of 188)	MW	Yes - Letter: No CPA in place due to financial restraints. We prepare all financial statements for CPA to conform to generally accepted accounting principles.	No
Franklin	Board of County Commissioners	#12-01: Significant adjustments to the financial statements were required for conformity with generally accepted accounting principles. (See PDF Page 80 of 229)	MW	Yes - Letter: Benefits derived from investing in the resources do not outweigh the cost of those resources.	No
		#12-02: Inadequate design of internal controls over the preparation of the financial statements exists. (See PDF Page 80 of 229)	MW	Yes - Letter: Benefits derived from investing in the resources do not outweigh the cost of those resources.	No

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Franklin (continued)	Clerk of the Circuit Court	#12-01: Inadequate separation of duties. In the absence of the ability to hire additional employees, mitigating procedures, including additional oversight with regard to certain duties, should be performed regularly. <i>(See PDF Page 109 of 229)</i>	MW	Yes - Letter: Due to small number of employees, it is virtually impossible to maintain complete separation.	No
		#12-02: Inadequate design of internal controls over the preparation of the financial statements exists. <i>(See PDF Page 109 of 229)</i>	MW	Yes - Letter: Benefits derived from investing in the resources do not outweigh the cost of those resources.	No
	Property Appraiser	#12-01: Inadequate separation of duties. In the absence of the ability to hire additional employees, mitigating procedures, including additional oversight with regard to certain duties, should be performed regularly. <i>(See PDF Page 185 of 229)</i>	MW	Yes - Letter: Due to small number of employees, it is virtually impossible to maintain complete separation.	No
		#12-02: Significant adjustments to the financial statements were required for conformity with generally accepted accounting principles. <i>(See PDF Page 185 of 229)</i>	MW	Yes - Letter: In near future, benefits derived from investing in the resources do not outweigh the cost of those resources.	No
		#12-03: Inadequate design of internal controls over the preparation of the financial statements exists. <i>(See PDF Page 185 of 229)</i>	MW	Yes - Letter: In near future, benefits derived from investing in the resources do not outweigh the cost of those resources.	No
	Supervisor of Elections	#12-01: Inadequate separation of duties. In the absence of the ability to hire additional employees, mitigating procedures, including additional oversight with regard to certain duties, should be performed regularly. <i>(See PDF Page 207 of 229)</i>	MW	Yes - Letter: Due to small number of employees, it is virtually impossible to maintain complete separation.	No
		#12-02: Significant adjustments to the financial statements were required for conformity with generally accepted accounting principles. <i>(See PDF Page 207 of 229)</i>	MW	Yes - Letter: In near future, benefits derived from investing in the resources do not outweigh the cost of those resources.	No
		#12-03: Inadequate design of internal controls over the preparation of the financial statements exists. <i>(See PDF Page 207 of 229)</i>	MW	Yes - Letter: In near future, benefits derived from investing in the resources do not outweigh the cost of those resources.	No

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation
that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Franklin (continued)	Sheriff	#12-01: Inadequate separation of duties. In the absence of the ability to hire additional employees, mitigating procedures, including additional oversight with regard to certain duties, should be performed regularly. (See PDF Page 138 of 229)	MW	Yes - Letter: Due to small number of employees, it is virtually impossible to maintain complete separation.	No
		#12-02: Significant adjustments to the financial statements were required for conformity with generally accepted accounting principles. (See PDF Page 138 of 229)	MW	Yes - Letter: In near future, benefits derived from investing in the resources do not outweigh the cost of those resources.	No
		#12-03: Inadequate design of internal controls over the preparation of the financial statements exists. (See PDF Page 138 of 229)	MW	Yes - Letter: In near future, benefits derived from investing in the resources do not outweigh the cost of those resources.	No
	Tax Collector	#12-01: Inadequate separation of duties. In the absence of the ability to hire additional employees, mitigating procedures, including additional oversight with regard to certain duties, should be performed regularly. (See PDF Page 163 of 229)	MW	Yes - Letter: Due to small number of employees, it is virtually impossible to maintain complete separation.	No
		#12-02: Significant adjustments to the financial statements were required for conformity with generally accepted accounting principles. (See PDF Page 163 of 229)	MW	Yes - Letter: In near future, benefits derived from investing in the resources do not outweigh the cost of those resources.	No
		#12-03: Inadequate design of internal controls over the preparation of the financial statements exists. (See PDF Page 163 of 229)	MW	Yes - Letter: In near future, benefits derived from investing in the resources do not outweigh the cost of those resources.	No
Gilchrist	Board of County Commissioners	#12-1: Inadequate separation of duties. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 60 of 179)	MW	Yes - Letter: Limited staff. We have worked with our Auditors and identified additional measures to compensate for inherent risks.	No

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Gilchrist (continued)	Supervisor of Elections	#12-1: It was necessary for auditor to assist with the preparation of the Office's financial statements in order to present them in conformity with generally accepted accounting principles. (See PDF Page 178 of 179)	MW	Yes - Letter: We are aware of this situation, but currently employ two employees which makes it impossible to properly segregate responsibilities.	No
	Sheriff	#12-1: Material adjustments to the Office's financial statements were required for conformity with generally accepted accounting principles. (See PDF Page 117 of 179)	MW	Yes - Letter: Due to budget restraints, hiring an outside CPA to prepare financial statements is not feasible; therefore, rely on our auditors to assist.	No
		#12-2: Inadequate separation of duties. Whenever possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 117 of 179)	MW	Yes - Letter: Limited staff; practice separation of duties when possible.	No
Gulf	Property Appraiser	#12-01: Lack of separation of duties. In the absence of the ability to hire additional employees, mitigating procedures, including additional oversight with regard to certain duties, should be performed regularly. (See PDF Page 205 of 228)	MW	Yes - Letter: Limited staff; have implemented mitigating procedures to compensate.	No
	Supervisor of Elections	#12-01: Lack of separation of duties. In the absence of the ability to hire additional employees, mitigating procedures, including additional oversight with regard to certain duties, should be performed regularly. (See PDF Page 227 of 228)	MW	Yes - Letter: Limited staff; in April and June 2013 implemented mitigating procedures to compensate.	No
	Sheriff	#12-01: Lack of separation of duties. In the absence of the ability to hire additional employees, mitigating procedures, including additional oversight with regard to certain duties, should be performed regularly. (See PDF Page 158 of 228)	MW	Yes - Letter: Due to limited staff and required duties, complete separation of duties not always practical; has implemented mitigating procedures to compensate.	No

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Gulf (continued)	Tax Collector	#12-01: Lack of separation of duties. In the absence of the ability to hire additional employees, mitigating procedures, including additional oversight with regard to certain duties, should be performed regularly. (See PDF Page 184 of 228)	MW	Yes - Letter: Limited number of employees, but changes have been made; have implemented mitigating procedures to compensate.	No
Hardee	Supervisor of Elections	#2002-03: Inadequate separation of duties. Bookkeeper initiates, prepares, disburses, and signs checks, and also prepares bank deposits and bank reconciliations. [Note: FY 2012 CPA report refers to repeat finding as #2002-03, rather than #11-04.] (See PDF Pages 265-266 of 268; also see #2012-04, PDF Page 263 of 268)	SD	Yes - Letter: There are currently no plans to hire additional staff due to financial restraints.	No
	Sheriff	#2009-01: Inadequate separation of duties. The bookkeeper initiates, prepares and disburses checks; prepares the bank deposits and bank reconciliations; and has signature on bank accounts. [Note: FY 2012 CPA report refers to repeat finding as #2009-01, rather than #2011-01.] (See PDF Page 201 of 268; also see #2012-01 on this Page)	MW	Yes - Letter: Due to financial restraints, there are currently no plans to hire additional staff.	No
Holmes	Board of County Commissioners	#10-01: Auditors' assistance was necessary to prepare the financial statements including note disclosures in accordance with general accepted accounting principles. (See PDF Pages 75-76 of 198)	MW	Yes - Letter: Budget constraints prohibit an "in-house" CPA.	No
	Clerk of the Circuit Court	#10-01: Staff's lack of institutional experience, background, and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the Office from preparing the financial statements internally, including full note disclosures, as required by those standards. (See PDF Pages 111-112 of 198)	MW	Yes - Letter: Budget restraints prohibit employment of an "in-house" CPA.	No
	Property Appraiser	#10-01: Staff's lack of institutional experience, background, and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the Office from preparing the financial statements internally, including full note disclosures, as required by those standards. (See PDF Pages 129-130 of 198)	MW	Yes - Letter: Addressing issue, but will continue to rely on external auditor.	No

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Holmes (continued)	Supervisor of Elections	#10-01: Staff's lack of institutional experience, background and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the Office from preparing the financial statements internally, including full note disclosures, as required by those standards. (See PDF Pages 173-174 of 198)	MW	Yes - Letter: Due to budget constraints, it is not feasible to have a CPA on staff.	No
	Sheriff	#10-01 Segregation of Duties: Staff's lack of institutional experience, background, and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the Office from preparing the financial statements internally, including full note disclosures, as required by those standards. (See PDF Pages 196-197 of 198; also see Sheriff's Revised Management Letter, PDF Pages 1-2 of 4)	MW	Yes - Letter: Management has implemented some changes. Sheriff now reviews, approves, and signs checks, and a third party distributes the checks.	No
		#10-02 Financial Statement Preparation Knowledge: Staff's lack of institutional experience, background, and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the Office from preparing the financial statements internally, including full note disclosures, as required by those standards. (See PDF Page 197 of 198; also see Sheriff's Revised Management Letter, PDF Page 2 of 4)	MW	Yes - Letter: This requirement is a financial burden.	No
	Tax Collector	#10-01: Staff's lack of institutional experience, background, and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the Office from preparing the financial statements internally, including full note disclosures, as required by those standards. (See PDF Pages 153-154 of 198)	MW	Yes - Letter: Due to budgetary constraints, cannot hire additional employee or consultant.	No
Jackson	Board of County Commissioners	#ML 06-01: Inadequate separation of duties. The individual responsible for the receipt of payments in the Fire and Rescue Department also is responsible for the posting of payments and charges to the accounts receivable ledger and is responsible for mailing the statements. (See PDF Page 149 of 268)	N/A	Yes - Letter: Due to financial pressure and lack of funding, cannot hire additional staff; have implemented compensating controls.	No

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Jackson (continued)	Property Appraiser	<u>#PA 06-01</u> : Inadequate separation of duties between employees who have record keeping responsibility and custody of assets due to limited staff. Continued effort should be made to separate those duties as much as possible. (See PDF Page 196 of 268)	SD	Letter: Small size of office; compensating controls have been implemented – property appraiser involved in day-to-day operations.	No
	Sheriff	<u>#SH 06-01</u> : Inadequate separation of accounting and administrative duties due to limited staff. At a minimum, the Sheriff should receive and review unopened bank statements each month. (See PDF Page 221 of 268)	MW	Yes - Letter: Due to budget constraints, cannot add administrative positions; financial duties have been broken down between three employees.	No
	Tax Collector	<u>#TC 06-01</u> : Inadequate separation of duties between employees who have record keeping responsibility and custody of assets due to limited staff. Continued effort should be made to separate those duties as much as possible. (See PDF Page 265 of 268)	SD	Yes - Letter: Due to size of office, this area will always be of concern. Measures have been implemented to help compensate.	No
Jefferson	Board of County Commissioners	<u>#2008-1</u> : Inadequate separation of certain accounting and administrative duties due to limited staff. At a minimum, the Constitutional Officers should receive and review the unopened bank statements each month, indicating on the statement evidence of the review. (See PDF Page 62 of 182)	SD	Yes - Letter: Due to financial pressure and lack of funding, cost/benefit ratio is far too great to employ more personnel; have implemented compensating controls.	No
		<u>#2008-2</u> : No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. County must hire a firm; auditor understands the cost-benefit ratio of hiring appropriate staff is not practical. (See PDF Page 63 of 182)	SD	Yes - Letter: The cost/benefit ratio is far too great to employ more personnel; effort being made to improve quality of accounting staff.	No
	Clerk of the Circuit Court	<u>#2008-1</u> : Inadequate separation of certain accounting and administrative duties due to limited staff. At a minimum, the Constitutional Officers should receive and review the unopened bank statements each month, indicating on the statement evidence of the review. (See PDF Page 62 of 182; also see #C08-01, PDF Page 88 of 182)	SD	Yes - Letter: Due to financial pressure and lack of funding, cost/benefit ratio is far too great to employ more personnel; have implemented compensating controls.	No

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Jefferson (continued)	Clerk of the Circuit Court (continued)	#2008-2: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. County must hire a firm; auditor understands the cost-benefit ratio of hiring appropriate staff is not practical. (See PDF Page 63 of 182; also see #C08-02, PDF Page 88 of 182)	SD	Yes - Letter: The cost/benefit ratio is far too great to employ more personnel; effort being made to improve quality of accounting staff.	No
	Property Appraiser	#2008-1: Inadequate separation of certain accounting and administrative duties due to limited staff. At a minimum the Constitutional Officers should receive and review the unopened bank statements each month, indicating on the statement evidence of the review. (See PDF Page 62 of 182; also see #PA8-01, PDF Page 110 of 182)	SD	Yes - Letter: In 2012 staff with accounting and financial experience was hired and new policies and procedures have been implemented to help address issues.	No
		#2008-2: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. County must hire a firm; auditor understands the cost-benefit ratio of hiring appropriate staff is not practical. (See PDF Page 63 of 182; also see #PA08-02, PDF Page 110 of 182)	SD	Yes - Letter: Indicates that in 2012 staff with accounting and financial experience was hired, but will continue to rely on CPA firm to prepare financial statements and related notes.	No
	Supervisor of Elections	#2008-1: Inadequate separation of certain accounting and administrative duties due to limited staff. At a minimum the Constitutional Officers should receive and review the unopened bank statements each month, indicating on the statement evidence of the review. (See PDF Page 62 of 182; also see Finding (no number) on PDF Page 155 of 182)	SD	Yes - Letter: Due to financial pressure and lack of funding, cost/benefit ratio is far too great to employ more personnel; have implemented compensating controls.	No
		#2008-2: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. County must hire a firm; auditor understands the cost-benefit ratio of hiring appropriate staff is not practical. (See PDF Page 63 of 182; also see Finding (no number) on PDF Page 155 of 182)	SD	Yes - Letter: Due to financial pressure and lack of funding, cost/benefit ratio is far too great to employ more personnel; will continue to rely on CPA firm to prepare financial statements.	No

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Jefferson (continued)	Sheriff	#2008-1: Inadequate separation of certain accounting and administrative duties due to limited staff. At a minimum the Constitutional Officers should receive and review the unopened bank statements each month, indicating on the statement evidence of the review. (See PDF Page 62 of 182; also see Finding (no number) on PDF Page 134 of 182)	SD	Yes - Letter: Due to financial pressure and lack of funding, cost/benefit ratio is far too great to employ more personnel; have implemented compensating controls.	No
		#2008-2: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. County must hire a firm; auditor understands the cost-benefit ratio of hiring appropriate staff is not practical. (See PDF Page 63 of 182; also see Finding (no number) on PDF Page 134 of 182)	SD	Yes - Letter: Due to financial pressure and lack of funding, cost/benefit ratio is far too great to employ more personnel; will continue to rely on CPA firm to prepare financial statements.	No
	Tax Collector	#2008-1: Inadequate separation of certain accounting and administrative duties due to limited staff. At a minimum, the Constitutional Officers should receive and review the unopened bank statements each month, indicating on the statement evidence of the review. (See PDF Page 62 of 182; also see #TC08-01, PDF Page 178 of 182)	SD	Yes - Letter: Due to financial pressure and lack of funding, cost/benefit ratio is far too great to employ more personnel; have implemented compensating controls.	No
		#2008-2: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. County must hire a firm; auditor understands the cost-benefit ratio of hiring appropriate staff is not practical. (See PDF Page 63 of 182; also see #TC08-02, PDF Page 178 of 182)	SD	Yes - Letter: Due to financial pressure and lack of funding, cost/benefit ratio is far too great to employ more personnel; will continue to rely on CPA firm to prepare financial statements.	No
Levy	Board of County Commissioners	#12-1: It was necessary for the auditor to assist with the preparation of the Board's financial statements. (See PDF Page 74 of 192)	SD	Yes - Letter: Due to limited staff, it is in the best interest to outsource this task to independent auditors.	No
	Clerk of the Circuit Court	#12-1: It was necessary for the auditor to assist with the preparation of the Clerk's financial statements. (See PDF Page 102 of 192)	SD	Yes - Letter: Would require additional personnel, which is not cost effective.	No

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Levy (continued)	Supervisor of Elections	#12-1: Inadequate separation of duties due to limited staff. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 191 of 192)	MW	Yes - Letter: Will provide bank statements to accountant to review monthly transactions and review disbursements to ensure validity of expenditures. Will take effect May 1, 2013.	No
		#12-2: It was necessary for the auditor to assist with the preparation of the Supervisor of Elections' financial statements. (See PDF Page 191 of 192)	SD	Yes - Letter: Evaluated cost vs. benefit over preparation of financial statements and determined that it is in the best interest to outsource this task.	No
	Sheriff	#12-1: Inadequate separation of duties due to limited staff. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 129 of 192)	MW	Yes - Letter: Continuing to improve dual role responsibilities.	No
	Tax Collector	#12-1: It was necessary for the auditor to assist with the preparation of the Tax Collectors' financial statements. (See PDF Page 153 of 192)	SD	Yes - Letter: Working on resolving this finding.	No
Putnam	Supervisor of Elections	#12-1: Inadequate separation of duties; duties should be separated to the extent possible 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 273 of 274)	MW	Yes - Letter: Describes procedures that have been implemented to separate incompatible duties.	No
		#12-2: It was necessary for the auditor to assist with the preparation of the financial statements; auditors proposed material adjustments to the financial statements in order to comply with generally accepted accounting principles. (See PDF Page 273 of 274)	MW	Yes - Letter: Met and discussed issue with bookkeeper; clarified that a more extensive and thorough job of completing financial statements must be done.	No

