

WILTON SIMPSON
President of the Senate



CHRIS SPROWLS
Speaker of the House



Joint Legislative Auditing Committee

Representative Ardian Zika, Chair
Senator Dennis Baxley, Vice Chair

Meeting Packet
Thursday, December 2, 2021
404 House Office Building
(Sumner Hall)

2:00 p.m. – 4:00 p.m.

The Florida Legislature
COMMITTEE MEETING AGENDA
JOINT LEGISLATIVE AUDITING COMMITTEE

Representative Ardian Zika, Chair
Senator Dennis Baxley, Vice Chair

MEETING DATE: Thursday, December 2, 2021

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

PLACE: Sumner Hall (404 House Office Building)

MEMBERS:

Senator Jim Boyd

Senator Jennifer Bradley

Senator Janet Cruz

Senator Victor M. Torres, Jr.

Representative Webster Barnaby

Representative Tracie Davis

Representative Anna Eskamani

Representative Jenna Persons-Mulicka

Representative Keith L. Truenow

-
1. Consideration of a request for an Auditor General operational audit of the Town of Greenville submitted by Representative Shoaf
 2. The Committee is expected to consider taking action against local governmental entities that have failed to file an annual financial report and/or annual financial audit report (if required) in accordance with ss. 218.32(1) and 218.39, F.S.
 3. The Committee is expected to consider taking action against educational and local governmental entities that have failed to take full corrective action in response to repeat audit findings, pursuant to ss. 11.45(7)(j) and 218.39(8), F.S.
 4. Lobbying firm compensation report audits:
 - Results of audits of lobbying firm compensation reports
 - Consideration of revisions to the *Guidelines for Attestation Services Relating to Quarterly Lobbying Firm Compensation Reports*
 5. Consideration of the Committee's report required by the Transparency Florida Act, s. 215.985, F.S.
 6. Presentation of the Auditor General's operational audit of the Florida Birth-Related Neurological Injury Compensation Association (NICA) and response from NICA
 7. Presentation of the Auditor General's operational audit of the Belle Glade Housing Authority and response from the Authority

This Agenda Item will not be considered

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

Local Government Financial Reporting – Materials Provided

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

List	Staff Recommendation
1. Municipalities	Take (or Continue to Take) Action
2. Special Districts (Independent)	Take Action (one against the municipality that created the special district)
3. Special Districts (Dependent)	Take Action (some against the municipality that created the special district)
4. Special Districts	Continue to Delay Action

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

Local Government Financial Reporting

Summary of Requirements and Enforcement Authority

Related to the Joint Legislative Auditing Committee and Action Taken

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

Annual Financial Report (AFR)

- All counties, municipalities, and independent special districts¹ were required to file an AFR with the Department of Financial Services (DFS) for FY 2019-20 no later than 9 months after the end of the fiscal year (June 30, 2021, for most entities)² [s. 218.32(1), F.S.]
- Dependent special districts are also required to file an AFR, but they may be required to file the report with their county or municipality rather than with DFS [s. 218.32(1)(a) & (b), F.S.]
- Either staff of the entity or a certified public accountant may complete the AFR; specified staff of the entity are required to complete the certification page
- DFS notifies the Committee of the entities that have failed to file the AFR [s. 218.32(1)(f), F.S.]
- Committee staff monitor the submission of late-filed AFRs and contact all entities that continue to be non-compliant³
- DFS will assist entity staff in completion of the electronic AFR once the entity has the information needed
- The Committee may schedule a hearing to determine if action should be taken [s. 11.40(2), F.S.]

Annual Financial Audit⁴ (audit)

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

Type of Entity	Audit Requirement
Counties	Annual audit required
Municipalities – Revenues or expenditures over \$250,000	Annual audit required
Municipalities – Revenues or expenditures between \$100,000 and \$250,000	Audit required if an audit has not been performed for the previous two fiscal years
Municipalities – Revenues or expenditures below \$100,000	No audit required
Special Districts – Revenues or expenditures over \$100,000	Annual audit required
Special Districts – Revenues or expenditures between \$50,000 and \$100,000	Audit required if an audit has not been performed for the previous two fiscal years
Special Districts – Revenues or expenditures below \$50,000	No audit required
Community Redevelopment Agencies (CRA)⁵ – Revenues or expenditures over \$100,000, as reported on the trust fund financial statements	Annual audit required

- Audit reports for FY 2019-20 were required to be filed with the Auditor General no later than 9 months after the end of the fiscal year (June 30, 2021, for most entities) [s. 218.39(1), F.S.]

¹ As of November 2, 2021, the Department of Economic Opportunity's website lists 1,826 active special districts; 1,204 are independent and 622 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.

⁵ As required by s. 163.387(8)(a), F.S. Also, audit report must accompany the annual financial report submitted by the county or the municipality that created the CRA to the Department of Financial Services as provided in s. 218.32, F.S., regardless of whether the CRA reports separately under that section [s. 163.387(8)(c), 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.]⁶
- If an entity has not filed an AFR, the Auditor General may not have sufficient information to determine if an audit was required
- After June 30th, the Auditor General sends a letter to all entities that either *were* or *may have been* required to provide for an audit and file the audit report with the Auditor General but have failed to do so
- The Auditor General notifies the Committee of the entities that have failed to file an audit report [s. 11.45(7)(a), F.S.]
- Committee staff monitor the submission of late-filed audit reports and contact entities that continue to be non-compliant⁷
- The Committee may schedule a hearing to determine if action should be taken [s. 11.40(2), F.S.]

Committee Hearings: Authority and Action Taken

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

Type of Entity	Penalty
Counties and Municipalities	Direct the Department of Revenue (DOR) and the DFS to withhold any funds not pledged for bond debt service satisfaction which are payable to the entity until the entity complies with the law. ⁸ Withholding begins 30 days after the agencies have received notification.
Special Districts	Notify the Department of Economic Opportunity (DEO) to proceed pursuant to provisions of ss. 189.062 or 189.067, F.S. If no registered agent information is available, the department may declare the special district to be inactive after public notice is provided in a local newspaper. For special districts created by Special Act of the Legislature, the Committee may convene a public hearing at the direction of the President and the Speaker. For special districts created by local ordinance, the chair or equivalent of the local general-purpose government may convene a public hearing within three months after receipt of notice of noncompliance from the Committee. For all special districts, once certain criteria is met, within 60 days of notification, or within 60 days after any extension the DEO has provided as authorized in law, the DEO files a petition for enforcement in Leon County circuit court to compel compliance. Note: The law was revised to authorize public hearings in 2014.

- During the years 2009 through February 2021, the Committee directed action against a total of 3 counties, 69 municipalities, and 188 special districts (multiple times for some of these entities). Most of these entities filed the required reports either by the date Committee staff was directed to notify DFS, DOR, or the Department of Community Affairs (DCA)/DEO, as applicable, or within the timeframe the state agencies had to commence with action once notified by the Committee.⁹ When the required reports are filed prior to the effective date of the action, revenue is not withheld (counties, municipalities) and legal action does not occur (special districts).
- As a result of the Committee's action since 2009, revenue has been withheld from 27 municipalities (multiple times for a few of them), 2 special districts were dissolved directly by their respective local governing authority (LGA), 16 special districts were declared inactive by DCA/DEO (with most subsequently dissolved by their respective LGA), and a petition was filed in court against 28 special districts (multiple times for a few of them).

⁶ The Auditor General may conduct a financial audit of a local governmental entity, either under her 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.

⁷ 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.

⁸ The Committee has directed DOR and DFS to withhold revenue from a number of municipalities. DOR withholds Municipal Revenue Sharing and Half-Cent Sales Tax funds from municipalities that would otherwise receive these funds. Municipal Revenue Sharing funds are restored to the municipality if the municipality files the required report(s) prior to the end of the state's fiscal year. Half-Cent Sales Tax funds are redistributed and are not available to be restored to the municipality once a distribution is made. DFS has withheld grant funds from some municipalities. These funds are released to the municipality once the required report(s) are filed. The only counties that the Committee has taken action against filed the required reports by the effective date of the Committee's action.

⁹DCA no longer exists; this function is now handled by DEO. DFS and DOR are provided 30 days and DEO is provided 60 days to commence with action once they receive the notification from the Committee.

List 1:

MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Town of Altha (Calhoun)	3	7	FY 2019-20 AFR and Audit Report	<p>Committee staff spoke with the partner of the Town’s audit firm on 11/3/2021, who stated that: (1) the FY 2019-20 audit is in progress and close to completion; (2) the audit report is expected to be issued before the end of November 2021; and (3) once the audit report is issued, the Town will submit the FY 2019-20 AFR and audit report to the State. [Note: The Town submitted the audit report and AFR for FY 2018-19 (due by law no later than 6/30/2020) on 9/29/2021 and 10/6/2021, respectively, due to delays related to prior year issues and COVID-19.]</p> <p>History:</p> <p>-In February 2019, the Committee approved to delay action relating to the FY 2016-17 financial reports until 8/31/2019 based on correspondence from the Town Attorney, which included detailed information about issues that had impacted the completion of the FY 2016-17 audit, including: (1) the devastating impact of Hurricane Michael on the Town; (2) the Town Clerk being relieved of her job by the Town Council in late December 2018 due to her “...role, or lack of role, in preparing for the audit” and other unnamed irregularities that were brought to light during the Town Council’s review into the reasons for the lack of financial information to begin the audit; (3) resignation of the Mayor shortly thereafter; and (4) Town’s search for a new Town Clerk. Based on additional information and a request from the Town for additional time to complete the audit and submit the delinquent reports, the Committee Chairs approved a delay of action for the FY 2016-17 reports until 10/31/2019. The Town submitted the AFR and audit report for FY 2016-17 on 11/4/2019, and 10/31/2019, respectively.</p> <p>-In November 2019, the Committee approved to delay action relating to the FY 2017-18 financial reports until 6/30/2020 based on correspondence with the Town Attorney. In April 2020, the Committee Chairs approved a pause in state action relating to delinquent FY 2017-18 financial reports in light of the Governor’s “Safer at Home” order relating to COVID-19, originally issued on 4/1/2020. The delinquent local governmental entities were allowed 90 days after the Governor’s order was lifted to submit the delinquent financial report(s) before state action would begin. Because the Governor’s order was still in effect at 6/30/2020 (the Town’s deadline to submit the delinquent financial reports), the pause in state action applied to it. Correspondence was sent to the Town regarding such. The Governor’s “Safer at Home” order ended on September 6, 2020; therefore, the Town had until 12/6/2020, to submit the delinquent financial reports. An email regarding this information was also sent to the Town. The Town failed to submit the reports by the 12/6/2020 deadline, so state action began on 12/8/2020. The Town submitted the AFR and audit report for FY 2017-18 on 1/6/2021; the Town came into compliance prior to having any funds withheld.</p>	Take action if delinquent reports not received by 12/31/2021

List 1:

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
2	City of Apalachicola (Franklin)	3	7	FY 2019-20 AFR	<p>On 11/29/2021, Committee staff spoke with Chris Moran, partner with City's audit firm re: status of the City's FY 2019-20 AFR. He stated that he was still waiting on the City to provide the response and corrective action plan to the CRA's audit findings. [Note: The City Commission comprises five of the seven members of the CRA's governing board.] He further stated that the City's AFR was ready to be submitted once the CRA's audit report was finalized and issued and the CRA's financial information was added to the AFR.</p> <p>Note: The City submitted its FY 2019-20 audit report on 11/5/2021.</p>	Take action if delinquent report not received by 12/31/2021
3	City of Avon Park (Highlands)	26	55	FY 2019-20 AFR	<p>On 11/16/2021, Committee staff received an email from the City's Finance Director, which included a copy of the FY 2019-20 audit report and stated that she would be submitting the AFR that week. To date, no further correspondence has been received.</p>	Take action if delinquent report not received by 12/31/2021
4	City of Center Hill (Sumter)	12	33	FY 2019-20 AFR and Audit Report	<p>On 9/30/2021, Committee staff spoke with the City Clerk regarding the status of FY 2019-20 audit. She stated that: (1) the City did not receive any responses to its RFP for auditing services; (2) she is going to reach out to neighboring municipalities and try to piggy-back on one of their contracts for auditing services, if possible; and (3) she will touch base in a few weeks regarding progress made.</p> <p>On 10/28/2021, Committee staff received an email from the City Clerk, which stated that the City has hired a CPA firm to perform its FY 2019-20 audit and expects to have it completed by 1/31/2022.</p>	Take action if delinquent reports not received by 1/31/2022
5	Town of Century (Escambia)	1	1, 2	FY 2019-20 AFR and Audit Report	<p>On 11/5/2021, Committee staff spoke with the Town's Mayor regarding the status of the Town's FY 2019-20 audit and subsequently received correspondence, which stated that: (1) the audit is currently in progress; (2) he will check with the auditors about an estimated time for completion and provide an updated status soon; (3) COVID-19 has hit the Town and staff very hard, with multiple closings of the office required; and (4) in addition, there has been multiple staff turnovers, with staffing at 50% or less at times, and the Town Clerk is working part-time while pursuing another field.</p>	Take action if delinquent reports not received by 12/31/2021