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Putnam (continued)	Sheriff	#12-1: It was necessary for the auditor to assist with the preparation of the financial statements. (See PDF Page 210 of 274)	MW	Yes - Letter: Evaluated cost vs. benefit and determined that it was in office's best interest to outsource to our independent auditors.	No
Union	Property Appraiser	#12-01: Inadequate separation of duties. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 161 of 180)	MW	Yes - Letter: Limited staff and resources; some compensating controls implemented.	No
	Supervisor of Elections	#12-01: Inadequate separation of duties. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 179 of 180)	MW	Yes - Letter: Due to limited staff, it is hard to segregate certain duties; made changes so that there would be a separation of duties.	No
Washington	Board of County Commissioners	#05-01: Inadequate separation of duties. Controls should be implemented to separate custody of assets, recordkeeping, and authorization to the greatest extent possible. (See PDF Page 71 of 274)	SD	Yes - Letter: Due to financial pressures and lack of funding, cost/benefit ratio too great to employ more personnel; describes some actions taken to address issue.	No
		#07-01: No individual on staff has the accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles. County has to hire someone to provide bookkeeping services and a firm to prepare the financial statements; auditor understands that hiring someone with this expertise may not be cost effective. (See PDF Pages 71-72 of 274)	SD	Yes - Letter: Due to financial pressures and lack of funding, cost/benefit ratio too great to employ more personnel; describes some actions taken to address issue.	No

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Washington (continued)	Clerk of the Circuit Court	#CC03-03: Inadequate separation of duties between employees with recordkeeping responsibility and those with custody of assets. Size of administrative staff limits the ability to achieve ideal separation of duties; however, the Clerk 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 73 of 274; also see #03-03, PDF Page 179-274)	SD	Yes - Letter: Due to financial pressures and lack of funding, cost/benefit ratio is far too costly.	No
		#CC07-09: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. Clerk has to hire a firm; auditor understands the cost-benefit of hiring someone with this expertise is not practical. (See PDF Page 73 of 274; also see #07-09, PDF Page 179-274)	SD	Yes - Letter: Due to financial pressures and lack of funding, cost/benefit ratio is far too costly.	No
	Property Appraiser	#PA03-03: Inadequate separation of duties between employees with recordkeeping responsibility and those with custody of assets. Size of administrative staff limits the ability 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 74 of 274; also see #03-03, PDF Page 200 of 274)	SD	Yes - Letter: Indicates that this will always be an issue due to size of office; have implemented measures to help compensate.	No
		#PA07-11: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. Property Appraiser has to hire a firm; auditor understands the cost-benefit of hiring someone with this expertise is not practical. (See PDF Page 74 of 274; also see #07-11, PDF Page 200 of 274)	SD	Yes - Letter: Cost-benefit of hiring someone with such expertise is not feasible.	No

Counties

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Washington (continued)	Supervisor of Elections	#SE03-03: Inadequate separation of duties between employees with recordkeeping responsibility and those with custody of assets. Size of County finance office staff limits the ability to achieve ideal separation of duties; however, the Board of County Commissioners and 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 appropriate checks and balances. (See PDF Page 75 of 274; also see #03-03, PDF Page 246 of 274)	SD	Yes - Letter: BCC responsible for maintaining financial record keeping related to this Office. Limited staff; will continue to ensure there are checks and balances in daily work.	No
		#SE07-12: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. The Supervisor of Elections has to hire a firm; auditor understands the cost-benefit of hiring someone with this expertise is not practical. (See PDF Pages 75-76 of 274; also see #07-12, PDF Page 246 of 274)	SD	Yes - Letter: It is not feasible for our office to hire someone with this expertise.	No
	Sheriff	#SH03-01: Inadequate separation of duties between employees with recordkeeping responsibility and those with custody of assets. Size of administrative staff limits the ability 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 appropriate checks and balances. (See PDF Page 74 of 274; also see #03-01, PDF Page 224 of 274)	SD	Yes - Letter: It is not feasible for our agency to employ additional staff.	No
		#SH07-10: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. The Sheriff has to hire a firm; auditor understands the cost-benefit of hiring someone with this expertise is not practical. (See PDF Page 75 of 274; also see #07-10, PDF Page 224 of 274)	SD	Yes - Letter: It is not feasible for our agency to employ additional staff.	No

Counties
 Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation
 that was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Constitutional Officer	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Washington (continued)	Tax Collector	#TC03-03: Inadequate separation of duties between employees with recordkeeping responsibility and those with custody of assets. Size of staff limits the ability 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 76 of 274; also see #03-03, PDF Page 270 of 274)	SD	Yes - Letter: States that this will always be an area of concern because of size of office.	No
		#TC07-13: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. The Tax Collector has to hire a firm; auditor understands the cost-benefit of hiring someone with this expertise is not practical. (See PDF Page 76 of 274; also see #07-13, PDF Page 270 of 274)	SD	Yes - Letter: Cost-benefit of hiring someone with this expertise is not feasible.	No

LEGEND:

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

For example, a deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis.

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

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

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Altha, Town of	Calhoun	#2009-02: Separation of Duties: Although the size of the Town's accounting staff prohibits complete adherence to the premise that one employee should not have access to both physical assets and the related accounting records or to all phases of a transaction, certain practices could be implemented to improve existing internal controls without impairing efficiency. These practices include preparation of timely bank reconciliations, with a documented review by a Town council member. (See PDF Pages 36 and 43 of 48)	MW	Yes - Letter: Describes some procedures implemented to compensate.	No
Apalachicola, City of	Franklin	#12-02: Separation of Duties: Due to limited accounting staff, the finance director currently has the ability to issue and approve cash disbursements; reconcile the cash account; input, edit, and approve accounting journal entries; and prepare the financial information. (See PDF Page 59 of 59)	MW	Yes - Letter: Limited number of employees; Duties continually reviewed by City administration in an effort to improve controls.	No
		#12-04: Inadequate Design of Internal Control Over Preparation of Financial Statements: The auditors assisted with the preparation of the financial statements. (See PDF Page 59 of 59)	MW	Yes - Letter: Internal preparation more costly; Cost-benefit of investing in resources or staff with this expertise not considered practical or economically feasible.	No
Baldwin, Town of	Duval	#ML07-1: The Town's current internal control over financial reporting is currently limited due to the level of technical accounting knowledge, skill, and experience of the current accounting staff employed by the Town. The auditors draft the financial statements and accompanying note disclosures. (See PDF Page 51 of 54; also see Revised Management Letter PDF Page 1 of 3)	N/A	Yes - Letter: New procedures implemented at 12 FY end; Describes controls added and procedures implemented to compensate.	No
Blountstown, City of	Calhoun	#06-01: Separation of Duties: Separation of certain accounting and administrative duties among employees was not considered feasible by the City because of its size and limited number of employees. (See PDF Page 65 of 68)	SD	Yes - Letter: Size of city and staff not sufficient; Cost/benefit ratio far too great to employ more personnel; have implemented some procedures to compensate.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Blountstown, City of (continued)	Calhoun	#07-01: Deficiency Over Financial Reporting: 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 GAAP. (See PDF Page 65 of 68)	N/A	Yes - Letter: Size of city and staff not sufficient; States that City doesn't have expertise or resources to prepare financial statements.	No
Bonifay, City of	Holmes	#10-01: Financial Statement Preparation Knowledge: Management's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the City's personnel from being able to prepare financial statements and note disclosures as required by those standards. (See PDF Page 53 of 58)	MW	Yes - Letter: States that sufficient revenue not generated to warrant hiring accountant with such skill level.	No
		#10-03: Analysis of Financial Condition Assessment: The City ended the fiscal year with a deficit in unrestricted net assets for governmental activities and a larger deficit fund balance in the general fund than in the previous fiscal year. (See PDF Page 56 of 58)	N/A	Yes - Letter: Indicates that management is keenly aware of budget constraints facing the city; closely monitoring expenditures, etc.	No
Bristol, City of	Liberty	#11-01: Financial Statement Preparation: Financial statements provided to auditors were generated as a by-product of bookkeeping system. Auditors drafted financial statements and related note disclosures required by auditing standards and submitted draft to management for approval. (See PDF Pages 44-45 of 47)	MW	Yes - Letter: States that, due to nature and size of city, it would be cost prohibitive to engage separate accounting firm to draft financial statements and related notes.	No
Bronson, Town of	Levy	#2009-1: Separation of Duties: Separation of certain accounting and administrative duties among employee was not considered possible because of the limited number of employees. (See PDF Page 31 of 36)	MW	Yes - Letter: States that one additional staff added in 2012 and procedures implemented to compensate.	No
Brooker, Town of	Bradford	#2010-1: Due to limited personnel, the Town does not adequately separate the duties in the accounting department. The same employee should not have access to both physical assets and the related accounting records. (See PDF Pages 32 and 36 of 38)	SD	Yes - Letter: States that, due to limited staff and financial resources, finding will never be resolved; have implemented some procedures to compensate.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Brooker, Town of (continued)	Bradford	#2010-2: The Town does not have someone on staff to prepare the financial statements including disclosures in accordance with GAAP and to record complex adjustments. (See PDF Pages 33 and 36 of 38)	SD	Yes - Letter: States that town cannot afford to hire someone to prepare financial statement in accordance with generally accepted accounting principles (GAAP).	No
Callahan, Town of	Nassau	#12-1: Since Town has a limited number of personnel, it is not always possible to adequately 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. (See PDF Page 37 of 38)	MW	Yes - Letter: Due to limited staff, not always possible to separate incompatible duties; have separated whenever possible to minimize impact of control deficiency.	No
		#12-2: The auditors assisted in the preparation of the financial statements and proposed material adjustments to the Town's financial statements. (See PDF Page 37 of 38)	MW	Yes - Letter: States that measures put in place to ensure all financial activity is captured in accounting records; does not address preparation of financial statements though.	No
Campbellton, Town of	Jackson	#04-01: Separation of certain accounting and administrative duties among employees was not considered feasible by the City because of its size and limited number of employees. (See PDF Page 38 of 43)	SD	No	No
		#07-01: The Town does not have someone on staff to prepare the financial statements including disclosures in accordance with GAAP and to record complex adjustments. (See PDF Pages 38-39 of 43)	MW	No	No
Carrabelle, City of	Franklin	#09-01: Prepare Financial Statements in Accordance with GAAP and Significant Adjustments: 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. (See PDF Page 49 of 57)	MW	Yes - City will continue to use outside auditor due to cost issues.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Carrabelle, City of (continued)	Franklin	#09-02: Separation of Duties: 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. (See PDF Pages 49-50 of 57)	MW	Yes - Letter: Indicates that city has separated duties, such as receiving and depositing cash and opening mail; City states this will not show up on future audits	No
Cedar Key, City of	Levy	#2009-1: Separation of Duties: The City's limited number of available personnel does not always make it possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records. (See PDF Page 36 of 40)	MW	Yes - City implementing new bookkeeping system to help alleviate this problem; added a receptionist position also.	No
Chiefland, City of	Levy	#12-1: The City's limited number of available personnel does not always make it possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records. (See PDF Page 40 of 43)	MW	Yes - Letter: States that it's not cost beneficial to hire additional staff; have adopted review and control oversight procedures by management and city commission, where possible.	No
Clewiston, City of	Hendry	#2009-1: Internal Control Over Financial Reporting: The City does not currently have professional personnel capable of preparing the financial statements and who have the skills and competencies necessary to prevent, detect, and correct a material misstatement on the financial statements. (See PDF Page 79 of 83)	MW	Yes - Letter: Due to limited financial resources and fiscal staffing; have implemented compensating controls where possible; May not be resolved in the foreseeable future.	No
Coleman, City of	Sumter	#1: Improve Knowledge of Internal Control Over Financial Reporting: The person responsible for the accounting and reporting function lacks the skills and knowledge to apply GAAP in recording the City's financial transactions or preparing its financial statements. (See PDF Page 54 of 57)	SD	Yes - Letter: Indicates that cost vs. benefit evaluation made and in city's best interest to outsource this task to outside auditors; not possible to afford salary of a qualified individual.	No
		#3: Lack of Separation of Duties: The small size of the City's accounting staff precludes certain internal controls and separation of duties afforded by a larger staff. The financial manager performs all of the accounting tasks. (See PDF Page 54 of 57)	SD	Yes - Letter: Limited personnel and resources; Describes some procedures that have been implemented to compensate.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Cross City, Town of	Dixie	#12-1: Because of a limited number of available 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. (See PDF Page 36 of 38)	MW	Yes - Letter: Town working to ensure all appropriate controls are adhered to; Due to limited staff, finding may never be fully resolved.	No
Fanning Springs, City of	Gilchrist Levy	#12-1: Because of the limited number of available accounting 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. (See PDF Page 40 of 41)	MW	Yes - Letter: States that city is small and not financially able to hire additional staff.	No
Fellsmere, City of	Indian River	#2012-01: Due to the small office environment in which the City operates, and the heavy reliance on the Finance Director, oversight by the City Manager and the City Council is vital to ensuring proper control over the financial reporting process. (See PDF Page 80 of 83)	MW	Yes - Letter: Not likely to improve in the near future; E-mail received referred to city's response to FY 2011 audit report, stating that it "is self-explanatory."	No
Glen Saint Mary, Town of	Baker	#12-01: Because of the limited number of available accounting 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. (See PDF Page 39 of 40)	MW	Yes - Letter: Due to budget constraints and small size of Town and staff; Town Council gets copies of check registers each month to review.	No
Graceville, City of	Jackson	#2006-01: Custody of assets, recordkeeping, and recording of assets should be adequately separated; however, due to the City's size, proper separation of duties may not be feasible. (See PDF Page 48 of 54)	SD	Yes - "City will continue to operate w/ as much separation of duty as can be achieved w/ limited staff available."	No
		#2007-01: The City relies on the external auditor to assist with preparing and explaining financial statements in conformity with GAAP. (See PDF Page 48 of 54)	MW	Yes - Letter: "City currently has no plan of hiring additional staff or outside consulting due to budget constraints."	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Grand Ridge, Town of	Jackson	#11-01: Preparation of Financial Statements in Accordance with GAAP and Significant Adjustments: Financial statements that were generated as a by-product of the accounting system were submitted to the auditors by management. The auditors proposed certain material adjustments to these financial statements as a result of the audit, drafted the final financial statements, drafted the disclosures required by professional standards and submitted the draft to management for approval. (See PDF Page 46 of 50)	MW	Yes - Letter: States that it would be cost prohibitive to engage another accounting firm to draft financial statements and related disclosures.	No
Greensboro, Town of	Gadsden	#10-01: Preparation of Financial Statements in Accordance with GAAP and Significant Adjustments: 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. 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. (See PDF Pages 41-42 of 45)	MW	Yes - Letter: One-person clerical staff & limited resources; not able to hire staff with such expertise.	No
		#10-02: Separation of Duties: The same person within the accounting department handled cash and checks, posted receipts and disbursements to the general ledger, and prepared bank reconciliations. (See PDF Pages 41-42 of 45)	MW	Yes - Letter: One-person clerical staff & limited resources; some compensating controls.	No
Greenville, Town of	Madison	#10-01: Significant Adjustments and Preparation of Financial Statements: Financial statements that were generated as a by-product of the accounting system were submitted to the auditors by management. The auditors proposed certain material adjustments to these financial statements as a result of the audit, drafted the final financial statements, drafted the disclosures required by professional standards, and submitted the draft to management for approval. (See PDF Page 46 of 54)	MW	Yes - Letter: States that town cannot feasibly prepare or hire another firm to prepare financial statements due to limited funds and staff.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Greenwood, Town of	Jackson	#05-01: Separation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedures, was not adequate. This is due to the limited number of employees and certain incompatible duties being performed by the same employee. (See PDF Page 33 of 38)	MW	Yes - Letter: Small town – not feasible to hire additional staff; describes some procedures implemented to compensate.	No
		#07-01: Preparation of GAAP Based Financial Statements: 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. Management relies on an outside auditor to prepare their annual financial statements including the note disclosures. (See PDF Page 33 of 38)	MW	Yes - Letter: States that town doesn't have expertise or resources to prepare annual financial statements as required.	No
Hampton, City of	Bradford	#2010-1: Due to limited personnel, the City does not adequately separate the duties in the accounting department. (See PDF Pages 36 and 41 of 46; also see Revised Management Letter, PDF Page 2 of 4)	SD	Yes - Letter: Hired an independent accountant to perform bank reconciliations.	No
		#2010-2: The City does not have someone on staff to prepare the financial statements including disclosures in accordance with GAAP and to record complex adjustments resulting in a significant deficiency under professional standards. (See PDF Pages 36 and 41 of 46; also see Revised Management Letter, PDF Page 2 of 4)	SD	Yes - City reviewing budget items on a monthly basis; Management response to FY 2012 finding states that city acknowledges shortcoming, but believes this is most cost effective way to proceed.	No
Hastings, Town of	St. Johns	#12-1: Because of the limited number of available accounting 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. (See PDF Page 37 of 38)	MW	Yes - Letter: Due to limited staff, difficult to separate duties; have implemented some procedures to compensate.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Hastings, Town of (continued)	St. Johns	#12-2: As part of the audit process it was necessary for the auditors to assist with the preparation of the Town's financial statements, enabling the financial statements to be fairly presented in conformity with GAAP. (See PDF Page 37 of 38)	MW	Yes - Letter: Have evaluated cost/benefit and determined that, due to limited budget and staff, it's in town's best interest to outsource task to independent auditors.	No
Hilliard, Town of	Nassau	#2009-1: Preparation of Financial Statements – The Town does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including journal entries to report financial information in accordance with the Governmental Accounting Standards Board and including the related footnote disclosures. (See PDF Page 52 of 61)	MW	Yes - Letter: Describes procedures implemented to address internal controls issue; however, due to Town's small size, it was a cost-benefit decision to outsource services and rely on auditors' financial expertise rather than incurring internal resource cost to hire staff with such expertise.	No
Howey-in-the-Hills, Town of	Lake	#12-1: The auditors proposed material adjustments to the Town's financial statements. It was also necessary for the auditor to assist with the preparation of the financial statements and propose adjustments to those statements. (See PDF Page 51 of 53)	MW	Yes - Letter: Will continue to evaluate cost/benefit of adding staff; cannot financially commit at current time.	No
Inglis, Town of	Levy	#12-1: Because of the limited number of available accounting 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. (See PDF Page 40 of 42)	MW	Yes - Letter: Small town with one person performing accounting responsibilities; not cost beneficial to hire additional staff; have implemented review and oversight procedures where possible to compensate.	No
Interlachen, Town of	Putnam	#2007-01: Preparation of Financial Statements: A control deficiency exists in instances where the Town is not positioned to draft financial statements and all required disclosures. The situation exists with the Town of Interlachen. (See PDF Page 32 of 36)	SD	Yes - Letter: Town started using an accounting consultant re: various accounting related topics; will continue to look for additional mitigating procedures to address finding.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Jay, Town of	Santa Rosa	#07-1: Separation of Duties: The Town office/accounting staff is limited to two employees who are under the direction of the Town Clerk. The Town Clerk's office and Town Council have instituted procedures where they believe checks and balances exist to the greatest extent possible. (See PDF Page 38 of 42)	SD	Yes - Letter: Due to limited staff, may never be able to fully separate duties to eliminate finding; have implemented some procedures to compensate.	No
Jennings, Town of	Hamilton	#12-01: Inadequate separation of accounting duties among personnel. Certain functions are not separated 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. (See PDF Pages 71 and 74 of 75)	MW	Yes - Letter: Due to limited staff, may never be able to fully separate duties to eliminate finding; have implemented some procedures to compensate.	No
		#12-02: Inadequate design of internal controls over the preparation of financial statements in accordance with GAAP. There was no one on staff with the sufficient knowledge to prepare GAAP-based financial statements. Certain adjustments were required to be made to the accounting records subsequent to the start of the auditing process, and management requested the auditors to prepare a draft of the financial statements, including the related footnote disclosures. (See PDF Pages 72 and 74 of 75)	SD	Yes - Letter: Staff doesn't have sufficient knowledge to prepare GAAP-based financial statements; rely on assistance from external auditors.	No
Jupiter Inlet Colony, Town of	Palm Beach	#2004-1: Separation of Duties: There is insufficient separation of duties in the accounting department. 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. (See PDF Pages 39, 41 and 42 of 44)	SD	Yes - Letter: Small town; describes some procedures implemented to compensate.	No
LaBelle, City of	Hendry	#2009-1: Internal Controls Over Financial Reporting: The City does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Page 69 of 76)	MW	Yes - Letter: Due to limited resources and fiscal staffing, may never be able to fully resolve finding; auditors have helped staff learn how to calculate and create a majority of year-end adjustments needed for financial statements.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
LaCrosse, Town of	Alachua	#2010-1: Due to the limited personnel, the Town does not adequately separate the duties in the accounting department. (See PDF Pages 25 and 29 of 31)	SD	Yes - Letter: Due to limited staff and financial resources, may never be able to fully separate duties to eliminate finding; have implemented some procedures to compensate.	No
Lake Hamilton, Town of	Polk	#2009-1: There is a lack of separation of duties. Administrative personnel continue to perform conflicting duties due to a limited number of personnel. (See PDF Page 41 of 52)	MW	Yes - Letter: Due to limited staff and lack of funding - may never be able to fully separate duties to eliminate finding.	No
Lake Helen, City of	Volusia	#2008-01: Year-End Closing Procedures: The City has experienced delays in its accounting, financial closing and reporting processes. The lack of accounting staff contributes to delays in processing critical accounting information. The City has continued to experience significant delays in performing critical year-end closing procedures that are essential to both the City's financial reporting requirements and the related independent audit process. (See PDF Page 79 of 98)	MW	Yes - Letter: Seeking new finance manager; Partly due to limited finance staff; have trained an existing staff member to perform in a limited fiscal capacity in absence of finance manager – will continue to serve in back-up role as needed once new finance manager is hired.	No
		#2008-02: Cash Disbursements: The City's accounting systems, internal control environment and operating procedures and controls related to the cash disbursement functions are the sole responsibility of a single employee due to the limited number of staff available in the finance area. This condition causes the City to assume substantial additional risks from its lack of ability to appropriately delegate these essential control responsibilities to more than one individual to strengthen administrative oversight and to ensure significant independent review of these functions. (See PDF Pages 79 and 80 of 98)	MW	Yes - Letter: Seeking new finance manager; Due to limited staff and financial resources, not practical to hire additional staff; may never be able to fully separate duties to eliminate finding; will continue to assess use of existing staff or supplemental staffing to mitigate risk.	No