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Town of Century (continued)				On 11/19/2021, Committee staff received an email from the Mayor which stated that the audit should be completed and the audit report submitted by the middle of December.	
6	City of Clermont (Lake)	12, 22	31, 32, 33	FY 2019-20 AFR and Audit Report	On 11/8/2021, Committee staff received an email from the City's Finance Director, which stated that: (1) the City is actively working to complete the FY 2019-20 audits of the City and its Community Redevelopment Agency and anticipates having them complete within the next month; (2) the City currently has an extension from the Government Finance Officers Association for the Certificate of Achievement for Excellence in Financial Reporting through the end of the month; and (3) the City has had multiple challenges this year that have resulted in its FY 2019-20 financial reports not being completed by the State deadline.	Take action if delinquent reports not received by 12/31/2021
7	Town of Eatonville (Orange)	11, 13, 15	30, 31, 44, 45, 46, 47, 48, 49, 50	FY 2019-20 AFR and Audit Report	On 11/12/2021, Committee staff spoke with the Town's Finance Director regarding the status of the Town's FY 2019-20 audit. She stated that: (1) the audit is in progress, but is late because the Town Council decided to change CPA firms earlier this year and the Town had to initiate the RFP process for auditing services; (2) she tried to encourage the Town Council to engage the then-current CPA firm to perform the FY 2019-20 audit so the audit could be completed and submitted on time and then seek a new CPA firm for the FY 2020-21 audit; however, they chose not to do so; and (3) the Town anticipates submitting the FY 2019-20 AFR and audit report by 12/31/2021 because an extension was received until that time in regards to certain debt requirements.	Take action if delinquent reports not received by 12/31/2021
8	Village of El Portal (Miami-Dade)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112,	FY 2019-20 AFR and Audit Report; FY 2018-19 AFR and Audit Report	<p>The Village has not yet submitted either its FY 2018-19 AFR and audit report (due by law no later than 6/30/2020), or its FY 2019-20 AFR and audit report, if required (due by law no later than 6/30/2021). See the History section below for specifics relating to the FY 2018-19 delinquent financial reports.</p> <p>A certified letter was sent to the Village on 9/28/2021 regarding the delinquent FY 2019-20 financial reports. No response has been received from the Village to either this letter or a courtesy follow-up email sent to the Village on 11/5/2021 regarding the status of both the FY 2018-19 and FY 2019-20 delinquent financial reports.</p>	<p>Continue action on delinquent FY 2018-19 reports -----</p> <p>Take action if delinquent FY 2019-20 reports not received by 12/6/2021</p>

List 1:

MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Village of El Portal (continued)		113, 114, 115, 116, 117, 118, 119, 120		<p>History:</p> <p>- In February 2021, the Committee approved to take action on the Village if its FY 2018-19 AFR and audit report were not received by 3/31/2021; a post-meeting email was sent to the Village's Mayor regarding such. The Village failed to submit the financial reports by the deadline, so State action began on 4/1/2021.</p> <p>-As a result of the Committee's action and the Village's continued failure to submit the FY 2018-19 reports, the Village has lost State funds that it would ordinarily have received. No additional correspondence has been received from the Village regarding the status of the delinquent financial reports.</p>	
9	Town of Esto (Holmes)	2	5	FY 2019-20 AFR and Audit Report* (*if audit threshold met)	<p>On 9/30/2021, Committee staff received an email from the Town Clerk, which provided an update on the then delinquent FY 2018-19 financial reports and stated, in regards to the delinquent FY 2019-20 financial reports, that: (1) the Town is scheduled for January to begin the FY 2019-20 audit; (2) with the newly formed relationship with the audit firm and the new training the Town Clerk will be receiving, the Town should be in compliance after these previous issues have been resolved; and (3) the Town has also implemented new policies and procedures for the Town's accounting management and is set to hire a new employee to assist the office in daily operations to ensure the Town Clerk meets all state and federal requirements for the Town.</p> <p>[Note: The Town recently submitted its FY 2017-18 and FY 2018-19 AFRs and audit reports (in August and October 2021, respectively). The reports were delinquent due to delays related to prior year issues and COVID-19 as noted in the History section below.]</p> <p>History:</p> <p>- In November 2019, the Committee approved to take action against the Town if the FY 2017-18 AFR and audit report were not submitted by 1/20/2020. The Town failed to submit the reports by that deadline, so State action began. [Note: In October 2019, Committee staff had received correspondence from, and spoke with, Town staff regarding the status of the FY 2017-18 audit. Information provided included: (1) the Town had been going thru some internal structural changes for the last few years and the current Town Clerk did not realize that the required audit was due for FY 2017-18; (2) the Town was impacted by Hurricane Michael and the Town's computer system was corrupt and all of the accounting information was lost; (3) the Town had since implemented a new accounting system, a new computer system with offsite backup to help avoid these issues going forward; (4) the Town was diligently inputting the data to recreate the lost data, but unfortunately it was not progressing</p>	Take action if delinquent report(s) not received by 3/31/2022