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Lake Helen, City of (continued)	Volusia	#2008-05: Managerial Oversight Function: Virtually all of the City's financial transactions are managed and recorded by a single person who is also responsible for maintaining the general ledgers and all subsidiary customer accounts. The City has established and implemented a new series of policies and procedures to manage and oversee the essential accounting requirements. In the process of developing and making these changes, the City's finance personnel faced a significant number of conflicting procedures and priorities, many of which resulted in a growing backlog of current transaction processing, lost and misplaced documentation, and frequent duplication of effort due to the lack of coordinated efforts and oversight. (See PDF Pages 79 and 82 of 98)	MW	Yes - Letter: Seeking new finance manager; Financial management oversight function is severely hampered due to lack of availability of trained finance personnel and resultant inability to separate various accounting functions and responsibilities; city will continue to assess current staffing to determine best means of developing an effective oversight system.	No
Lawtey, City of	Bradford	#2010-1: Due to limited personnel, the City does not adequately separate the duties in the accounting department. The same employee should not have access to both physical assets and the related account records. [Note: Also referred to as finding #2012-01 on p. 37 of 43] (See PDF Page 40 of 43)	SD	Yes - Letter: Due to limited personnel and limited financial resources, city doesn't have sufficient staff to adequately separate duties; have implemented some procedures to compensate.	No
		#2010-2: The organization does not have someone on staff to prepare the financial statements including disclosure in accordance with GAAP and to record complex adjustment resulting in a significant deficiency under professional standards. [Note: Also referred to as finding #2012-02 on p. 37 of 43] (See PDF Page 40 of 43)	SD	Yes - Letter: States that it would be a financial hardship to hire someone to perform such duties; current approach is most cost effective one for city.	No
Macclenny, City of	Baker	#12-1: Because of the limited number of available accounting 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. (See PDF Pages 48 and 53 of 57)	MW	Yes - Letter: Due to limited financial resources, city doesn't have sufficient staff to adequately separate duties; have implemented new financial software, as well as some procedures to compensate; may never be resolved due to limited staff.	No

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Macclenny, City of (continued)	Baker	#12-2: As part of the audit process, an external auditor assisted with the preparation of the financial statements and proposed material adjustments to the City's financial statements. (See PDF Pages 48 and 53 of 57)	MW	Yes - Letter: Will continue to train key personnel responsible for financial statement preparation; believe that new software implemented will make some adjustments easier for staff to prepare; may never be resolved due to limited staff.	No
Malone, Town of	Jackson	#04-01: Custody of assets, recordkeeping, and recording of assets should have adequate separation. Internal controls lack proper checks and balances due to the size of the Town. (See PDF Page 42 of 48)	SD	Yes - Letter: Due to small staff and limited resources; mayor and town council actively involved and will continue to be involved.	No
		# 07-1: The Town relies on the external auditors to assist with preparing and explaining financial statements in conformity with GAAP. (See PDF Page 42 of 48)	MW	Yes - Letter: Limited resources; not cost effective for them to prepare financial statements in accordance with generally accepted accounting principles (GAAP).	No
Marianna, City of	Jackson	#03-01: Separation of Duties: There is a lack of separation of duties between employees who have recordkeeping responsibilities and employees in custody of city assets. (See PDF Page 67 of 69)	SD	Yes - Letter: Due to financial pressures and lack of funding, cost/benefit ratio is far too great to employ more personnel to adequately separate duties; have implemented procedures to compensate; City will continue to initiate controls to mitigate lack of segregation.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Mary Esther, City of	Okaloosa	#2012-ML-01: Financial Reporting: Significant audit adjustments were necessary to prepare the annual financial statements. Although the City has designated a capable individual responsible for overseeing the financial statement process, currently, it is not adequately staffed to prepare external financial statements in accordance with GAAP without the assistance of an external auditor. (See PDF Page 88 of 89)	N/A	Yes - Letter: Finance director, hired in early 2008, completed degree in accounting in 2011, is working on CGFO, and continuing to gain knowledge re: preparation of financial statements; finding may never be completely resolved, though, due to complexity of government accounting/auditing profession.	No
Medley, Town of	Miami-Dade	#2012-01: Supervisory Review: Due to the small size of the entity, 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. Journal entries can be prepared, entered, and posted by one individual without review or approval. (See PDF Pages 62 and 65 of 67)	MW	Yes - Letter: Due to small size of finance department, not always practicable to have journal entries reviewed; have implemented some compensating controls.	No
Mexico Beach, City of	Bay	#12-01: Significant adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles. (See PDF Page 58 of 59)	MW	Yes - Letter: Management considers costs required to correct finding outweigh benefits.	No
		#12-02: Inadequate design of internal control over the preparation of the financial statements being audited gives rise to a significant deficiency in internal control. (See PDF Page 59 of 59)	MW	Yes - Letter: Management considers costs required to correct finding outweigh benefits.	No
Milton, City of	Santa Rosa	#2008-1: External Financial Reporting: The City designated a capable individual responsible for overseeing the financial statement process, it was noted that existing personnel did not currently have the technical background required, with respect to emerging governmental accounting standards, to produce its external financial statements. (See PDF Page 91 of 92)	N/A	Yes - Letter: City will continue to provide training to ensure staff is current on any new or changing standards that might impact City.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Monticello, City of	Jefferson	#12-01: Preparation of Financial Statements: The City is not positioned to draft the financial statements and all required disclosures in accordance with generally accepted accounting principles. The City relies on the external auditors to assist with preparing and explaining financial statements in conformity with GAAP. (See PDF Pages 46-47 of 49)	SD	Yes - Letter: No cost benefit for City to hire a CPA solely for purpose of drafting financial statements ahead of year-end audit procedures.	No
Moore Haven, City of	Glades	#2010-01: Financial Reporting Process: City management requested the external auditors to prepare a draft of the financial statements, including the related notes to the financial statements. (See PDF Pages 82 and 93 of 93)	MW	Yes - Letter: Due to limited resources, City feels it's cost prohibitive to hire an employee or consultant in order to resolve finding.	No
		#2010-02: Audit Adjustments: The external auditors proposed 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. (See PDF Pages 83 and 93 of 93)	MW	Yes - Letter: Due to limited resources, City feels it's cost prohibitive to hire an employee or consultant in order to resolve finding.	No
Newberry, City of	Alachua	#2011-02: Preparation of Financial Statements: The City does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. Management requested an independent accounting firm to prepare a draft of the financial statements, including journal entries and related footnote disclosures. (See PDF Pages 59-60 of 64)	SD	Yes - E-mail: Due to cost benefits of outsourcing and limited staff, management made decision to rely on auditors; Not expected to be corrected until financial statements can be done in-house.	No
Niceville, City of	Okaloosa	#2009-1: External Financial Reporting: The City's accounting staff lacks technical training on emerging governmental accounting standards. (See PDF Page 106 of 107)	N/A	Yes - Letter: Slow progress due to budgetary constraints; City has begun to formalize cross-training efforts; year-end financial statements process continues to improve; will continue to try to make progress to address finding.	No

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Oak Hill, City of	Volusia	#2009-02: Separation of Duties: Due to the limited number of staff working with the administrative and finance departments, many of the critical duties are combined and assigned to the available employees. Presently, a single individual performs the majority of the accounting functions. (See PDF Page 60 of 70)	SD	Yes - Letter: City doesn't have the ability to separate accounting functions due to limited staffing and financial resources; will continue to explore options to separate the important finance functions and duties to further strengthen internal controls.	No
Orchid, Town of	Indian River	#2009-02: Council Oversight and Separation of Duties: The Town lacks proper separation of duties in its accounting function due to the small office environment in which it operates. (See PDF Page 37 of 42)	N/A	Yes - Letter: Due to limited staff (2 full-time and 1 part-time), unlikely that finding will ever be fully resolved; describes procedures implemented to compensate.	No
Palm Beach Shores, Town of	Palm Beach	#2009-01: Separation of Duties: There is insufficient separation of duties in the accounting department. (See PDF Pages 45-47 of 49)	SD	Yes - Letter: Small size of staff limits options to separate duties; have implemented procedures to mitigate some of the inherent risk.	No
Panama City, City of	Bay	#2007-1: Separation of Duties – Panama City Downtown Improvement Board (component unit): Due to the limited number of people working in the Board office, many duties are combined and assigned to the available employees. (See PDF Page 193 of 195)	SD	Yes - Letter: Due to limited staff and funding, separation of duties will always be a concern; describes some procedures implemented to compensate.	No
Panama City Beach, City of	Bay	#12-01: Separation of Duties: The condition is the result of limited accounting staff and the responsibility of the finance director. 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. (See PDF Pages 84 and 89 of 93)	MW	Yes - Letter: Due to limited resources, separation of duties finding may never be fully resolved; describes some procedures implemented to compensate; considering adding another accounting position in next year's budget process.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Parker, City of	Bay	#12-01: Significant adjustments to the financial records were necessary in order for the financial statements to conform to GAAP. (See PDF Pages 49-50 of 50)	MW	Yes - Letter: Costs outweigh benefits; Not practical or feasible for City to invest in resources necessary to eliminate finding.	No
		#12-02: Inadequate design of internal control over the preparation of the financial statements being audited gives rise to a deficiency in internal control. (See PDF Page 50 of 50)	MW	Yes - Letter: Costs outweigh benefits; Not practical or feasible for City to invest in resources necessary to eliminate finding.	No
		#12-03: Separation of Duties: Separation of certain accounting and administrative duties among employees was not adequate to reduce the risk of fraud or misappropriation of assets to an acceptable level. (See PDF Page 50 of 50)	MW	Yes - Letter: Costs outweigh benefits; Due to small staff size, finding may never be completely eliminated; describes some procedures implemented to compensate.	No
Penny Farms, Town of	Clay	#2010-1: Financial Statement Preparation: Management's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Town's personnel from being able to prepare financial statements and note disclosures as required by those standards. [NOTE: Shown as Finding #2011-1 in original audit report, pp. 46-47 of 50; also see Revised Internal Controls Report, PDF Page 1-2 of 2]	SD	Yes - Letter: Due to small government; Expense to employ an accountant not justified at this time.	No
Pierson, Town of	Volusia	#2009-01: Financial Statement Preparation: Management requested the auditors to prepare a draft of the financial statements, including the related notes to the financial statements. (See PDF Page 36 of 41)	MW	Yes - E-mail: Limited staffing; Town Clerk does prepare financial reports for financial statements to be completed.	No
		#2009-02: Separation of Duties: The Town Clerk is responsible to all accounting functions. (See PDF Page 37 of 41)	MW	Yes - E-mail: Limited staffing; Difficult to separate duties since only 2 people in Town office; Chairman of Town Council now provided with monthly financial statements and bank statements for review.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Pomona Park, Town of	Putnam	#2009-IC-1: Separation of Duties: Because of the number of personnel in the financial department, there is a lack of separation of duties between employees that prepare the transaction and those that review the transaction. (See PDF Page 53 of 60)	SD	Yes - E-mail:E87 Due to small staff size, finding will most likely not be resolved for many years; letter attached describes some procedures implemented to compensate.	No
Ponce de Leon, Town of	Holmes	#05-02: Separation of Duties: The Town presently employees only one clerical employee. This individual's responsibilities include billing, collecting, receipting, depositing and recording all cash receipts. (See PDF Page 50 of 52)	MW	Yes - Letter: Town operates on a very limited budget and has only one clerical employee; Town Council reviews financial statements and bank reconciliations monthly; Chairman monitors all expenditures weekly.	No
		#07-04: Financial Statement Preparation: The Town lacked experience, background and knowledge of the GAAP standards. (See PDF Page 50 of 52)	MW	Yes - Letter: Town Council has been advised by external auditor of reporting requirements; trying to address issue, but for foreseeable future will continue to rely on external auditors to prepare financial statements.	No
Reddick, Town of	Marion	#IC2009-1: 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 GAAP. (See PDF Page 26 of 31)	MW	Yes - Letter: Town has only one part-time employee paid on a contract basis; does not have expertise or knowledge required to prepare financial statements and notes in accordance with generally accepted accounting principles (GAAP).	No

MW = material weakness (see 2. in Legend)
SD = significant deficiency (see 3. in Legend)

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Sea Ranch Lakes, Village of	Broward	#2006-1: Separation of Duties: The size of the Village's accounting and administrative staff precludes certain internal controls that would be preferred if the office were large enough to provide optimum separation of duties. (See PDF Page 35 of 35)	SD	Yes - Letter: Limited resources; Only full-time employee not serving as a police officer is Village Clerk; current Village Council President is a CPA, who has assumed responsibilities of addressing Village finances; describes some procedures implemented to compensate.	No
Sewall's Point, Town of	Martin	2011-1: Organizational Structure: 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 optimum separation of duties. The Town is in the process of receiving federal grant funds, oversight and internal controls are a significant part of monitoring these funds. (See PDF Pages 36-37 of 38)	N/A	Yes - Letter: Describes procedures implemented to compensate for Town's small size.	No
Sneads, Town of	Jackson	#07-1: The Town relies on the external auditors to assist with the preparing and explaining financial statements in conformity with GAAP. (See PDF Page 49 of 59)	MW	Yes - Letter: Limited resources; Costs still not in Town's budget capabilities to correct this problem.	No
Sopchoppy, City of	Wakulla	#12-01: Preparation of Financial Statements: The City relies on the external auditors to assist with the preparing and explaining financial statements in conformity with GAAP. (See PDF Pages 36-37 of 39)	SD	Yes - Letter: No cost benefit to City in hiring a CPA solely for purpose of drafting financial statements ahead of year-end audit procedures.	No
Wausau, Town of	Washington	#10-1: Separation of Duties: The Town presently employs only one part-time clerical employee. This individual's responsibilities include billing, collecting, receipting, depositing and recording all revenues. Additionally, she is also responsible for preparing and documenting all disbursements. (See PDF Page 40 of 42)	MW	Yes - Letter: Limited resources; this is and will be an ongoing situation; one-person operation; describes some procedures implemented to compensate.	No
		#10-2: Financial Statement Preparation: The Town's finance officer lacks the experience, background and knowledge of the GAAP standards to prepare the Town's financial statements including all note disclosures. (See PDF Page 41 of 42)	MW	Yes - Letter: Will continue to provide educational opportunities for employees to increase knowledge in areas that are lacking.	No

Municipalities

Local Governmental Entities That Failed to Take Full Corrective Action In Response to a Recommendation That Was Included in the 2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Municipality	County	Audit Finding	MW or SD?	Finding Reported Last Year? Comments (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Wewahitchka, City of	Gulf	#05-01: Separation of Duties: Separation of certain accounting and administrative duties among employees, was not considered feasible by the City because of its size and limited number of employees. [NOTE: Also shown as finding #2011-1.] (See PDF Page 54 of 58)	N/A	Yes - Letter: Lack of separation of duties still exists; City has implemented some policies and procedures to compensate, where feasible.	No
		#07-01: Deficiency Over Financial Reporting: The City has a very capable individual providing bookkeeping services; however, the City does not have an individual on staff with the accounting education experience to properly record more complex accounting transactions and prepare financial statements in accordance with GAAP. [NOTE: Also shown as finding #2011-2.] (See PDF Page 54 of 58)	SD	Yes - Letter: Small staff; will continue to request outside assistance needed in reporting more complex transactions.	No
Yankeetown, Town of	Levy	#12-1: Because of the limited number of available 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. (See PDF Page 36 of 37)	MW	Yes - Letter: Due to small size of Town; all accounting responsibilities are performed by one person; Town has adopted review and oversight procedures by management and Town Council, where possible, to compensate; not cost beneficial to hire additional staff needed to eliminate finding.	No

LEGEND:

- These audits have been conducted by private certified public accountants, as required by Section 218.39(1), Florida Statutes.
- 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 material misstatement of the entity's financial statements, or
 - 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.

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Alligator Point Water Resources District	Franklin	#10-01 Preparation of Financial Statements in Accordance with generally accepted accounting principles: Staff did not have sufficient knowledge of appropriate accounting principles to prepare the financial statements. (See PDF Page 20 of 23)	MW	Yes - Letter: Cost prohibitive for district to hire additional firm to draft financial statements and related notes in accordance with generally accepted accounting principles in advance of year-end audit procedures.	No
Argyle Fire District	Walton	#10-01 Financial Statement Preparation Knowledge: District's Finance Officer lacks the knowledge, experience, and background of the Government and Financial Accounting Standards "GFAS" to prepare the financial statements. (See PDF Pages 22-23 of 26)	MW	Yes - Letter: Small entity, volunteer fire dept.; cannot afford to hire a CPA to oversee financial business; bookkeeper has limited training, but it's sufficient for District's needs.	No
		#10-02 Accounts Payable: Timely accounting and recording of accounts payable is not maintained. (See PDF Page 23 of 26)	MW	Yes - Letter: Small entity, volunteer fire dept.; cannot afford to hire a CPA to oversee financial business; bookkeeper has limited training, but it's sufficient for District's needs.	No
Baker County Development Commission	Baker	#12-1: Inadequate separation of duties. Steps should be taken to separate employee duties so that no individual has access to both physical assets and related accounting records, or all phases of a transaction. (See PDF Page 26 of 27)	MW	Yes - Letter: Due to small staff size; describes controls added to compensate.	No
Baker County Hospital District	Baker	#12-1: Inadequate separation of duties. Steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or all phases of a transaction. (See PDF Page 23 of 24)	MW	Yes - Letter: Due to small staff size; describes controls added to compensate.	No
Beach Mosquito Control District	Bay	#2012-1: The size of the District'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. The Board of Commissioners should remain involved in the financial affairs of the District to provide oversight and independent review functions. (See PDF Pages 29-30 of 32)	SD	Yes - Letter: Limited staff and limited funds; Describes controls added to compensate.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Big Bend Water Authority	Dixie, Taylor	#12-1 Separation of duties: Steps should be taken to separate employee duties so that no individual has access to both physical assets and related accounting records, or all phases of a transaction. (See PDF Page 24 of 25)	MW	Yes - Letter: Small governmental entity; one person handles all accounting responsibilities; "have adopted review and control oversight procedures by management and the Board of Directors, where possible."	No
Bolles Drainage District	Hendry	#2011-1: The District does not have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Page 23 of 26)	MW	Yes - Letter: Not a sound business decision to acquire the necessary expertise due to cost; simple operation that performs very limited activities.	No
Buckhead Ridge Mosquito Control District	Glades	#ML2009-1 Improve Knowledge of Internal Control over Financial Reporting: The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements. (See PDF Page 18 of 20)	SD	Yes - Letter: Small district with limited resources; don't anticipate receiving any additional funding that would allow hiring additional staff.	No
Cedar Key Special Water & Sewer District	Levy	#12-1: Inadequate separation of duties. Steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or all phases of a transaction. (See PDF Page 22 of 23)	MW	Yes - Letter: Small district; one person handles all accounting responsibilities; "have adopted review and control oversight procedures by management and the Board of Directors, where possible."	No
Children's Services Council of Okeechobee County	Okeechobee	#2009-1 Financial Statement Preparation: The Council's accounting and financial reporting is handled by employees that don't have the training to record transactions and prepare financial statements in accordance with generally accepted accounting principles. (See PDF Page 25 of 30)	MW	Yes - Letter: Limited staff; believe majority of funds should be used for children's programs rather than adult staff.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Children's Services Council of Okeechobee County (continued)	Okeechobee	#2009-2 Lack of Separation of Duties: The Council has two individuals on staff, both on a part-time basis. Accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum separation of duties. (See PDF Page 25 of 30)	SD	Yes - Letter: Due to limited staff; describes controls added to compensate.	No
City-County Public Works Authority	Glades	#2010-01 Separation of Duties: The Authority does not have adequate separation of the accounting functions due to limited personnel. If additional separation is not feasible, the auditors recommend that Authority management implement oversight procedures to ensure the internal control policies and procedures are being followed by staff. (See PDF Pages 18 and 24 of 25)	MW	Yes - Letter: Too cost prohibitive to hire additional personnel just to achieve proper separation of duties within accounting functions.	No
		#2010-02 Audit Adjustments: It was necessary for the auditors to propose audit adjustments to revise the Authority's books at fiscal year-end. (See PDF Pages 18 and 24 of 25)	MW	Yes - Letter: Long tenured staff in accounting dept., but no one with CPA or governmental financial reporting training; too cost prohibitive to hire employee or consultant to prepare year-end adjusting entries in appropriate format.	No
		#2010-03 Financial Reporting Process: Management requested the auditors to prepare a draft of the financial statements, including the related notes. (See PDF Pages 19 and 24 of 25)	MW	Yes - Letter: Long tenured staff in accounting dept., but no one with CPA or governmental financial reporting training; too cost prohibitive to hire employee or consultant to prepare financial statements in appropriate format.	No
Delta Farms Water Control District	Indian River	#2011-IC-1: Separation of Duties: There is an inadequate separation of duties; the District utilizes one staff person who is responsible for the majority of all accounting functions. (See PDF Page 26 of 27; also see Revised Internal Controls Report and Management Response, PDF Page 3 of 7)	SD	Yes - Letter: Due to limited staff, finding may never be fully resolved; have implemented some procedures to compensate.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Disston Island Conservancy District	Glades, Hendry	#2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement of Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Page 23 of 28)	MW	Yes - Letter: Governing board has determined that cost is not a sound business decision to acquire necessary expertise.	No
Dog Island Conservation District	Franklin	#2009-1 Separation of Duties: The District does not have adequate separation of duties and responsibilities over financial reporting. (See PDF Page 23 of 26)	SD	Yes - Letter: District has no employees; Changes to be made as of May 2013 bank statement; Describes some procedures to be implemented to compensate.	No
East Niceville Fire District	Okaloosa	#12-01: It was necessary for the auditors to propose audit adjustments that dealt with cutoff issues for recording items of revenue and expense in the proper accounting period. These adjustments involved year end accruals for prepaid expenses and accrued liabilities. (See PDF Pages 29-30 of 31)	MW	Yes - Letter: Due to limited resources, District does not have financial capacity to hire any employees at this time.	No
		#12-02: The District's accounting and financial reporting is handled by employees that don't have the training or knowledge to record transactions and prepare financial statements; the District must rely on the auditors to assist in preparing its annual financial statements in accordance with generally accepted accounting principles. (See PDF Pages 29-30 of 31)	MW	Yes - Letter: Due to limited resources, District does not have financial capacity to hire any employees at this time.	No
Escambia County Health Facilities Authority	Escambia	#2005-1 Separation of Duties: There is a lack of separation of duties as one individual performs both custodial and recording functions. To mitigate this, the Authority uses an external accountant to provide financial monitoring and oversight. (See PDF Pages 22 and 24 of 25)	SD	Yes - Letter: One full-time employee; not financially feasible to hire another employee to eliminate this finding; describe procedures implemented to compensate.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Fellsmere Water Control District	Indian River	#2009-1 Separation of Duties: The limited size of the District's staff does not allow for proper separation of duties in each phase of operations. (See PDF Pages 27-28 of 29)	SD	Yes - Letter: Due to limited budget; not possible to hire another employee to eliminate this finding; describe procedures implemented to compensate.	No
Flaghole Drainage District	Glades, Hendry	#2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Pages 23-24 of 26)	M+D28 W	Yes - Letter: Governing board has determined that, due to cost, it is not a sound business decision to acquire necessary expertise.	No
Flagler Estates Road and Water Control District	St. Johns	#12-1 Separation of Duties: Steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or all phases of a transaction. (See PDF Page 32 of 33)	MW	Yes - Letter: Due to limited staff, not always possible to adequately separate duties; have contracted with accounting firm to perform monthly oversight of financial records.	No
		#12-2 Preparation of Financial Statements: It was necessary for the auditors to propose material adjustments to the District's financial statements in order for them to be in compliance with generally accepted accounting principles. (See PDF Page 32 of 33)	MW	Yes - Letter: Board, in conjunction with treasurer (accounting firm), have discussed ramifications of implementing procedures to correct condition and determined that continuing to utilize auditors for this task to be in the best interest of District.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Fred R. Wilson Memorial Law Library	Seminole	<u>Item 1</u> Improve Knowledge of Internal Control over Financial Reporting: The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements. The basis for this control issue is that the auditors cannot be considered part of the Library's internal control. (See PDF Page 18 of 19)	N/A	Yes - Letter: Library has a CPA firm that prepares quarterly financial statements, opens bank statements, and starting in Jan. 2013, reviews all bank statements, revenue, and expenditures monthly; no need to train accounting staff, hire additional staff, etc. to prepare financial statements when all of this is being accomplished by CPA firm employed by Library.	No
		<u>Item 2</u> Internal Control: One person has the primary responsibility for most of the financial administration and financial duties. As a result, many of those aspects of internal control which rely upon an adequate separation of duties are missing in the Library. (See PDF Page 18 of 19)	N/A	Yes - Letter: Only two employees; Library not large enough to make employment of additional people cost effective; describes involvement of Board members.	No
Gladeview Water Control District	Palm Beach	<u>#2011-1</u> Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Pages 24-25 of 29)	MW	Yes - Letter: Governing board has determined that, due to cost, it is not a sound business decision to acquire necessary expertise.	No
Hendry Soil and Water Conservation District	Hendry	<u>#2011-1</u> Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Pages 20-21 of 23)	MW	Yes - Letter: Governing board has determined that, due to cost, it is not a sound business decision to acquire necessary expertise.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Hendry-Hilliard Water Control District	Hendry	#2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Pages 24-25 of 27)	MW	Yes - Letter: Governing board has determined that, due to cost, it is not a sound business decision to acquire necessary expertise.	No
Highland Glades Water Control District	Palm Beach	#2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Pages 22-23 of 25)	MW	Yes - Letter: Governing board has determined that, due to cost, it is not a sound business decision to acquire necessary expertise.	No
Housing Finance Authority of Lee County	Lee	#2010-01 Financial Reporting Process: Management requested the auditors to prepare a draft of the financial statements, including the related notes to the financial statement due to a limited number of personnel. (See PDF Pages 20 & 24 of 25)	MW	Yes - Letter: No paid staff; trying to control costs; determination made that cost of hiring and retaining professional staff qualified to prepare financial statements is not warranted.	No
		#2010-02 Audit Adjustments: It was necessary for the auditors to propose audit adjustments to revise the Authority's books at year end; this was due to a limited number of personnel. (See PDF Pages 20 & 24 of 25)	MW	Yes - Letter: Accounting firm hired to assist with books and records will also assist in reducing or minimalizing any necessary material adjustments.	No
Housing Finance Authority of St. Johns County	St. Johns	#12-1 Preparation of Financial Statements: It was necessary for the auditors to propose material adjustments to the Authority's financial statements. It was also necessary for the auditor to assist in the preparation of the financial statements. (See PDF Page 25 of 26)	MW	Yes - Letter: In best interest of Authority to continue to outsource task to auditors, due to additional cost that it would have to incur to resolve finding.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Indian River Farms Water Control District	Indian River	2009-1 Separation of Duties: There is an inadequate separation of duties in each phase of operations due to the limited size of the District's staff. (See PDF Page 27 of 28)	SD	Yes - Letter: Not able to hire additional staff needed to resolve finding due to limited resources; Board involvement has been increased to compensate.	No
Jupiter Inlet District	Palm Beach	#2009-01 Separation of Duties: There is an inadequate 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 Pages 31 and 34 of 36)	SD	Yes - Letter: Due to small size of District; describes some procedures implemented to compensate.	No
Lakeland Downtown Development Authority	Polk	#2010-1 Internal Control: There is a lack of separation of duties in the Authority's accounting functions. (See PDF Pages 32 and 39 of 41)	SD	Yes - Letter: Size of Authority precludes certain controls preferred for optimum separation of duties; Board continues to remain involved in financial affairs to provide oversight and independent review functions to compensate.	No
Lealman Special Fire Control District	Pinellas	#2009-01 - Audit Adjustments Necessary to Convert from the Modified Cash Basis to Accrual Basis of Accounting: The District records activity on the modified cash basis of accounting and relies upon the auditors to record transactions necessary to report at year-end on the accrual basis of accounting. (See PDF Pages 59-60 of 62)	MW	Yes - Letter: Board considered cost-benefit and determined it would be too cost prohibitive to undertake such services in-house; decided to continue to outsource task to auditors.	No
		#2009-02 - Financial Reporting Process: It was necessary for the auditors to prepare a draft of the financial statements, including the related note disclosures. (See PDF Pages 59-60 of 62)	SD	Yes - Letter: Board considered cost-benefit and determined it would be too cost prohibitive to undertake such services in-house; decided to continue to outsource task to auditors.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Levy Soil and Water Conservation District	Levy	#09-01 Separation of Duties: There is an inadequate separation of duties as the District only has one employee; it is not always possible to adequately separate certain incompatible duties such as access to both the physical assets and the related accounting records. (See PDF Page 21 of 23)	N/A	Yes - Letter: Due to size of office, number of employees, and limited funding.	No
Marion County Law Library	Marion	#2012-1 Separation of Duties: There is an inadequate separation of duties. One employee, the librarian, handles all of the accounting and currently is not able to prepare the financial reports in accordance with generally accepted accounting principles. Accounting records were not adjusted or analyzed on a regular basis which meant misstatements were not detected. (See PDF Page 21 of 22)	MW	Yes - Letter: Small entity; describes background of Library and compensating controls implemented.	No
Municipal Service District of Ponte Vedra Beach	St. Johns	#12-1 There is an inadequate segregation of duties. The District has a limited number of available personnel, and it is not always possible to adequately separate 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. (See PDF Page 28 of 28)	MW	Yes - Letter: Due to limited number of financial staff, not always possible to separate duties; have done so to extent possible.	No
		#12-2: It was necessary for the auditors to assist with the preparation of the District's financial statements, in order for the statements to be fairly presented in conformity with generally accepted accounting principles. (See PDF Page 28 of 28)	MW	Yes – Letter: Evaluated cost-benefit and determined that it is in the best interest of District to outsource this task to auditors.	No
North Okaloosa County Fire District	Okaloosa	#2012-01 Separation of Duties: The District has a limited number of available personnel and it is not always possible to adequately separate 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. (See PDF Page 36 of 36)	MW	Yes - Letter: Due to small size of District; costs to correct deficiency outweighs benefit; describes some procedures implemented to compensate.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
North Palm Beach Heights Water Control District	Palm Beach	#2009-01 Separation of Duties: There is insufficient separation of duties in the accounting department. Steps should be taken to separate employee duties so that no individual has access to both physical assets and related accounting records, or all phases of a transaction. (See PDF Page 39 of 41)	N/A	Yes - Letter: District has no employees; describes some procedures implemented to compensate, including outside CPA who prepares monthly bank reconciliations and records all transactions into general ledger.	No
North St. Lucie River Water Control District	St. Lucie	#MI2009-1 Lack of Separation of Duties: 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. (See PDF Page 25 of 28)	SD	Yes - Letter: Small district with limited resources; no funding to hire additional staff; have implemented some controls to compensate.	No
		#MI2009-2 Improve Knowledge of Internal Control Over Financial Reporting: The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements. (See PDF Page 25 of 28)	SD	Yes - Letter: Small district with limited resources; no funding to hire additional staff to resolve finding.	No
Northwest Florida Transportation Corridor Authority	Bay, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa, Wakulla, Walton	#12-01: Significant adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles. (See PDF Page 28 of 28)	MW	Yes - Letter: Not considered practical or economically feasible for Authority to invest in the substantial resources necessary to produce financial statements that require no proposed audit adjustments. Such resources would include additional accounting staff, investment in software, and continuing education for staff.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Northwest Florida Transportation Corridor Authority (continued)	Bay, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa, Wakulla, Walton	#12-02: Inadequate design of internal control over the preparation of the financial statements being audited gives rise to a significant deficiency in internal control. Auditors assist with the preparation of the financial statements. (See PDF Page 28 of 28)	MW	Yes - Letter: Authority does not feel that, in near future, benefits derived from investing resources necessary for Authority to prepare financial statements would outweigh cost of such resources. [Also, see comment for #12-01.]	No
Ocean City / Wright Fire Control District	Okaloosa	#IC2007-01 Preparation of Financial Statements in Accordance to Generally Accepted Accounting Principles: It is necessary for the auditors to propose significant adjustments and to prepare the financial statements as the District's staff lacks the knowledge. (See PDF Page 45 of 47)	MW	Yes - Letter: Small district w/ limited financial resources; not possible to employ a CPA on staff to prepare financial statements, so function has been outsourced to external auditor.	No
Okeechobee Soil and Water Conservation District	Okeechobee	#2009-1 Lack of Separation of Duties: There is an inadequate separation of duties. The District has only one individual who works within the accounting function. The possibility exists that unintentional errors or irregularities could exist and not be promptly detected. (See PDF Pages 37 and 40 of 41)	SD	Yes - Letter: Only one employee handles accounting; Board remains active and reviews all transactions; describes some procedures implemented to compensate.	No
		#2009-2 Financial Statements: The District does not have personnel with sufficient technical knowledge and training to prepare financial statements in accordance with generally accepted accounting principles. (See PDF Pages 38 and 40 of 41)	MW	Yes - Letter: Due to number of responsibilities that employee has, it is not realistic to obtain training in generally accepted accounting principles; District doesn't feel it is a proper use of funds to engage an accountant for training or review of auditor-prepared financial statements.	No
Plantation Acres Improvement District	Broward	#2009-1 Separation of Duties: There is an inadequate separation of duties. (See PDF Page 32 of 32)	N/A	Yes - Letter: Describes procedures implemented to compensate, including involvement of Board.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Quincy-Gadsden Airport Authority	Gadsden	#2008-1 Separation of Duties: There is a lack of separation of duties. The Authority does not currently have any full-time employees. Separation of all incompatible duties is not currently feasible. (See PDF Pages 33 and 35 of 39)	MW	Yes - Letter: Due to nature and size of Authority, there is only one administrative employee; have outsourced various responsibilities as described in letter; which is most practicable solution to issue.	No
Ritta Drainage District	Hendry, Palm Beach	#2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Pages 23-24 of 26)	MW	Yes - Letter: Governing board has determined that, due to cost, it is not a sound business decision to acquire necessary expertise.	No
San Carlos Estates Water Control District	Lee	#2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Pages 27-28 of 30)	MW	Yes - Letter: Governing board has determined that, due to cost, it is not a sound business decision to acquire necessary expertise.	No
Sanibel Fire & Rescue District	Lee	#2010-01 Financial Reporting Process: District management requested the auditors to prepare a draft of the financial statements, including related notes to the financial statements. (See PDF Pages 34 and 39 of 40)	MW	Yes - Letter: Long tenured staff in accounting dept., but no one with CPA or governmental financial reporting training; too cost prohibitive to hire employee or consultant to prepare financial statements in appropriate format.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Sanibel Fire & Rescue District (continued)	Lee	#2010-02 Audit Adjustments: It was necessary for the auditors to propose adjustments to revise the District's books at year-end, since the District did not properly reconcile some accounts and, therefore, amounts were incorrectly recorded. Also, the District relies on the auditors to help make certain entries at year end. (See PDF Pages 34 and 39 of 40)	MW	Yes - Letter: Limited number of staff in accounting dept.; make every effort to properly record activities of District and reduce number of audit entries on annual basis; considering hiring a consultant to prepare financial statements in proper format if funds are available in coming budget year.	No
Sebastian River Improvement District	Indian River	#2011-IC-1: Separation of Duties: There is an inadequate separation of duties. The District utilizes one contracted administrative person who is responsible for the majority of all accounting functions. (See PDF Pages 23 and 25 of 26; also see Revised Internal Controls Report and Management Letter, PDF Page 3 of 6)	SD	Yes - Letter: May never be fully resolved due to limited staff; have implemented some procedures to compensate.	No
Seminole County Port Authority	Seminole	Item 1 Separation of Duties: There is an inadequate separation of duties. Only one person has the primary responsibility for most of the accounting and financial duties. (See PDF Page 24 of 25)	N/A	Yes - Letter: Due to limited staff – one executive secretary/treasurer and one executive director; Board and management have decided from a cost/benefit analysis that it isn't practical to expend funds to employ additional personnel to correct deficiency; describes procedures implemented to compensate.	No
		Item 2 Improve Knowledge of Internal Control over Financial Reporting: The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements. (See PDF Page 24 of 25)	N/A	Yes - Letter: Board and management have decided from a cost/benefit analysis that it isn't practical to expend funds to employ additional personnel to correct deficiency; only benefit to Authority to have such internal expertise would be to remove this finding.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Shawano Water Control District	Palm Beach	#2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Pages 25-26 of 28)	MW	Yes - Letter: Governing board has determined that, due to cost, it is not a sound business decision to acquire necessary expertise.	No
South Seminole and North Orange County Wastewater Transmission Authority	Orange, Seminole	Finding 1. Improve Knowledge of Internal Control over Financial Reporting: The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements. (See PDF Page 55 of 56)	SD	Yes - Letter: Have evaluated cost vs benefit of resolving finding and determined that it's in the best interest of Authority to outsource this task to auditors.	No
		Finding 2. Separation of Duties: 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 separation of duties. (See PDF Page 55 of 56)	SD	Yes - Letter: Due to small staff (two people) and fiscal constraints, Authority cannot hire additional personnel to further separate duties; have implemented some procedures to compensate.	No
Spring Lake Improvement District	Highlands	#2008-1 Lack of Separation of Duties: The size of the District'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. (See PDF Page 41 of 45)	SD	Yes - Letter: Due to limited staff; describes procedures implemented to compensate.	No
		#2009-2 Financial Statements: The District does not have personnel with sufficient technical knowledge and training to prepare financial statements in accordance with generally accepted accounting principles. (See PDF Page 41 of 45)	MW	Yes - Letter: Due to limited staff; describes procedures implemented to address issue, including having staff attend the Florida Government Finance Officers Association's School of Government Finance annually for training and Governmental Accounting Standards Board updates.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
St. Augustine Port, Waterway and Beach District	St. Johns	<u>12-1</u> : The District has a limited number of available personnel to adequately separate certain incompatible duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 26 of 27)	MW	Yes - Letter: Small district with no full-time administrative staff; have implemented some procedures to compensate.	No
St. Johns Improvement District	Indian River	<u>#2011-IC-1</u> : Separation of Duties: The District utilizes one staff person who is responsible for the majority of all accounting functions. (See PDF Page 30 of 34)	SD	Yes - Letter: May never be fully resolved due to limited staff; have implemented some procedures to compensate.	No
Sugarland Drainage District	Glades, Hendry	<u>#2011-1</u> Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). (See PDF Pages 23-24 of 26)	MW	Yes - Letter: Governing board has determined that, due to cost, it is not a sound business decision to acquire necessary expertise.	No
Suwannee Water and Sewer District	Dixie	<u>#12-1</u> : The District has a limited number of available 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. (See PDF Page 22 of 24)	MW	Yes - Letter: Very small entity with limited number of employees; Board members involved as another layer of accountability; describes some procedures implemented to compensate.	No
		<u>#12-3</u> : The auditors proposed material adjustments to the District's financial statements. It was also necessary for the auditors to assist with the preparation of the District's financial statements. (See PDF Page 22 of 24)	MW	Yes - Letter: Very small entity with limited number of employees; District continues to improve skills of all employees through job training and encourages all employees to improve skills with other forms of formal education and training.	No
Trailer Estates Fire Control District	Manatee	<u>#IC 2009-01</u> : The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply generally accepted accounting principles in preparing its financial statements. (See PDF Pages 19 and 21 of 23)	MW	Yes - Letter: Determined to be in the best interest of District to outsource task to auditors.	No