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Town of Esto (continued)				<p>in a timely manner; and (5) the Town did not currently have an audit firm working with the Town, but was seeking bids from local firms to assist with the required audit - one it could afford and that understood municipal accounting. Town staff asked about the possibility of having a FY 2018-19 audit in lieu of the FY 2017-18 audit because the Town was currently working to close out three grants (road project, water/sewer project, and one other one) with expenditures totaling almost \$1 million. Committee staff told her that similar requests had been considered by the Committee in previous years and we would need correspondence from the Town requesting such. She stated that she would discuss it with the Mayor and the Town Council and get back in touch if that's what they decided to request. No further communication was received from the Town.]</p> <p>-In April 2020, the Committee Chairs approved a pause in state action relating to delinquent FY 2017-18 financial reports in light of the Governor's "Safer at Home" order relating to COVID-19, originally issued on 4/1/2020. The delinquent local governmental entities were allowed 90 days after the Governor's order was lifted to submit the delinquent financial report(s) before state action would begin. Because the Governor's order was still in effect at 6/30/2020 (the Town's deadline to submit the delinquent financial reports), the pause in state action applied to it. Correspondence was sent to the Town regarding such. The Governor's "Safer at Home" order ended on September 6, 2020; therefore, the Town had until 12/6/2020, to submit the delinquent financial reports. An email regarding this information was also sent to the Town. The Town failed to submit the reports by the 12/6/2020 deadline, so state action began on 12/8/2020.</p> <p>-In February 2021, the Committee approved to continue action relating to the delinquent FY 2017-18 financial reports and take action relating to the delinquent FY 2018-19 financial reports if not received by 6/30/2021. On 4/21/2021, the Committee Chairs approved a delay of state action regarding the Town's FY 2017-18 AFR and audit report until 6/30/2021 based on communication with the Town's auditors, which stated in part that, due to issues with the Town's accounting system that had resulted in the need to re-enter data in the accounting system for FY 2018-19 through FY 2020-21, the auditors were unable to complete the required audit procedures relating to events occurring subsequent to the end of FY 2017-18. On 6/24/2021, the Committee Chairs approved an additional delay in state action regarding both the FY 2017-18 and FY 2018-19 reports until 7/31/2021. The Town failed to submit the delinquent reports by the deadline, so state action began on 8/3/2021.</p> <p>-The Town submitted the FY 2017-18 AFR and audit report (due by law no later than 6/30/2019) on 8/13/2021 and 8/16/2021, and the FY 2018-19 AFR and audit report (due by law no later than 6/30/2020) on 10/22/2021 and 10/26/2021, respectively. As a result of the Committee's action and the Town's failure to timely submit the FY 2017-18 reports, the Town lost State funds that it would ordinarily have received.</p>	

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
10	Town of Greenwood (Jackson)	2	5	FY 2019-20 AFR and Audit Report	On 11/18/2021, Committee staff received correspondence from the Town's Mayor, which stated that: (1) the Deputy Clerk resigned in February 2021 and it was not until June 2021 that the Town was able to fill the vacant position; (2) the Town's administrative staff consists of only two positions and this left the Town Clerk unable to devote her time to her duties; (3) the Town Clerk has been in contact with the Town's audit firm to coordinate the completion of the FY 2019-20 audit and AFR; (4) the Town and the audit firm agree that the required financial reports can be completed and submitted by 1/31/2022; (5) the Town is requesting that the Committee delay any action against the Town at this time and allow the Town Clerk and audit firm the additional time needed to complete the financial reports; and (6) the Town Clerk has already begun preparation for the FY 2020-21 audit to ensure that the Town meets the 6/30/2022 deadline. Committee staff had also been in telephone communication with the Town Clerk throughout November regarding the status of the delinquent financial reports.	Take action if delinquent reports not received by 1/31/2022
11	City of Gretna (Gadsden)	3	8	FY 2019-20 AFR and Audit Report; FY 2018-19 AFR and Audit Report	<p>The City has not yet submitted its FY 2018-19 AFR and audit report (due by law no later than 6/30/2020) or its FY 2019-20 AFR and audit report, if required (due by law no later than 6/30/2021). See the History section below for specifics relating to the FY 2018-19 delinquent financial reports.</p> <p>On 11/12/2021, Committee staff received correspondence from the City of Gretna's City Manager which stated: (1) the City and its audit firm have completed the internal work to facilitate the completion of the FY 2018-19 audit, and City staff have prepared the related financial statements and are engaged in an effort with the audit firm to finalize the audit; (2) the City is also in the process of engaging another audit firm that has committed to completing the City's FY 2019-20 and FY 2020-21 audits simultaneously on or before 4/15/2021; (3) the City would like to respectfully request that the Committee take no further action regarding the FY 2019-20 audit; and (4) the City would like to request that the Committee authorize the DFS and the DOR to release funds from the City's state-funded reimbursement-based grants because the City has a few invoices from contract vendors that have completed work and are awaiting payment. The City is unable to pay the invoices because it has used</p>	<p>Continue action on delinquent FY 2018-19 reports -----</p> <p>Take action if delinquent FY 2019-20 reports not received by 3/31/2022 -----</p> <p>In addition, authorize Committee staff to immediately contact: (1) the Department of Economic Opportunity (DEO) and the Department of Transportation (DOT) regarding the two specific</p>