Special Districts
Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the
2011-12 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

Special District	County	Audit Finding	MW or SD?	Finding Reported Last Year? COMMENTS (relating to Response to 2013 JLAC letter on FY 2010-11 findings)	Recommend Requiring a Written Response This Year?
Upper Captiva Fire Protection and Rescue Service District	Lee	#2010-01 Financial Reporting Process: Due to the limited number of personnel, District management requested the auditors to prepare a draft of the financial statements, including related noted to the financial statements. (See PDF Pages 27 and 32 of 33)	MW	Yes - Letter: District has hired a professional bookkeeper to assist.	No
		#2010-02 Audit Adjustments: The auditors proposed audit adjustments to revise the District'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. In addition, it was noted that entries were necessary to record prior year audit adjustments that were not made to the District's accounting records. (See PDF Pages 27 and 32 of 33)	MW	Yes - Letter: District has hired a professional bookkeeper to assist.	No

LEGEND:

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

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

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

For example, a deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis.

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

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

STATE COLLEGE AND UNIVERSITY THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT
 WAS INCLUDED IN THE 2011-12 FISCAL YEAR OPERATIONAL AUDIT REPORT
 AND THE TWO PRECEDING OPERATIONAL AUDIT REPORTS

<u>COLLEGE / UNIVERSITY</u>	<u>REPORT NUMBERS</u>	<u>FINDING NUMBER(S)</u>
Palm Beach State College	2013-036	6, 7
	2011-035	2, 3
	2009-033	4, 9
University of Florida	2013-027	7
	2012-072	7
	2010-078	7

DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT
 WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT
 AND THE TWO PRECEDING AUDIT REPORTS

<u>DISTRICT SCHOOL BOARDS</u>	<u>REPORT NUMBERS</u>	<u>FINDING NUMBER(S)</u>
Baker	<u>2013-079,</u> <u>pg. 55</u>	Financial 1
	<u>2012-112</u>	Financial 2
	<u>2011-113</u>	Financial 3
Bay	<u>CPA Firm FY</u> <u>2011-12, pg. 78</u>	12-1, 12-5
	<u>2012-157</u>	Financial 1,8
	<u>2011-138</u>	Financial 1,5
Bradford	<u>2013-084,</u> <u>pg. 55</u>	Financial 1,4,5,6,8,9,10
	<u>2012-137</u>	Financial 1,3,5,2,4,6,7
	<u>2011-120</u>	Financial 3,7,9,6,8, 10,11
Brevard	<u>2013-135, pg. 5</u>	Operational 4,7
	<u>2011-060</u>	Operational 2,7
	<u>2008-090</u>	Financial 7,4
Broward	<u>2013-160,</u> <u>pg. 92</u>	Financial 4,5,8, 9 (Repeated 2010-183, Nos. 7, 6, 10, and 11),10 (Repeated CPA Firm FY 2010-11, No. 2010-1), and 14 (Repeated CPA Firm FY 2010-11, No. 07-7)
	<u>CPA Firm FY</u> <u>2010-11</u>	2010-1, 07-7
	<u>CPA Firm FY</u> <u>2009-10</u>	2010-1, 2010-4,
	<u>2010-183</u>	Financial 7,6,10,11
	<u>2007-164R</u>	Financial 10,11,2,6
Calhoun	<u>2013-077,</u> <u>pg. 55</u>	Financial 1
	<u>2012-034</u>	Financial 2
	<u>2011-048</u>	Financial 2

DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT
 WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT
 AND THE TWO PRECEDING AUDIT REPORTS

Citrus	2013-164, pg. 68	Financial 1
	2012-152	Financial 1
	2011-140	Financial 2
Clay	2013-156, pg. 68	Financial 7,11,13
	2011-142	Financial 4,7,8
	2010-143	Financial 2,3,4
Columbia	2013-136, pg. 64	Financial 2
	2012-051	Financial 2
	2011-112	Financial 2
Dixie	2013-115, pg. 54	Financial 4
	2012-128	Financial 3
	2011-131	Financial 6
Flagler	2013-142, pg. 64	Financial 1,3
	2012-165	Financial 2,3
	2011-123	Financial 3,6
Franklin	2013-159, pg. 53	Financial 1,6,9
	2012-134	Financial 1,5,6
	2011-137	Financial 1,5,8
Gadsden	2013-167, pg. 53	Financial 2,3,4,6
	2012-149	Financial 2,3,6,8
	2011-163	Financial 6,7,12,13
Glades	2013-127, pg. 53	Financial 4
	2012-093	Financial 3 (Combined and repeated 2011-092, Nos. 6, 7, and 8)
	2011-092	Financial 6,7,8

DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT
WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT
AND THE TWO PRECEDING AUDIT REPORTS

Gulf	2013-048, pg. 55	Financial 1, 4
	2012-039	Financial 2,3
	2011-067	Financial 2,4

Hamilton	2013-147, pg. 52	Financial 2
	2012-108	Financial 6
	2011-090	Financial 4

Hardee	2013-165, pg. 59	Financial 2
	2012-089	Financial 2
	2011-115	Financial 2

Hendry	2013-131, pg. 61	Financial 1
	2012-158	Financial 3
	2011-091	Financial 4

Hernando	2013-044, pg. 12	Operational 9
	2011-034	Operational 5
	2010-036	Operational 1

Highlands	2013-168, pg. 63	Financial 1
	2012-117	Financial 3
	2011-145	Financial 3

Holmes	2013-132, pg. 59	Financial 1
	2012-141	Financial 2
	2011-147	Financial 3

Indian River	2013-050, pg. 3	Operational 1,3,4
	2012-036	Operational 2,6,9
	2011-055	Operational 3,8,11

Jackson	2013-130, pg. 58	Financial 1,3
	2012-080	Financial 1,4
	2011-160	Financial 1,4

DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT
 WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT
 AND THE TWO PRECEDING AUDIT REPORTS

Jefferson	2013-154, pg. 53	Financial 1,7,8,9,10,11,12, Federal 1,3
	2012-168	Financial 1,4,6,7,9,8,11, Federal 6,5
	2011-154	Financial 1,6,10,9, 13, 12,11 , Federal 3,2

Lafayette	2013-096, pg. 54	Financial 5
	2012-109	Financial 5
	2011-100	Financial 3

Lake	CPA Firm FY 2011-12, pg. 190	2008-04
	2012-077	Operational 3
	CPA Firm FY 2009-10	Management Letter 1

Leon	CPA Firm FY 2011-12, pg. 81	12-07
	2012-136	Financial 2
	CPA Firm FY 2009-10	10-6

Levy	2013-141, pg. 58	Financial 3
	2012-118	Financial 2
	2011-096	Financial 2

Liberty	2013-146, pg. 55	Financial 3,7
	2012-079	Financial 3,4
	2011-121	Financial 2,4

Madison	2013-140, pg. 56	Financial 1
	2012-094	Financial 1
	2011-093	Financial 1

DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT
 WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT
 AND THE TWO PRECEDING AUDIT REPORTS

Manatee	CPA Firm FY 2011-12, pg. 208	12-1, Federal 12-10
	CPA Firm FY 2010-11	11-01 (Repeated 2011-050, No. 9), Federal 11-03
	2011-050	Operational 9
	2011-119	Federal 1
Martin	2013-040, pg. 3	Operational 1,3
	2012-029	Operational 2,4
	2011-056	Operational 2,3
Miami-Dade	2013-108, pg. 7	Operational 4
	2011-099	Operational 14
	2008-158	Financial 14
Monroe	2013-170, pg. 80	Financial 1,6,9,10,12, Federal 4
	2012-170	Financial 1,13,12,11,10, Federal 2
	2011-170	Financial 1,14,13,2,11,Federal 2
Okeechobee	2013-148, pg. 51	Financial 1
	2012-140	Financial 1
	2011-143	Financial 1
Palm Beach	CPA Firm FY 2011-12, pg. 240	2010-04 (Repeated CPA Firm 2010-11, No. 2010-04), 2011-04 (Repeated CPA Firm 2010-11, No. 2011-04), 2012-02 (Repeated CPA Firm 2010-11, No.2010-04), 2012-03 (Repeated CPA Firm 2010-11, No.2010-03)
	CPA Firm FY 2010-11	2010-04, 2011-04, 2010-03
	2011-168	Financial 10,12,11

DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT
 WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT
 AND THE TWO PRECEDING AUDIT REPORTS

Pinellas	CPA Firm FY 2011-12, pgs.69 and 74	IC2010-1, Repeat 22
	2012-150	Financial 2, 22
	CPA Firm FY 2009-10	2010-1, Risk Assessment

Polk	2013-071, pg. 12	Operational 11 (Repeated 2010-171, No. 12), 15 (Repeated CPA Firm FY 2010-11, No. 2011-03)
	CPA Firm FY 2010-11	2011-03 (Repeated 2010-171, No. 14)
	2010-171	Financial 12 (Repeated 2007-157, No. 2),14
	2007-157	Financial 2

Putnam	2013-166, pg. 65	Financial 1,3,6,12
	2012-167	Financial 2,3,6,11
	2011-162	Financial 2,5,4,7

Santa Rosa	CPA Firm FY 2011-12, pg. 65	IC2009-1
	CPA Firm FY 2010-11	IC2009-1
	2011-133	1

Sarasota	2013-068, pg. 12	Operational 10 (Repeated 2010-044, No. 8), 11 (Repeated 2010-044, No. 8),13 (Repeated 2010-044, No. 9)
	2010-044	Operational 8,9
	2007-030	Operational 7,6

DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT
WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT
AND THE TWO PRECEDING AUDIT REPORTS

Seminole	CPA Firm FY 2011-12, pg. 226	Repeat 4 and 7
	2012-053	Operational 4 and 7
	CPA Firm FY 2009-10	2010-4 and 2010-6
St. Lucie	2013-171, pg. 72	Financial 4
	2010-182	Financial 3
	2007-154	Financial 6
Suwannee	2013-119, pg. 54	Federal 1
	2012-107	Federal 1
	2011-132	Federal 1
Taylor	2013-129, pg. 56	Financial 1,2
	2012-163	Financial 6,8
	2011-161	Financial 8,6
Union	2013-162, pg. 56	Financial 5
	2012-097	Financial 4
	2011-148	Financial 2
Volusia	2013-039, pg. 7	Operational 5 (Repeated CPA Firm 2010-11, Finding No. 2011-4), 6 (Repeated CPA Firm Finding No. 2011-3)
	CPA Firm FY 2010-11	2011-4 (Repeated CPA Firm 2009-10, No.3), 2011-3 (Repeated 2010-059, No.4)
	CPA Firm FY 2009-10	3
	2010-059	4
Wakulla	2013-169, pg. 57	Financial 1,3,5
	2012-148	Financial 3,6,7
	2011-146	Financial 4,2,8

DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT
 WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT
 AND THE TWO PRECEDING AUDIT REPORTS

Walton	2013-137, pg. 53	Financial 1
	2012-127	Financial 2
	2011-066	Financial 3
Washington	2013-120, pg. 66	Financial 2,9
	2012-154	Financial 2,7
	2011-144	Financial 3,6

CHARTER SCHOOLS THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Charter School	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Academie Da Vinci Charter School	Records Management	2012-1	25	No
Academy of Environmental Science	Separation of Duties	12-1	32	No
Advanced Learning Charter School	Separation of Duties	2010-1	35	Yes
Archimedean Academy	Cash Controls	2008-1	35	No
ASPIRA Eugenio Maria De Hostos Youth Leadership Charter School	Records Management	2010-1	18	No
ASPIRA Raul Arnaldo Martinez Charter School	Records Management	2010-1	19	No
ASPIRA South Youth Leadership Charter School	Records Management	2010-1	19	No
Bay Haven Charter Academy Elementary School	Records Management	12-1	27	No
	Policies and Procedures	12-2	28	
Bay Haven Charter Academy Middle School	Records Management	12-1	27	No
	Policies and Procedures	12-2	28	
Beulah Academy of Science	Separation of Duties	08-1	7	No
	Budget Administration	09-2	8	
Byrneville Elementary School	Separation of Duties	10-01	27	No
Caring & Sharing Learning School	Budget Administration	12-1	35	No
	Other Expenditures	12-2	35	
Crossroad Academy Charter School	Miscellaneous	2012-01	12	No
Escambia Charter School	Separation of Duties	2009-1	6	No
	Policies and Procedures	2009-5	7	
Excel Leadership Academy	Charter Contract Compliance	2012-01	28	Yes
Healthy Learning Academy	Separation of Duties	12-1	30	No
Henry McNeal Turner Learning Academy	Fixed Assets	2010-1	27	No
Hoggetowne Middle School	Records Management	10-01	23	No
	Charter School Board Meetings	10-02	23	
International School of Broward	Fixed Assets	2010-3	31	Yes
Mater Gardens Academy	Records Management	ML 2012-01	34	Yes
Micanopy Area Cooperative School	Records Management	10-01	24	No
	Cash Controls	10-02	24	
New Dimensions High School	Budget Administration	10-1	41	No
Oakland Avenue Charter School	Payroll and Personnel	09-2	36	No
Pinellas Preparatory Academy	Separation of Duties	1	28	No

CHARTER SCHOOLS THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Charter School	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Rise Academy School of Science and Technology	Fixed Assets	2010-3	30	Yes
Rise Academy School of Science and Technology II	Fixed Assets	2010-3	30	Yes
Sarasota Military Academy	Budget Administration	10-03	38	No
Sarasota School of Arts and Sciences	Records Management	12-01	31	No
Sebastian Charter Junior High	Separation of Duties	2009-1	26	Yes
The School of Arts and Sciences Foundation	Miscellaneous	2010-1	35	Yes
The Seaside School	Miscellaneous	2009-01	40	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 2011-12 fiscal year audit report that should also be viewed.

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2010-11 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
SPECIAL DISTRICTS				
Aqua Isles Community Development District	Financial Reporting	2011-01	27	No
Eastpoint Water and Sewer District	Seperation of Duties	11-01	33	No
	General Accounting Records	11-02	33	No
	Financial Reporting	11-03	33	No
Oakmont Grove Community Development District (3)	Debt Administration	11-01	36	No
	Debt Administration	11-02	37	No
MUNICIPALITIES				
Springfield, City of	General Accounting Records	11-01	51	No
	Financial Reporting	11-02	51	No
	Cash	11-03	51	No
	General Accounting Records	11-04	52	No
	Budget Administration	11-05	52	No
	General Accounting Records	11-06	52	No
	General Accounting Records	11-07	53	No
	Fixed Assets	11-08	53	No
	General Accounting Records	11-09	54	No
	Purchasing/Contract Management	11-10	54	No
	Seperation of Duties	11-11	54	No
	General Accounting Records	11-12	55	No
	General Accounting Records	11-13	55	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 2010-11 fiscal year audit report that should also be viewed.
 - (3) As of July 22, 2013, Oakmont Grove Community Development District is now named Solterra Resort Community Development District

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
COUNTIES					
Baker County	Board of County Commissioners	Seperation of Duties	12-1	61	No
	Board of County Commissioners	Financial Reporting	12-2	61	
	Clerk of the Circuit Court	Seperation of Duties	12-1	87	
	Property Appraiser	Seperation of Duties	12-1	159	
	Supervisor of Election	Seperation of Duties	12-1	179	
	Sheriff	Seperation of Duties	12-1	116	
	Sheriff	Fixed Assets	12-2	116	
	Sheriff	Financial Reporting	12-3	116	
	Tax Collector	Seperation of Duties	12-1	139	
Bradford County	Board of County Commissioners	Purchasing/Contract Management	ML 2009-1	75	No
	Clerk of the Circuit Court	Seperation of Duties	2009-1	105	
	Property Appraiser	Seperation of Duties	2009-1	179	
	Sheriff	Seperation of Duties	2009-1	136	
	Sheriff	Cash	ML 2010-1	137	
	Tax Collector	Seperation of Duties	2009-1	158	
Brevard County	Board of County Commissioners	Purchasing/Contract Management	10-01	160	No
	Clerk of the Circuit Court	Revenues/Collections	08-02	247	
	Clerk of the Circuit Court	Other Control Deficiencies and Noncompliance	08-03	248	
	Clerk of the Circuit Court	Other Control Deficiencies and Noncompliance	08-05	250	
	Clerk of the Circuit Court	Financial Reporting	10-03	245	
Broward County	Board of County Commissioners	Information Technology	2011-5	159 (Part 1)	No
Calhoun County	Property Appraiser	Seperation of Duties	04-01	70	No
	Supervisor of Election	Seperation of Duties	04-01	70	
	Sheriff	Seperation of Duties	04-02	70	
	Tax Collector	Seperation of Duties	04-02	70	
	Tax Collector	Revenues/Collections	06-02	197	
Charlotte County	Board of County Commissioners	Information Technology	12-01	131	No
Citrus County	Board of County Commissioners	Fund Equity	MLO 2010-01	191	No
	Clerk of the Circuit Court	Revenues/Collections	11-2	219	
Dixie County	Board of County Commissioners	Financial Reporting	12-1	65	No
	Board of County Commissioners	Travel	12-2	65	
	Board of County Commissioners	Payroll and Personnel Administration	12-3	65	
	Board of County Commissioners	Fixed Assets	12-4	66	
	Clerk of the Circuit Court	Seperation of Duties	12-1	97	
	Clerk of the Circuit Court	Cash	12-2	97	
	Clerk of the Circuit Court	Policies and Procedures	12-4	97	
	Supervisor of Election	Seperation of Duties	12-1	187	
	Supervisor of Election	General Accounting Records	12-2	187	
	Sheriff	Revenues/Collections	12-1	128	
	Sheriff	General Accounting Records	12-2	128	
	Sheriff	Financial Reporting	12-3	128	

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Franklin County	Board of County Commissioners	General Accounting Records	12-01	80	No
	Board of County Commissioners	Financial Reporting	12-02	80	
	Clerk of the Circuit Court	Seperation of Duties	12-01	109	
	Clerk of the Circuit Court	Financial Reporting	12-02	109	
	Property Appraiser	Seperation of Duties	12-01	185	
	Property Appraiser	General Accounting Records	12-02	185	
	Property Appraiser	Financial Reporting	12-03	185	
	Supervisor of Election	Seperation of Duties	12-01	207	
	Supervisor of Election	General Accounting Records	12-02	207	
	Supervisor of Election	Financial Reporting	12-03	207	
	Sheriff	Seperation of Duties	12-01	138	
	Sheriff	General Accounting Records	12-02	138	
	Sheriff	Financial Reporting	12-03	138	
	Sheriff	Budget Administration	12-04	138	
Tax Collector	Seperation of Duties	12-01	163		
Tax Collector	General Accounting Records	12-02	163		
Tax Collector	Financial Reporting	12-03	163		
Gadsden County	Board of County Commissioners	General Accounting Records	2010-1	76	No
	Board of County Commissioners	Seperation of Duties	2010-2	76	
	Board of County Commissioners	Information Technology	ML 2010-2	78	
	Sheriff	Information Technology	2010-2	149	
Gilchrist County	Board of County Commissioners	Seperation of Duties	12-1	60	No
	Board of County Commissioners	Financial Reporting	12-2	61	
	Supervisor of Election	Financial Reporting	12-1	178	
	Sheriff	General Accounting Records	12-1	117	
	Sheriff	Seperation of Duties	12-2	117	
Glades County	Board of County Commissioners	General Accounting Records	2010-01	69	No
	Board of County Commissioners	Policies and Procedures	2010-04	70	
	Clerk of the Circuit Court	Distribution of Funds	ML 2010-01	105	
	Clerk of the Circuit Court	Other Control Deficiencies and Noncompliance	ML 2010-03	106	
	Sheriff	Federal Awards	2011-05	74	
Gulf County	Property Appraiser	Seperation of Duties	12-01	205	No
	Supervisor of Election	Seperation of Duties	12-01	227	
	Sheriff	Seperation of Duties	12-01	158	
	Tax Collector	Seperation of Duties	12-01	184	
Hardee County	Supervisor of Election	Seperation of Duties	2002-03	265	No
	Supervisor of Election	Financial Reporting	2007-01	263	
	Supervisor of Election	Travel	2009-07	266	
	Supervisor of Election	Payroll and Personnel Administration	2010-08	267	
	Sheriff	Seperation of Duties	2009-01	201	
	Sheriff	Financial Reporting	2009-02	202	
	Sheriff	General Accounting Records	2009-03	202	
	Sheriff	Information Technology	2009-04	203	
Tax Collector	Seperation of Duties	2009-01	226		

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Holmes County	Board of County Commissioners	General Accounting Records	01-2	82	No
	Board of County Commissioners	Fixed Assets	06-1	82	
	Board of County Commissioners	Financial Reporting	10-01	75	
	Board of County Commissioners	General Accounting Records	10-02	76	
	Board of County Commissioners	Payroll and Personnel Administration	10-03	76	
	Board of County Commissioners	Revenues/Collections	10-10	82	
	Board of County Commissioners	Revenues/Collections	10-11	83	
	Board of County Commissioners	Revenues/Collections	10-11	83	
	Board of County Commissioners	Fixed Assets	11-04	77	
	Clerk of the Circuit Court	Financial Reporting	10-01	111	
	Property Appraiser	Financial Reporting	10-01	129	
	Supervisor of Election	Financial Reporting	10-01	173	
	Sheriff	Seperation of Duties	10-01	196	
	Sheriff	Financial Reporting	10-02	197	
Tax Collector	Financial Reporting	10-01	153		
Jackson County	Board of County Commissioners	Revenues/Collections	ML 06-01	149	No
	Board of County Commissioners	Purchasing/Contract Management	ML 06-02	149	
	Board of County Commissioners	Travel	ML 06-03	149	
	Board of County Commissioners	Policies and Procedures	ML 06-04	150	
	Board of County Commissioners	Debt Administration	ML 10-01	150	
	Property Appraiser	Seperation of Duties	PA06-01	196	
	Sheriff	Seperation of Duties	SH06-01	221	
Tax Collector	Seperation of Duties	TC06-01	265		
Jefferson County	Board of County Commissioners	Seperation of Duties	2008-1	62	No
	Board of County Commissioners	Financial Reporting	2008-2	63	
	Clerk of the Circuit Court	Seperation of Duties	2008-1	62	
	Clerk of the Circuit Court	Financial Reporting	2008-2	63	
	Property Appraiser	Seperation of Duties	2008-1	62	
	Property Appraiser	Financial Reporting	2008-2	63	
	Supervisor of Election	Seperation of Duties	2008-1	62	
	Supervisor of Election	Financial Reporting	2008-2	63	
	Sheriff	Seperation of Duties	2008-1	62	
	Sheriff	Financial Reporting	2008-2	63	
	Tax Collector	Seperation of Duties	2008-1	62	
	Tax Collector	Financial Reporting	2008-2	63	
	Tax Collector	Distribution of Funds	2009-1	63	
Lake County	Clerk of the Circuit Court	Other Control Deficiencies and Noncompliance	10-1	266	No
Lee County	Property Appraiser	General Accounting Records	2012-02	57 (Part 2)	Yes
Leon County	Clerk of the Circuit Court	Other Control Deficiencies and Noncompliance	12-01	192	No
Levy County	Board of County Commissioners	Financial Reporting	12-1	74	No
	Board of County Commissioners	Federal Aards	12-2	74	
	Board of County Commissioners	State Financial Assistance	12-3	74	
	Clerk of the Circuit Court	Financial Reporting	12-1	102	
	Supervisor of Election	Seperation of Duties	12-1	191	
	Supervisor of Election	Financial Reporting	12-2	191	
	Sheriff	Seperation of Duties	12-1	129	
	Tax Collector	Financial Reporting	12-1	153	

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Liberty County	Board of County Commissioners	General Accounting Records	01-3	79	No
	Board of County Commissioners	Fixed Assets	2009-1	78	
	Sheriff	Policies and Procedures	10-1	106	
Martin County	Board of County Commissioners	Information Technology	2011-1	405	Yes
	Board of County Commissioners	Information Technology	2011-2	405	
	Board of County Commissioners	Information Technology	2011-3	406	
Nassau County	Sheriff	Seperation of Duties	2009 IC-1	226	No
	Sheriff	Cash	2009 ML-1	227	
Okeechobee County	Board of County Commissioners	Revenues/Collections	2009-04	150	No
Osceola County	Clerk of the Circuit Court	Information Technology	10-01	29 (Part 2)	No
	Clerk of the Circuit Court	Other Control Deficiencies and Noncompliance	10-02	29 (Part 2)	
Putnam County	Clerk of the Circuit Court	Other Control Deficiencies and Noncompliance	12-1	183	No
	Supervisor of Election	Seperation of Duties	12-1	273	
	Supervisor of Election	Financial Reporting	12-2	273	
	Sheriff	Financial Reporting	12-1	210	
Union County	Property Appraiser	Seperation of Duties	12-01	161	No
	Supervisor of Election	Seperation of Duties	12-01	179	
Washington County	Board of County Commissioners	Fixed Assets	97-01	70	No
	Board of County Commissioners	Fixed Assets	03-01	70	
	Board of County Commissioners	Seperation of Duties	05-01	71	
	Board of County Commissioners	General Accounting Records	ML 05-01	152	
	Board of County Commissioners	Expenditures/Expenses	ML 05-02	82	
	Board of County Commissioners	Purchasing/Contract Management	ML 05-03	82	
	Board of County Commissioners	Financial Reporting	07-01	71	
	Board of County Commissioners	General Accounting Records	09-03	72	
	Board of County Commissioners	Revenues/Collections	09-04	72	
	Board of County Commissioners	Federal Awards	10-01	79	
	Clerk of the Circuit Court	Seperation of Duties	CC03-03	73	
	Clerk of the Circuit Court	Financial Reporting	CC07-09	73	
	Property Appraiser	Seperation of Duties	PA03-03	74	
	Property Appraiser	Financial Reporting	PA07-11	74	
	Supervisor of Election	Seperation of Duties	SE03-03	75	
	Supervisor of Election	Financial Reporting	SE07-12	75	
	Sheriff	Seperation of Duties	SH03-01	74	
	Sheriff	Financial Reporting	SH07-10	75	
	Tax Collector	Seperation of Duties	TC03-03	76	
	Tax Collector	Revenues/Collections	ML 05-01	82	
Tax Collector	Financial Reporting	TC07-13	76		