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	City of Gretna (continued)				<p>all of its working capital in paying prior invoices from these vendors for completed work.</p> <p>On 11/15/2021, in response to the City Manager’s letter, Committee staff requested additional information from the City regarding the state-funded reimbursement grants with pending invoices for completed work. The City Manager provided financial documentation on 11/22/2021 relating to two specific reimbursement grants, one each from the Department of Economic Opportunity and the Department of Transportation.</p> <p>History: - In February 2021, the Committee approved to take action on the City of Gretna if the City’s FY 2018-19 AFR and audit report, including the AFR for the Gretna Neighborhood Improvement District, were not received by 3/31/2021; a post-meeting email was sent to the City’s Mayor regarding such. The City failed to submit the financial reports by the deadline, so State action began on 4/1/2021. -As a result of the Committee’s action and the City’s continued failure to submit the FY 2018-19 reports, the City has lost State funds that it would ordinarily have received.</p>	reimbursement grants for which the City has outstanding contractor invoices for completed work, totaling \$149,430 and \$75,254.48, respectively, based on the financial documentation provided by the City; and (2) the Department of Financial Services to release the requested funds related to such reimbursement grants upon confirmation from the DEO and the DOT of the amounts.
12	City of Hampton (Bradford)	5	19	FY 2019-20 AFR and Audit Report	<p>On 7/15/2021, Committee staff received an email from the City Clerk/Administrator, which stated that preparation for the FY 2019-20 audit was starting; however, due to personal health issues, it may slow down because she is working remotely and the bookkeeper is filling in on site part time. A follow-up email received on 7/23/2021 stated that: (1) she hoped to find out soon when she could return to the office; (2) City staff had begun working with the accountant to get all the FY 2019-20 information for the auditors; and (3) the auditors have scheduled the audit for 9/27/2021, which should mean the City would have the FY 2019-20 audit report for approval on the October City Council meeting agenda.</p> <p>On 9/30/2021, Committee staff received an email from the City Clerk/Administrator, which stated that: (1) the City is in the process of wrapping up the FY 2019-20 audit, and it will be presented at the November City Council meeting; (2) after the meeting the City will submit the FY 2019-20 financial reports to the State; and (3) then the City will start on the FY 2020-21 audit and</p>	Take action if delinquent reports not received by 12/31/2021

List 1:

MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	City of Hampton (continued)				<p>finally be caught up. Committee staff also received several updates from the City Clerk/Administrator regarding the status of the City's delinquent FY 2019-20 financial reports since July 2021.</p> <p>On 11/24/2021, Committee staff received an email from the City Clerk/Administrator with an updated status of the City's FY 2019-20 financial reports, which stated that: (1) the City was prepared to have the auditors present the audit report at the 11/16/2021 City Council meeting but they had a scheduling conflict; (2) the audit presentation to the City Council is now scheduled for the monthly December meeting (12/14/2021); and (3) then the City is going to start on the FY 2020-21 audit.</p>	
13	Town of Havana (Gadsden)	3	8	FY 2019-20 AFR and Audit Report	<p>On 9/30/2021, Committee staff received an email from Brad Johnson, Town Manager, which stated that: (1) the Town is working towards completing its FY 2019-20 audit; (2) the plan and goal is to have it completed by December 2021/January 2022; however, the Town is currently undergoing structural leadership changes that may impact the traction moving forward; (3) the Town Manager position is in transition due to a resignation, the Town Clerk is slated to retire shortly, and a plan to bring in an Interim Manager has been outlined; and (4) the Town's CPA and its Finance Director will work to keep the Committee apprised of upcoming steps towards a completed audit.</p> <p>[Note: Review of the Town's website on 11/23/2021 disclosed that the Town has hired a new Town Manager.]</p>	Take action if delinquent reports not received by 1/31/2022
14	Consolidated City of Jacksonville (Duval)	4, 6	11, 12, 13, 14, 15, 16	FY 2019-20 AFR and Audit Report	<p>On 6/30/2021, Committee staff received correspondence from the City's Director of Finance and Administration / CFO regarding the Consolidated City of Jacksonville's audited Annual Comprehensive Financial Report for FY 2019-20 (ACFR), which stated: (1) despite the City's best-efforts, the audited ACFR will be late this year due to COVID-19 hitting a few weeks after the City went live on 2/29/2020 with a new accounting and Enterprise-wide Resource Planning system designed to modernize and improve the City's reporting, public transparency, and financial control infrastructure; (2) the City knew that modernizing its system was going to be challenging, even in a normal year, but was not expecting to be hit with a devastating pandemic that disrupted and</p>	Take action if delinquent reports not received by 12/31/2021

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Consolidated City of Jacksonville (continued)				<p>sidelined a share of the City’s workforce in the time of heightened need, while also designing, implementing and reporting on COVID-19 relief programs as a direct recipient from the US Treasury; (3) currently City staff is a matter of two to three weeks from having a complete draft of the ACFR and the associated schedules for final submission to the City’s external auditors; (4) the City’s external auditors are already heavily engaged in their review of the financial information and will be expeditious in their review of the full report once the complete draft is received; (5) based on current drafts of the financial statements, the City is confident that its financial health is in very good standing, and the tardy nature of the report should not be misconstrued in any way as a sign of financial difficulty, but rather an indication of a desire to present completely accurate financial information to stakeholders, investors, and the public-at-large; and (6) the City requests additional time to submit the FY 2019-20 audit report to 11/1/2021 and will reach out if the conservatively set 11/1 date becomes a challenge.</p> <p>During late September and October, Committee staff received correspondence from and spoke with the City’s Director of Finance and Administration / CFO regarding the status of the City’s ACFR. Updated information provided included: (1) the City is largely complete with the preparation of the financial statements, but continues to work with the external auditors as they perform detailed testing and analysis of the results; (2) they have asked that the City not run the full final report for their final review and analysis process until the City is collectively confident in the few remaining detailed testing items that are under analysis; (3) as an example of the detailed testing, the external auditors found it prudent to test the new additions to “Compensated Absences” related to the large increase due to COVID-19 emergency leave accruals during the disaster period; while no issues were found, it is an example of the level of work being performed linked to issues unique to this pandemic period and to ensure accuracy on the front end of the new system which will be in place for decades to come; (4) while the City has many competing priorities related to the current financial operations and continue pandemic relief and response, the closeout of the FY 2019-20 audit is the highest priority of the Finance and Administration</p>	