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
SPECIAL DISTRICTS					
Aberdeen Community Development District		Debt Administration	12-01	38	No
		Debt Administration	12-02	38	
Alligator Point Water Resources District		Financial Reporting	10-01	20	No
Amelia Concourse Community Development District		Debt Administration	2012-01	32	No
		Financial Condition	2012-02	32	
Argyle Fire Control District		Financial Reporting	10-01	22	No
		Expenditures/Expenses	10-02	23	
Arlington Ridge Community Development District		Debt Administration	2012-01	29	No
		Financial Condition	2012-02	29	
Bainbridge Community Development District		Debt Administration	IC2010-01	30	No
Baker County Development Commission		Seperation of Duties	12-1	26	No
Baker County Hospital District		Seperation of Duties	12-1	23	No
Baker Fire District		Fixed Assets	12-01	25	No
		Financial Reporting	12-02	25	
		Financial Reporting	12-03	26	
		Financial Reporting	12-04	27	
		Cash	12-05	27	
Barefoot Bay Recreation District		Revenues/Collections	07-04	35	No
Bayshore Gardens Park and Recreation District		General Accounting Records	2012-01	30	No
Beach Mosquito Control District		Seperation of Duties	2012-1	30	No
Belmont Community Development District		Debt Administration	2012-01	31	No
		Debt Administration	2012-02	31	
Big Bend Water Authority		Seperation of Duties	12-1	24	No
Boca Raton Airport Authority		Seperation of Duties	IC 2012-01	32	No
		Payroll and Personnel Administration	IC 2012-02	34	
Bolles Drainage District		Financial Reporting	2011-1	23	No
Buckhead Ridge Mosquito Control District		Financial Reporting	ML2009-1	18	No
Captiva Island Fire Control District		Financial Reporting	2010-01	35	No
Cedar Key Special Water & Sewer District		Seperation of Duties	12-1	22	No
		Fixed Assets	12-2	22	
Central Community Redevelopment Agency (CU)		Seperation of Duties	2012-3	28	No
		General Accounting Records	2012-4	28	
		Expenditures/Expenses	2012-5	29	
		Seperation of Duties	2012-6	29	
CFM Community Development District		Debt Administration	IC2010-1	30	No
ChampionsGate Community Development District		Debt Administration	2012-01	28	No
Chapel Creek Community Development District		Debt Administration	12-01	35	No
		Debt Administration	12-02	35	
		Financial Reporting	12-03	34	
		Expenditures/Expenses	12-05	36	
Children's Services Council of Okeechobee County		Financial Reporting	2009-1	25	No
		Fund Equity	ML 09-1	29	
		Seperation of Duties	2009-2	25	
		Purchasing/CFund Equityntract Management	2010-3	26	

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
City-County Public Works Authority		Seperation of Duties	2010-01	18	No
		General Accounting Records	2010-02	18	
		Policies and Procedures	ML 2010-02	22	
		Financial Reporting	2010-03	19	
Clearwater Cay Community Development District		Debt Administration	IC2009-1	29	No
Concorde Estates Community Development District		Debt Administration	12-02	36	No
Connerton West Community Development District		Debt Administration	12-01	37	No
		Debt Administration	12-02	37	
Creeside Community Development District		Debt Administration	2012-01	29	No
		Financial Condition	2012-02	29	
Crossings At Fleming Island CDD, The		Debt Administration	2010-01	40	Yes
		Financial Condition	2012-01	42	
Daytona Beach Racing & Recreational Facilities District		Policies and Procedures	2010-01	30	No
Delta Farms Water Control District		Seperation of Duties	2011-IC-1	24	Yes
Disston Island Conservancy District		Financial Reporting	2011-1	23	No
		Revenues/Collections	2011-2	25	
Dog Island Conservation District		Seperation of Duties	2009-1	23	No
East Naples Fire Control And Rescue District		General Accounting Records	2010-2	42	No
East Niceville Fire District		General Accounting Records	12-01	29	No
		Financial Reporting	12-02	29	
East Park Community Development District		Debt Administration	2012-01	31	Yes
Emerald Coast Utilities Authority		Information Technology	2012-1	115	Yes
Escambia Health Facilities Authority		Seperation of Duties	2005-1	22	No
Escambia-Pensacola Human Relations Commission		Other Control Deficiencies and Noncompliance	2011-A	26	Yes
		Seperation of Duties	2012-1	23	
Estates at Cherry Lake Community Development District		Debt Administration	12-01	33	No
		Debt Administration	12-02	33	
Fellsmere Water Control District		Seperation of Duties	2009-1	27	No
Flaghole Drainage District		Financial Reporting	2011-1	23	No
Flagler Estates Road & Water Control District		Seperation of Duties	12-1	32	No
		Financial Reporting	12-2	32	
Forest Creek Community Development District		Fund Equity	2007-01	30	No
Fred R. Wilson Memorial Law Library (CU)		Financial Reporting	Item 1	18	No
		Seperation of Duties	Item 2	18	
Gainesville-Alachua County Regional Airport Authority		General Accounting Records	ML 2010-1	46	No
Gladeview Water Control District		Financial Reporting	2011-1	24	No
Golden Gate Fire Control & Rescue District		Financial Reporting	Significant Deficiency 1	50	No
		Policies and Procedures	General Comment 1	50	
		Cash	General Comment 2	51	
		Policies and Procedures	General Comment 3	51	
		Policies and Procedures	General Comment 4	52	
		Policies and Procedures	General Comment 5	52	
		General Accounting Records	General Comment 6	52	
		General Accounting Records	General Comment 7	53	
		Fixed Assets	General Comment 8	53	
		Fixed Assets	General Comment 9	54	
	Fund Equity	General Comment 10	54		

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Gramercy Farms Community Development District		Debt Administration	2012-03	32	No
		Financial Condition	2012-04	33	
		Debt Administration	2012-05	33	
Grand Bay at Doral Community Development District		Debt Administration	2010-01	2 of Revised ML	Yes
		Debt Administration	2010-01	2 of Revised ML	
Greater Lakes/Sawgrass Bay Community Development District		Debt Administration	2012-01	31	No
		Financial Condition	2012-02	31	
Hardee County Industrial Development Authority		Financial Reporting	2009-01	29	No
		General Accounting Records	2009-05	30	
Hendry County Hospital Authority		General Accounting Records	2011-01	39	Yes
Hendry Soil & Water Conservation District (CU)		Financial Reporting	2011-1	20	No
Hendry-Hilliard Water Control District		Financial Reporting	2011-1	24	No
Heritage Isles Community Development District		Financial Condition	2009-01	44	No
Highland Glades Water Control District		Financial Reporting	2011-1	22	No
Highland Meadows Community Development District		Debt Administration	2012-1	34	No
Highlands Soil & Water Conservation District		Financial Reporting	2010-1	30	No
Hillsborough Transit Authority		Payroll and Personnel Administration	10-1	94	No
		Fixed Assets	10-3	95	
Homosassa Special Water District		Debt Administration	ML 12-1	42	No
		Revenues/Collections	ML 12-2	42	
Housing Finance Authority of Lee County		Financial Reporting	2010-01	20	No
		General Accounting Records	2010-02	20	
Housing Finance Authority of St. Johns County		Financial Reporting	12-1	25	No
Immokalee Fire Control District		Policies and Procedures	2008-6	52	No
Indian River Farms Water Control District		Seperation of Duties	2009-1	26	No
Jacksonville Transportation Authority		Fixed Assets	ML 2010-01	74	No
Jupiter Inlet District		Seperation of Duties	2009-01	31	No
Lakeland Downtown Development Authority		Seperation of Duties	2010-1	39	No
Lakeside Landings Community Development District		Financial Condition	2012-02	29	No
		Debt Administration	2012-03	29	
Lakeside Plantation Community Development District		Debt Administration	ML2007-1	30	No
Landmark at Doral Community Development District		Debt Administration	2010-01	33	No
Lealman Special Fire Control District		General Accounting Records	2009-01	59	No
		Financial Reporting	2009-02	59	
Lee Memorial Health System		Information Technology	3	9	Yes
Leon County Educational Facilities Authority		Debt Administration	2009-01	31	No
		General Accounting Records	2010-01	29	
		Debt Administration	2010-02	29	
Levy Soil & Water Conservation District		Seperation of Duties	09-01	21	No
Madeira Community Development District		Debt Administration	2012-01	30	No
		Financial Condition	2012-02	30	
Magnolia Creek Community Development District		Debt Administration	12-01	36	No
		Debt Administration	12-02	36	
Marion County Law Library		Seperation of Duties	2012-1	21	No
Matlacha and Pine Island Fire Control District		Financial Reporting	2010-01	37	No
		Payroll and Personnel Administration	ML 2010-01	39	
		General Accounting Records	2010-02	37	

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Meadow Pointe IV Community Development District		Debt Administration	12-01	41	No
		Debt Administration	12-02	41	
Mediterranea Community Development District		Debt Administration	IC2010-01	30	No
Miami-Dade County Industrial Development Authority		Financial Condition	2011-01	4 of ML	No
Miami-Dade Expressway Authority		Policies and Procedures	ML-2010-01	99	No
Montecito Community Development District		Debt Administration	2012-02	31	No
		Financial Condition	2012-03	31	
Municipal Service District of Ponte Vedra Beach		Seperation of Duties	12-1	28	No
		Financial Reporting	12-2	28	
Naturewalk Community Development District		Debt Administration	12-01	36	No
New Port - Tampa Bay Community Development District		Debt Administration	IC2009-1	30	No
North Okaloosa County Fire District		Seperation of Duties	2012-01	36	No
North Palm Beach Heights Water Control District		Seperation of Duties	2009-01	39	No
		Budget Administration	2012-01	39	
North St. Lucie River Water Control District		Seperation of Duties	ML 2009-1	25	No
		Financial Reporting	ML 2009-2	25	
Northwest Florida Transportation Corridor Authority		General Accounting Records	12-01	28	No
		Financial Reporting	12-02	28	
Ocean City/Wright Fire Control District		Financial Reporting	IC2007-01	45	No
Okeechobee Soil & Water Conservation District		Seperation of Duties	2009-1	37	No
		Financial Reporting	2009-2	38	
		General Accounting Records	ML 10-1	40	
Palatka Gas Authority		Financial Reporting	12-1	20	No
Palm River Community Development District		Debt Administration	2012-01	34	No
		Debt Administration	2012-02	34	
		Debt Administration	2012-03	35	
Parrish Fire Control District		General Accounting Records	2010-1	31	No
Pine Island Community Development District		Debt Administration	12-01	39	No
		Debt Administration	12-02	39	
Plantation Acres Improvement District		Seperation of Duties	2009-1	32	No
Polk Transit Authority		Policies and Procedures	2009-1	20	No
Portofino Isles Community Development District		Financial Condition	2012-02	31	No
		Debt Administration	2012-03	32	
Portofino Landings Community Development District		Debt Administration	2012-01	30	No
		Financial Condition	2012-02	30	
Portofino Vista Community Development District		Debt Administration	2012-02	29	No
		Financial Condition	2012-03	29	
Quincy-Gadsden Airport Authority		Seperation of Duties	2008-01	35	No
Reunion East Community Development District		Debt Administration	12-01	36	No
Ritta Drainage District		Financial Reporting	2011-1	23	No
River Glen Community Development District		Debt Administration	12-01	35	No
		Debt Administration	12-02	35	
River Place on the St. Lucie Community Development District		Debt Administration	ML-12-01	34	No
Riverwood Estates Community Development District		Debt Administration	12-01	36	No
		Debt Administration	12-02	36	
San Carlos Estates Water Control District		Financial Reporting	2011-1	27	No

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Sanibel Fire and Rescue District		Financial Reporting	2010-01	34	No
		General Accounting Records	2010-02	34	
Sebastian River Improvement District		Seperation of Duties	2011-IC-1	23	Yes
Seminole County Port Authority		Seperation of Duties	Item 1	24	No
		Financial Reporting	Item 2	24	
Shawano Water Control District		Financial Reporting	2011-1	25	No
Shingle Creek Community Development District		Debt Administration	IC2009-1	29	No
South Dade Soil & Water Conservation District		Seperation of Duties	2006-2	30	No
		General Accounting Records	2007-1	28	
		Fixed Assets	2007-2	29	
		General Accounting Records	2007-5	30	
		General Accounting Records	2009-03	26	
South Seminole & North Orange County Wastewater Transmission Authority		Financial Reporting	1	55	No
		Seperation of Duties	2	55	
Southern Hills Plantation I Community Development District		Budget Administration	12-01	34	Yes
Southern Hills Plantation II Community Development District		Debt Administration	2012-01	29	No
Spring Lake Improvement District		Seperation of Duties	2008-1	41	No
		Financial Reporting	2009-2	41	
Spring Ridge Community Development District		Financial Condition	2009-01	29	No
		Debt Administration	2009-02	29	
		Fixed Assets	2010-01	29	
		Debt Administration	2010-05	30	
St. Augustine Port, Waterway And Beach District		Seperation of Duties	12-1	26	No
St. Johns Improvement District		Seperation of Duties	2011-IC-1	30	No
St. Lucie West Services District		General Accounting Records	2012-1	45	No
		Fixed Assets	2012-2	45	
Sterling Hill Community Development District		Financial Reporting	2012-01	32	No
		Debt Administration	2012-03	32	
		Debt Administration	2012-04	33	
Stoneybrook Community Development District		Financial Condition	2012-01	34	No
		Debt Administration	2012-02	34	
Stoneybrook South Community Development District		Debt Administration	IC2010-1	29	No
Sugarland Drainage District		Financial Reporting	2011-1	23	No
Sun'n Lake of Sebring Improvement District		Fund Equity	2012-02	55	No
		Financial Condition	2012-03	56	
Suwannee Water and Sewer District		Seperation of Duties	12-1	22	No
		Fixed Assets	12-2	22	
		General Accounting Records	12-3	22	
Taylor County Development Authority		Fixed Assets	2012-01	32	No
		General Accounting Records	2012-02	32	
		Budget Administration	2012-03	33	
		Investments	2012-04	33	
Tern Bay Community Development District		Debt Administration	IC2009-01	30	No
Trailer Estates Fire Control District		Financial Reporting	IC 2009-01	19	No
Trailer Estates Park & Recreation District		General Accounting Records	2012-01	31	No
Trails Community Development District		Financial Condition	2009-03	30	No
		Debt Administration	2009-04	31	
		Debt Administration	2010-05	31	

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Treeline Preserve Community Development District		Financial Condition	2012-01	28	No
		Debt Administration	2012-02	28	
Twelve Oaks Special District		Budget Administration	2009-1	34	No
Upper Captiva Fire Protection & Rescue Service District		Financial Reporting	2010-01	27	No
		General Accounting Records	2010-02	27	
		Expenditures/Expenses	2010-04	28	
Villa Vizcaya Community Development District		Debt Administration	2012-03	29	No
		Financial Condition	2012-04	30	
Waterford Estates Community Development District		Debt Administration	IC2009-01	29	No
Waterlefe Community Development District (Manatee Co.)		Debt Administration	IC2010-01	39	No
Waterstone Community Development District		Budget Administration	2012-02	30	No
		Debt Administration	2012-03	30	
		Financial Condition	2012-04	31	
		Debt Administration	2012-05	31	
West Orange Healthcare District		Financial Reporting	2010-01	28	Yes
West Palm Beach Downtown Development Authority		Cash	2010-3	36	No
Westgate/Belvedere Homes Community Redevelopment Agency		Financial Reporting	2008-5	57	No
		Revenues/Collections	2008-7	59	
Withlacoochee Regional Water Supply Authority		Seperation of Duties	2010-1	21	Yes
Woodlands Community Development District, The		Financial Condition	2012-01	28	No
		Debt Administration	2012-02	28	
Wyld Palms Community Development District		Debt Administration	IC 2009-1	29	No

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
MUNICIPALITIES					
Altha, Town of		General Accounting Records	2009-01	36	No
		Seperation of Duties	2009-02	36	
		Cash	2009-03	37	
		General Accounting Records	2009-04	37	
		Fixed Assets	2009-05	37	
		Financial Reporting	2009-06	38	
		Revenues/Collections	2010-07	38	
		Budget Administration	2009-01	43	
		Information Technology	2009-02	44	
	Budget Administration	2009-03	44		
Anna Maria, City Of		Revenues/Collections	2009-1	32	No
Apalachicola, City of		Budget Administration	12-01	59	No
		Seperation of Duties	12-02	59	
		General Accounting Records	12-03	59	
		Financial Reporting	12-04	59	
Bal Harbour Village, Town of		Federal Awards	2011-02	119	Yes
Baldwin, Town of		Financial Reporting	ML 07-1	51	Yes
Belle Glade, City of		Purchasing/Contract Management	2008-01	140	No
		State Financial Assistance	2008-03	141	
		Purchasing/Contract Management	2008-05	144	
Belle Isle, City Of		General Accounting Records	ML 12-1	98	Yes
		Financial Reporting	ML 12-3	93	
Blountstown, City Of		Seperation of Duties	06-01	65	No
		Financial Reporting	07-01	65	
Bonifay, City of		Financial Reporting	10-01	53	No
		Financial Condition	10-03	56	
		Revenues/Collections	10-04	57	
		Fixed Assets	10-05	57	
Bowling Green, City Of		General Accounting Records	12-01	54	Yes
Bradenton Beach, City of		Seperation of Duties	2010-1	38	No
		General Accounting Records	2010-2	39	
Branford, Town of		Financial Reporting	2010-1	51	No
Bristol, City Of		Financial Reporting	11-01	44	No
Bronson, City Of		Seperation of Duties	2009-1	31	No
		Fixed Assets	ML 2009-1	32	
		Policies and Procedures	ML 2009-3	33	
		Fund Equity	ML 2009-4	33	
Brooker, Town Of		Seperation of Duties	2010-1	32	No
		Financial Reporting	2010-2	33	
Bushnell, City Of		Seperation of Duties	2008-2	106	Yes
		Financial Condition	2011-1	112	
		Financial Condition	2011-2	112	
Callahan, Town of		Seperation of Duties	12-1	37	No
		Financial Reporting	12-2	37	
Callaway, City Of		Debt Administration	2010-ML-01	116	No

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Campbellton, Town of		Seperation of Duties	04-01	38	No
		Financial Reporting	07-01	38	
		Expenditures/Expenses	07-1	42	
		Fixed Assets	08-1	42	
		Revenues/Collections	09-1	42	
		Financial Reporting	10-1	39	
Carrabelle, City of		Financial Reporting	09-01	49	No
		Seperation of Duties	09-02	49	
		Fixed Assets	09-03	53	
		Policies and Procedures	09-04	53	
		Information Technology	09-05	53	
		Budget Administration	09-06	54	
		Budget Administration	09-07	54	
Cedar Key, City Of		Seperation of Duties	2009-1	36	No
Center Hill, City Of		General Accounting Records	AG-2	70	No
Chiefland, City Of		Seperation of Duties	12-1	40	No
Clewiston, City Of		Financial Reporting	2009-1	79	No
Cocoa, City Of		General Accounting Records	IC 2003-01	171	No
Coleman, City Of		Financial Reporting	1	54	No
		Fixed Assets	2	54	
		Seperation of Duties	3	54	
Coral Gables, City Of		Information Technology	ML 2008-02	147	No
		Revenues/Collections	ML 2012-01	144	
Crescent City, City Of		General Accounting Records	2003-ML-1	84	No
Cross City, Town of		Seperation of Duties	12-1	36	No
Dania Beach, City Of		Policies and Procedures	2010-05	164	No
Davenport, City of		Cash	2010-02	47	No
DeBary, City Of		Fund Equity	2010-02	97	No
Deerfield Beach, City Of		Risk Management	ML 07-1	160	No
		General Accounting Records	ML 08-2	159	
		Information Technology	ML 09-2	158	
		Payroll and Personnel Administration	ML 10-2	157	
		State Financial Assistance	IC 10-09	141	
		State Financial Assistance	IC 10-10	141	
		Cash	IC 12-01	135	
Doral, City of		Fixed Assets	2009-2	102	No
Dundee, Town of		Revenues/Collections	11-01	51	No
		Financial Reporting	11-02	51	
Eatonville, Town of		General Accounting Records	2006-01	62	No
		Financial Condition	2006-A	69	
		Financial Reporting	2007-06	63	
		Revenues/Collections	2008-02	62	
		Revenues/Collections	2010-B	69	
		Fund Equity	2012-C	70	
Edgewater, City Of		Information Technology	2011-02	116	No
		Information Technology	2011-02	116	

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Eustis, City Of		Fund Equity	2009-1	163	No
		Payroll and Personnel Administration	2010-1	164	
		Expenditures/Expenses	2010-1	164	
Fanning Springs, City of		Seperation of Duties	12-1	40	No
Fellsmere, City of		General Accounting Records	2010-02	80	No
		Seperation of Duties	2012-01	80	
Fort Lauderdale, City of		Fixed Assets	2012-1	174	Yes
		Fixed Assets	2012-2	175	
		Payroll and Personnel Administration	2012-4	177	
		Information Technology	2012-11	200	
Fort Meade, City Of		Budget Administration	2009-04	77	No
Fort Myers Beach, Town Of		Revenues/Collections	2012-2	53	No
		Expenditures/Expenses	2012-3	54	
Fort White, Town of		Revenues/Collections	2009-1	42	No
		Revenues/Collections	2009-2	42	
Glen Saint Mary, Town Of		Seperation of Duties	12-01	39	No
		Financial Reporting	12-02	39	
Graceville, City Of		Seperation of Duties	2006-01	48	No
		Financial Reporting	2007-01	48	
		Revenues/Collections	2010-1	52	
Grand Ridge, Town Of		Financial Reporting	2011-01	48	No
Greensboro, Town Of		Financial Reporting	10-01	41	No
		Seperation of Duties	10-02	41	
		Budget Administration	10-03	43	
Greenville, Town of		Financial Reporting	10-01	46	No
Greenwood, Town Of		Seperation of Duties	05-01	33	No
		Financial Reporting	07-01	33	
Gulf Breeze, City Of		Fixed Assets	2008-1	155	No
		General Accounting Records	2008-3	157	
		Purchasing/Contract Management	2010-1	157	
Haines City, City Of		Information Technology	12-02	121	No
		Information Technology	12-03	121	
Hampton, City Of		Seperation of Duties	2010-1	41	No
		Financial Reporting	2010-2	41	
		Fund Equity	2010-3	41	
		Debt Administration	2010-4	41	
		Cash	2010-5	41	
		Budget Administration	2010-6	41	
		Expenditures/Expenses	2010-7	41	
Hastings, Town Of		Seperation of Duties	12-1	37	No
		General Accounting Records	12-2	37	
Hawthorne, City of		Revenues/Collections	1	58	No
		Debt Administration	2	58	
		Cash	4	59	
		Financial Reporting	6	59	
Hiialeah, City of		Fund Equity	2007-7	177	No
Highland Park, Village Of		Budget Administration	ML-2010-2	38	No

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Hilliard, Town of		Financial Reporting	2009-1	52	No
		General Accounting Records	2010-1	52	
Hollywood, City of		Cash	IC 2012-01	181	No
Holmes Beach, City Of		Seperation of Duties	2010-1	50	No
Horseshoe Beach, Town of		Financial Reporting	2011-1	48	Yes
Howey-in-the-Hills, Town Of		Financial Reporting	12-1	51	No
Indialantic, City of		Budget Administration	ML 2008-02	69	No
Inglis, Town Of		Seperation of Duties	12-1	40	No
Interlachen, Town Of		Financial Reporting	2007-01	32	No
Jay, Town Of		Seperation of Duties	07-1	38	No
Jennings, Town Of		Seperation of Duties	12-01	71	No
		Financial Reporting	12-02	72	
		Policies and Procedures	12-03	72	
		General Accounting Records	12-04	73	
		Budget Administration	12-05	73	
Jupiter Inlet Colony, Town Of		Seperation of Duties	2004-1	39	No
Jupiter, Town Of		Information Technology	2009-5	135	No
		Information Technology	2009-5	135	
		Purchasing/Contract Management	2010-3	136	
Key West, City Of		Revenues/Collections	2007-02	160	No
		Revenues/Collections	2007-06	160	
La Belle, City Of		Financial Reporting	2009-1	69	No
		General Accounting Records	1	72	
		Debt Administration	2	73	
		Financial Condition	3	73	
La Crosse, Town Of		Seperation of Duties	2010-1	25	No
Lake Butler, City of		Financial Reporting	2009-1	50	No
Lake City, City Of		Payroll and Personnel Administration	11-2	80	Yes
Lake Hamilton, Town Of		Seperation of Duties	2009-1	41	No
		General Accounting Records	2009-2	41	
		General Accounting Records	2009-3	42	
		General Accounting Records	2009-8	42	
		Policies and Procedures	2009-10	43	
		General Accounting Records	2009-11	43	
		Budget Administration	2009-13	43	
Lake Helen, City of		General Accounting Records	2008-01	79	No
		Expenditures/Expenses	2008-02	80	
		General Accounting Records	ML 2008-02	91	
		Fixed Assets	2008-03	81	
		General Accounting Records	2008-04	83	
		Payroll and Personnel Administration	2008-05	82	
		General Accounting Records	2009-01	83	
		Revenues/Collections	2009-02	84	
		Purchasing/Contract Management	ML 2010-01	92	
		General Accounting Records	2010-02	84	
		Revenues/Collections	2010-04	87	
Revenues/Collections	2010-05	88			

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Lake Park, Town Of		Policies and Procedures	2001-1	136	No
Lake Placid, Town of		Budget Administration	ML 2012-1	52	Yes
Lake Worth, City Of		Fixed Assets	M-08-05	188	No
Lakeland, City Of		Information Technology	07-3	224	No
Lauderdale Lakes, City Of		General Accounting Records	2012-01	84	Yes
Lawtey, City Of		Seperation of Duties	2010-1	40	No
		Financial Reporting	2010-2	40	
		Debt Administration	2010-3	40	
Macclenny, City of		Seperation of Duties	12-1	53	No
		Financial Reporting	12-2	53	
Malone, Town Of		Seperation of Duties	04-01	42	No
		Financial Reporting	07-1	42	
Mangonia Park, Town Of		General Accounting Records	2009-01	45	No
		Fixed Assets	2009-02	46	
Marco Island, City Of		Information Technology	2009-11	128	No
Marianna, City of		Seperation of Duties	03-01	67	No
Mary Esther, City Of		Financial Reporting	2012-ML-01	88	No
		Fixed Assets	2012-ML-02	88	
Mayo, Town of		Revenues/Collections	2007-1	46	No
Medley, Town Of		Seperation of Duties	2012-01	62	No
		Fixed Assets	2012-02	62	
		Revenues/Collections	2012-03	63	
		Payroll and Personnel Administration	2012-04	63	
Melbourne Beach, Town Of		Travel	IC 2010-02	66	No
Melbourne Village, Town of		General Accounting Records	Finding 001	43	
		Expenditures/Expenses	Comment 001	55	
Mexico Beach, City Of		General Accounting Records	12-01	58	No
		Financial Reporting	12-02	59	
Miami, City of		General Accounting Records	2012-01	199	No
		Fixed Assets	2012-02	201	
		Purchasing/Contract Management	2012-02	223	
Miami Lakes, Town of		Fixed Assets	2008-02	109	No
Milton, City Of		Financial Reporting	2008-1	91	No
		Purchasing/Contract Management	2009-1	91	
		Cash	2010-01	88	
Monticello, City Of		Financial Reporting	12-01	46	No
Moore Haven, City Of		Financial Reporting	2010-01	82	No
		General Accounting Records	2010-02	83	
		Purchasing/Contract Management	ML 06-3	90	
Mulberry, City Of		Fund Equity	2010-1	54	No
		General Accounting Records	2010-2	55	
New Smyrna Beach, City Of		General Accounting Records	2011-2	154	No
		Information Technology	2011-4	154	
Newberry, City Of		Financial Reporting	2011-02	59	No
Niceville, City Of		Financial Reporting	2009-1	106	No

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
North Bay Village, City Of		Fixed Assets	2006-1	64	No
		General Accounting Records	2006-3	64	
		Cash	2009-1	65	
		General Accounting Records	2010-2	65	
		Policies and Procedures	2010-03	66	
		Payroll and Personnel Administration	2010-04	67	
		Policies and Procedures	2010-07	68	
North Miami Beach, City of		General Accounting Records	08-02	164	No
		General Accounting Records	08-03	165	
		General Accounting Records	09-3	163	
Oak Hill, City of		Fixed Assets	2009-01	59	No
		General Accounting Records	ML 2009-1	66	
		Seperation of Duties	2009-02	60	
		Payroll and Personnel Administration	ML 2009-2	67	
		Information Technology	ML 2009-3	67	
Oakland, Town of		Revenues/Collections	10-01	51	No
		Expenditures/Expenses	10-02	51	
		Revenues/Collections	10-03	51	
		Payroll and Personnel Administration	10-04	52	
		General Accounting Records	10-05	52	
		Revenues/Collections	10-06	52	
Orchid, Town of		Seperation of Duties	2009-02	37	No
Pahokee, City Of		Fixed Assets	2010-1	69	No
		Financial Condition	2011-8	74	
		Budget Administration	2011-9	75	
Palatka, City Of		Debt Administration	12-1	108	No
Palm Beach Shores, Town Of		Seperation of Duties	2009-01	45	No
Panama City, City of		Seperation of Duties	2007-1	193	No
Panama City Beach, City Of		Seperation of Duties	12-01	89	No
		Policies and Procedures	12-02	85	
Parker, City of		General Accounting Records	12-01	49	No
		Financial Reporting	12-02	50	
		Seperation of Duties	12-03	50	
Paxton, City of		Financial Reporting	2012-01	47	Yes
		Seperation of Duties	2012-02	47	
Pembroke Park, Town Of		General Accounting Records	2009-3	94	No
		Expenditures/Expenses	2009-4	94	
Penney Farms, Town of		Financial Reporting	2010-1	46	Yes
Pierson, Town Of		General Accounting Records	2008-01	40	No
		Debt Administration	2008-02	40	
		Other Control Deficiencies and Noncompliance	2008-03	40	
		Financial Reporting	2009-01	36	
		Seperation of Duties	2009-02	37	
		Cash	2009-03	37	
		Cash	2010-02	40	
		Expenditures/Expenses	2010-03	41	
Pomona Park, Town Of		Seperation of Duties	2009-IC-1	53	No

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2011-12 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Category	Finding Number	Page Number (1)	Revision or Addendum (2)
Ponce de Leon, Town of		Seperation of Duties	05-02	50	No
		Debt Administration	05-04	50	
		Financial Reporting	07-04	50	
		General Accounting Records	08-05	51	
Port St. Lucie, City Of		Budget Administration	2009-01	225	No
Reddick, Town Of		Financial Reporting	ML2009-1	27	No
		Financial Reporting	IC2009-1	26	
		Fixed Assets	IC2009-2	26	
Rockledge, City of		Purchasing/Contract Management	2010-A	88	No
Sanibel, City Of		Information Technology	2010-03	191	No
Sea Ranch Lakes, Village Of		Seperation of Duties	2006-1	35	No
Sebring, City Of		Fixed Assets	ML-2010-3	80	No
Sewall's Point, Town of		Seperation of Duties	2011-1	36	Yes
Sneads, Town Of		Fixed Assets	00-1	48	No
		Financial Reporting	07-1	49	
		Purchasing/Contract Management	2009-1	54	
Sopchoppy, City Of		Financial Reporting	12-01	36	No
St. Marks, City Of		Seperation of Duties	2010-01	40	No
Starke, City of		Revenues/Collections	12-03	71	No
Tampa, City Of		General Accounting Records	11-1	243	No
Trenton, City of		Financial Reporting	2007-1	50	No
Umatilla, City Of		Cash	ML 12-1	123	No
Waldo, City of		Expenditures/Expenses	2009-1	51	No
Wausau, Town of		Seperation of Duties	10-1	40	No
		Financial Reporting	10-2	41	
West Miami, City Of		Financial Reporting	2007-1	64	No
		Cash	2010-1	64	
West Palm Beach, City Of		Federal Awards	2011-4	332	Yes
Wewahitchka, City of		Seperation of Duties	05-01	54	No
		Financial Reporting	07-01	54	
Williston, City Of		Fixed Assets	2008-1	77	No
		Information Technology	2008-2	77	
		Fixed Assets	2010-4	78	
		Fund Equity	2010-5	78	
Winter Haven, City Of		Revenues/Collections	2009-2	178	No
Yankeetown, Town Of		Seperation of Duties	12-1	36	No
		Debt Administration	12-2	36	

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 2011-12 fiscal year audit report that should also be viewed.

**Significant Items Missing
from Audit Reports
[Local Governments]**

SPECIAL DISTRICTS

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

	Special District Name (County)	Senate District	House District	Significant Item(s) Missing from Audit Report (see Legend for explanation)	Comments	Staff Recommendation
1	Liberty Fire District (Walton)	1	5	#5 (FY 2011-12)	-Letter sent by Committee staff on 11/22/2013. -Have had correspondence with CPA who performed audit. Pending receipt of required information.	Take action if required item is not provided by 3/31/2014
2	Merritt Island Public Library District (Brevard)	13, 16	51	#1, #2 (FY 2011-12)	-Letter sent by Committee staff on 11/22/2013. -Have had correspondence with district staff, who planned to contact CPA and submit required information. Pending receipt of required information.	Take action if required items are not provided by 3/31/2014
3	SWI Community Development District (Volusia)	6, 8, 10	24, 25, 26, 27	#3 (FY 2011-12)	- Letter sent by Committee staff on 11/22/2013. -Have had correspondence with CPA firm that performed audit. Pending receipt of required information.	Take action if required item is not provided by 3/31/2014
4	Villages of Avignon Community Development District (Manatee)	19, 26	70, 71, 73	#1, #2, #4 (FY 2010-11)	- Letter sent by Committee staff on 10/22/2012; second request letter sent on 11/22/2013. -Have had correspondence with district's registered agent and management company staff. Pending receipt of required information.	Take action if required items are not provided by 3/31/2014

Legend:

1. A written statement of explanation or rebuttal concerning the findings and recommendations in the auditor's report on compliance and internal control or management letter, as required by Section 10.558(1), Rules of the Auditor General.
2. Revised report(s), schedules(s), or Management Letter, as applicable, that include reference numbers for each audit finding required by Section 10.557(4)(d)7., Rules of the Auditor General.
3. A statement in the auditor's management letter as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit report, as required by Section 10.554(1)(i)1., Rules of the Auditor General.
4. For audit findings in the preceding financial audit report that are uncorrected, an indication of those that were also included in the second preceding fiscal year audit report required by Section 10.554(1)(i)1., Rules of the Auditor General.
5. A budgetary comparison schedule for the general fund and/or each major special revenue fund, as required by Governmental Accounting Standards Board Codification Sections 2200.182 and .183, and Section 10.557(3)(i), Rules of the Auditor General.

Note: CDD boundaries are often difficult to determine. Therefore, all House and Senate districts for the county in which the CDD is located are listed.