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MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Consolidated City of Jacksonville (continued)				<p>Department; and (5) while current timing places the final completion date estimates in late November, the City feels it prudent to build in a cushion to the estimate of 12/31/2021 to allow for any additional review requested by the external auditors due to this being the first report in the new financial system.</p> <p>On 11/15/2021, Committee staff received an email from the City's Director of Finance and Administration / CFO with an updated status of the City's FY 2019-20 audit, which stated that the City's Final Draft Annual Comprehensive Financial Report for FY 2019-20 has been submitted to the external auditors for their final review, and they have advised the City that they feel comfortable the audit report can be submitted by 12/31/2021.</p>	
15	Town of Jennings (Hamilton)	3	10	FY 2019-20 Audit Report	<p>On 10/14/2021, Committee staff spoke with the Town Manager regarding the status of the Town's FY 2019-20 audit. She stated that: (1) the audit is in progress and expected to be completed by the end of October 2021; and (2) she will contact the Committee office on 11/1/2021 if a delay occurs.</p> <p>The Town submitted its FY 2019-20 AFR and audit report to the DFS on 11/16/2021 and 11/10/2021, respectively. On 11/22/2021, Committee staff sent a courtesy email to the Town Manager stating that the Auditor General's Office has not yet received the Town's FY 2019-20 audit report and requesting that it be submitted as soon as possible. No further correspondence has been received to date.</p>	Take action if delinquent report not received by 12/31/2021
16	Town of Loxahatchee Groves (Palm Beach)	25, 29, 30, 31	81, 82, 85, 86, 87, 88, 89, 90, 91	FY 2019-20 AFR and Audit Report	<p>On 10/15/2021, Committee staff received correspondence from the Assistant Town Manager regarding the status of the Town's FY 2019-20 audit, which stated that: (1) the audit is in progress, but had been delayed due to illness at the audit firm; (2) she had asked when a draft audit report would be provided; and (3) an 10/14/2021 email from the audit firm stated that they would get a list of items needed to wrap up the audit to the Town by the following week and a rough draft should follow, with a final draft after the open items are completed.</p>	Take action if delinquent reports not received by 12/31/2021

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
17	Town of Mangonia Park (Palm Beach)	25, 29, 30, 31	81, 82, 85, 86, 87, 88, 89, 90, 91	FY 2019-20 AFR and Audit Report	On 11/5/2021, Committee staff received correspondence from the Town Manager, which stated that: (1) the Town recognizes its obligation for the required financial reports and that they are overdue; (2) the Town is in the process of hiring a new Bookkeeper, which is nearing completion, and expects the individual to be in place by 12/15/2021; (3) in the absence of the bookkeeper position, the Town has begun the audit process for FY 2019-20; and (4) he kindly requests an extension to 3/1/2022 to have the audit completed and the audit report presented to the Town Council and, if this cannot be accommodated, to give the Town as much time as the Committee can give it.	Take action if delinquent reports not received by 3/31/2022
18	City of Mexico Beach (Bay)	2	5, 6	FY 2019-20 AFR and Audit Report	On 9/30/2021, Committee staff spoke with the City Accountant regarding the status of FY 2019-20 audit. She stated that: (1) the City is still recovering from the devastation caused by Hurricane Michael and has experienced staffing changes; (2) the audit is currently in progress; and (3) she will follow up with the City's auditors and provide the anticipated completion date within the next few weeks. On 10/11/2021, Committee staff received an email from the City Accountant, which stated that she had spoken with the City's auditors and the anticipated completion date for the FY 2019-20 audit is 1/31/2022.	Take action if delinquent reports not received by 1/31/2022
19	City of Opa-locka (Miami-Dade)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116,	FY 2019-20 AFR and Audit Report	On 11/8/2021, Committee staff received correspondence from the City Manager, which stated that: (1) the City respectfully requests additional time to comply with the financial reporting requirements for FY 2019-20 and have the City's books and records reconciled to be prepared for the FY 2019-20 audit; (2) the City recently released a RFP for auditing services regarding its FY 2019-20 and FY 2020-21 audits, and the City's Audit Committee will convene on 11/18/2021 to discuss the recommendations of the RFP Selection Committee to select an audit firm to provide such services; (3) the City has been making substantial progress over the past years by finalizing its audits for FYs 2015-16, 2016-17, 2017-18, and 2018-19; (4) the City estimates a date of 3/15/2022 to become current and in compliance; (5) this additional time is requested to allow the City's Finance Department to focus on the preparation of the books and records and the reconciliation of accounts and funds for FY 2019-20; (6) the Finance Department has been in transition and is currently recruiting for	Take action if delinquent reports not received by 3/31/2022

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	City of Opa-locka (continued)		117, 118, 119, 120		<p>additional personnel, recently finalized preparing the audit request list for the Citizen’s Independent Transportation Trust audit for FY 2018-19 with Miami-Dade County’s Audit Management Department and anticipates the release of the final audit report once they have completed their procedures; (7) the Finance Department is working with the City’s Budget Administrator to finalize the budget amendment to close out FY 2020-21, while also performing year-end close-out of accounting and financial transactions for FY 2020-21, simultaneously; and (8) the City is working in anticipation to finalize and submit the FY 2020-21 financial reports by the 6/30/2022 due date in law.</p> <p>On 11/17/2021, Committee staff spoke with the City’s contracted financial consultant regarding the City’s request to have until 3/15/2022 to submit the delinquent FY 2018-19 financial reports. She stated that: (1) the RFP Selection Committee met today to review the proposals received in response to the RFP and the Audit Committee is scheduled to meet tomorrow to determine the recommendation(s) to bring to the City Council; (2) a special meeting of the City Council is anticipated for the following week to review the recommendation(s) and select the new audit firm; (3) the City’s current audit firm did not submit a proposal; therefore, the City will have a new audit firm; and (4) she does not believe, especially with a new audit firm, that the audit can be completed by 1/31/2022. Committee staff asked about the reason the RFP process was not initiated until September, and she stated that she did not know the specifics because purchasing was not under her control. She did state that the City had been working on requests related to the Auditor General’s 18-month follow-up audit in addition to the other items mentioned in the City’s Manager’s correspondence.</p> <p>History: -In March 2016, the FBI raided City Hall in a corruption probe zeroing in on top City officials and administrators. The raid followed a two-year investigation into allegations of kickback schemes involving City officials and administrative staff. (Source: Miami Herald and other local media sources) -On 6/1/2016, Governor Scott issued Executive Order Number 16-135 declaring the City is in a state of financial emergency based upon the conditions reported to the Governor by City</p>	

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	City of Opa-locka (continued)				<p>officials (s. 218.503(3), F.S.). The Governor, on 6/9/2016, appointed a 9-member financial emergency oversight board to oversee the activities of the City (s. 218.503(3)(g)1., F.S.).</p> <p>-Since mid-2016, one then-City Commissioner, two City administrative staff, and the then-Mayor's son have plead guilty to federal bribery and extortion conspiracy charges. In addition, in May 2016 one then-City Commissioner was killed in a suspected suicide automobile accident the day before he was expected to surrender to state prosecutors on bribery charges. In mid-2018, a well-known lobbyist with close ties to City officials also plead guilty to federal bribery and extortion conspiracy charges. (Source: Miami Herald and other local media sources). It is currently unknown whether the FBI investigation is still ongoing.</p> <p>- The City failed to timely file the required financial reports for the past five fiscal years. As a result, the Committee has taken action against the City for three of these years' reports (2014-15, 2015-16, and 2016-17 fiscal years), and the City lost approximately \$1.74 million in State revenues that it would have otherwise been entitled to receive. Because the City pledged the State revenues for bond debt service satisfaction, it did receive approximately \$1.76 million that would have otherwise been withheld.</p> <p>-At the Committee's direction, the Auditor General performed an operational audit of the City and its Community Redevelopment Agency and issued the audit report in late June 2019, which included 99 findings and recommendations. The Committee held a hearing on this audit report in October 2019. The Auditor General is currently in the planning phase for the 18-month follow-up audit required by law to determine the City's progress in addressing the audit findings.</p> <p>- In February 2021, the Committee approved to take action against the City if the FY 2018-19 AFR and audit report were not submitted by 6/30/2021 mainly because the City had engaged a contractor to perform and provide fixed assets inventory tagging and valuation services, along with the creation of policies and procedures guidelines, the completion of which is necessary in order to accurately report the City's fixed assets on its financial statements. Correspondence from the City in January 2021 stated: (1) one of the conditions to be released from financial oversight that has been communicated to the City was to have clean unmodified opinions on the financial statements with no exceptions for 4 years; (2) the contractor estimated it may take approximately 75 days to perform their procedures, partly due to working in the COVID-19 environment; and (3) the City would need additional time to make any needed adjustments in recordkeeping and books and records resulting from any findings of the contractor, in order to provide such as part of the support to the audit firm.</p> <p>-On 6/30/2021, the Committee Chairs approved the City's request for an additional 10 days (until 7/11/2021) to submit the delinquent financial reports. The City submitted the AFR and audit report for FY 2018-19 on 7/7/2021, and 7/9/2021, respectively.</p>	

List 1:

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
20	City of Pahokee (Palm Beach)	25, 29, 30, 31	81, 82, 85, 86, 87, 88, 89, 90, 91	FY 2019-20 AFR and Audit Report	On 10/4/2021, Committee staff received correspondence from the City Manager, which stated that: (1) the City is currently in the process of completing the FY 2019-20 audit; (2) due to circumstances beyond its control, the City lost key management personnel that would assist with the preparation and finalization of the audit report with the City's auditors; (3) the City also had to close its office due to a State of Emergency that was issued from 3:00 pm on 8/9/2021 through 11:59 am on 8/16/2021 and from 12:01 pm on 8/24/2021 through 12:00 pm on 8/31/2021; these two events delayed the City in the completion of the financial reports; and (4) per discussions with the City's auditors, it is anticipated that the FY 2019-20 AFR and audit report will be submitted no later than 11/30/2021.	Take action if delinquent reports not received by 12/31/2021
21	City of Parker (Bay)	2	5, 6	FY 2019-20 AFR and Audit Report	<p>On 10/13/2021, Committee staff received correspondence from the City Clerk regarding the FY 2019-20 financial reports, which stated the following: The City has a long history of filing its financial reports on time; however, due to the events of the last couple of years as outlined below, it has not been able to do so, despite sincere efforts to do so. The reasons the City has not been able to complete the FY 2019-20 audit on time is due to the following:</p> <ol style="list-style-type: none"> 1. The City has had a significant turnover in the bookkeeper and the City Clerk positions over the past three years that has resulted in some of the financial records not being maintained appropriately and, as a result, not forwarded to the auditors timely. She was hired as the new City Clerk and is working closely with the auditors to get the financial records caught up and the audit completed. The most recent bookkeeper hired has turned in her resignation notice effective 10/23/2021, and the City is interviewing for the position and hopes to have a bookkeeper in place in the very near future. 2. The clean-up, repairs, grants administration, and insurance issues related to Hurricane Michael (a category 5 hurricane that hit the City directly on 10/10/2018) have significantly hindered the City's efforts to catch up its financial record keeping and, combined with the turnover in the bookkeeper position, put the City further behind. These issues have also extended the length of time required by the auditors to complete the audit. 	Take action if delinquent reports not received by 1/31/2022

List 1:

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	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	City of Parker (continued)				<p>3. In May 2020, the City went through a finance and accounting software conversion, and the reconciling issues related to this conversion, combined with the turnover in the bookkeeper position, have added to the backlog in record keeping.</p> <p>4. During the process of trying to catch up from the above-noted issues, the COVID-19 pandemic and some positive test results with the City caused the closure of City Hall to the public for several months. The City conducted as much work as it could remotely, but City staff were not fully back to City Hall until early summer.</p> <p>The City expects the audit to be completed by 1/31/2022.</p>	
22	City of Vernon (Washington)	2	5	FY 2019-20 AFR and Audit Report	<p>On 9/30/2021, Committee staff received an email from the City Clerk, which stated that: (1) the auditors are scheduled to come next Friday to begin finalizing the FY 2019-20 audit; (2) she had been out of the office for most of September due to COVID; and (3) the audit should be completed towards the end of October and everything should be submitted no later than 10/29/2021.</p> <p>Throughout October 2021, Committee staff received additional emails from the City Clerk with updates regarding the status of audit. These updates stated that: (1) the auditors had discovered an issue with the City's payroll system, which required corrections to be performed by the software company to address and resolve it; and (2) the City's audit was at a standstill until the issue was resolved, and the auditors would return to resume the audit once the issue was resolved.</p> <p>On 11/1/2021, Committee staff received an email from the City Clerk, which stated that she had received correspondence from the City's auditors and the FY 2019-20 audit could be issued by 12/31/2021.</p>	Take action if delinquent reports not received by 12/31/2021

List 1:

MUNICIPALITIES

	Municipality (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
23	Town of White Springs (Hamilton)	3	10	FY 2019-20 AFR and Audit Report	<p>On 11/9/2021, Committee staff spoke with the partner of the audit firm engaged to perform the Town’s FY 2019-20 audit. He stated that: (1) his CPA firm had recently been engaged to perform the audit, as well as assist with submitting the Town’s FY 2018-19 AFR; (2) Michael Whitehead, a contracted accountant who he has worked with before, is currently working on the Town’s financial records in preparation for the audit; (3) he anticipates that it will take about 3-4 weeks to complete the audit once the financial records are ready; and (4) he hopes to have the audit completed by the end of 2021; however, 1/31/2022 would provide a cushion in case something unexpected occurs. [Note: The Town submitted the audit report and AFR for FY 2018-19 (due by law no later than 6/30/2020) on 10/6/2021 and 11/15/2021, respectively, due to delays related to prior year issues. See the History section below for specifics relating to these financial reports.]</p> <p>History:</p> <ul style="list-style-type: none"> -In February 2021, the Committee approved to take action against the Town if the FY 2018-19 AFR and audit report were not submitted by 3/31/2021. The Town failed to submit the reports by that deadline, so State action began. - On 8/3/2021, after receiving an email from DEP in late July regarding a State Revolving Fund (SRF) loan payment that had been stopped by DFS, the Committee Chairs approved DEP’s request to release the payment associated with a SRF loan to the Town for a project to correct infiltration and inflow for the Town’s sewer system. This allowed the Town to pay the invoices from two contractors (who completed work on the project several months earlier) and minimize any potential financial consequences from the contractors if the invoices are not paid. -Based on additional information and a request from the Town for additional time to complete the audit and submit the delinquent reports, the Committee Chairs approved a delay of action for the FY 2018-19 reports until 9/30/2021. -The Town submitted the audit report for FY 2018-19 on 10/6/2021; however, the AFR remained outstanding. Therefore, a new begin enforcement letter was sent to DFS and DOR on 10/6/2021. The Town submitted the AFR on 11/15/2021, and the stop enforcement letter was sent to DFS and DOR on 11/15/2021. -As a result of the Committee's action and the Town’s failure to timely submit the FY 2017-18 reports, the Town lost State funds that it would ordinarily have received. 	Take action if delinquent reports not received by 1/31/2022

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Ballentrae Hillsborough Community Development District (Hillsborough; Local Ordinance)	18, 19, 20, 21	57, 58, 59, 60, 61, 62, 63, 64, 70	FY 2019-20 AFR and Audit Report	On 11/1/2021, DEO forwarded to Committee staff an email received from the District's management company, which stated that the District's FY 2019-20 AFR and audit report is expected to be submitted to the DFS and the Auditor General, respectively, by the end of November 2021.	Take action if delinquent reports not received by 12/31/2021
2	Bermont Drainage District (Charlotte; General Law)	23, 26	75	FY 2019-20 AFR and Audit Report* (*=if audit threshold met)	No response was received from the District to the Committee's certified letter dated 9/28/2021. In addition, the District did not provide a response to correspondence from DEO's Special District Accountability Program regarding the delinquent AFR.	Take action if delinquent report(s) not received by 12/6/2021
3	Daytona Beach Racing and Recreational Facilities District (Volusia; Special Act)	7, 9, 14	24, 25, 26, 27	FY 2019-20 AFR and Audit Report	No response was received from the District to the Committee's certified letter dated 9/28/2021. In addition, the District did not provide a response to correspondence from DEO's Special District Accountability Program regarding the delinquent AFR.	Take action if delinquent reports not received by 12/6/2021
4	Eastpoint Water and Sewer District (Franklin; Special Act)	3	7	FY 2019-20 AFR and Audit Report	Committee staff received correspondence from the District's registered agent regarding the status of FY 2019-20 audit, which stated that: (1) the District has not been able to complete the audit due to restrictions placed on access to the District office due to COVID-19 and some personal health issues; (2) he is back at the office now and getting caught up; and (3) the District is currently working with the external auditors to get the audit completed by 1/31/2022.	Take action if delinquent reports not received by 1/31/2022

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
5	Grove Resort Community Development District (Orange; Local Ordinance)	11, 13, 15	30, 31, 44, 45, 46, 47, 48, 49, 50	FY 2019-20 Audit Report	On 10/1/2021, Committee staff received correspondence from the District's management company, which stated that: (1) on 10/29/2020 the District entered into an agreement with an audit firm for auditing services for FY 2019-20; however, at the time of the submission of its proposal for auditing services, the audit firm did not understand that there was an enterprise fund for the District's waterpark operations which would result in additional unanticipated work by the audit firm; (2) the audit firm informed the District of its inability to complete the auditing services in the time frame required by the District and, rather than amend the agreement to account for the additional work and delay the provision of auditing services, the District and the audit firm mutually agreed to terminate the agreement on 9/21/2021; (3) on 9/24/2021 the District entered into an agreement for the needed auditing services with a different audit firm; and (4) the estimated timeframe for submission of the audit report is early November 2021.	Take action if delinquent report not received by 12/31/2021
6	Hidden Creek Community Development District (Hillsborough; Local Ordinance)	18, 19, 20, 21	57, 58, 59, 60, 61, 62, 63, 64, 70	FY 2019-20 AFR and Audit Report	On 11/18/2021, DEO forwarded to Committee staff an email received from the District's management company, which stated that the District's FY 2019-20 AFR and audit report should be finalized by 11/23/2021.	Take action if delinquent reports not received by 12/31/2021
7	Hillsborough Soil and Water Conservation District (Hillsborough; General Law)	18, 19, 20, 21	57, 58, 59, 60, 61, 62, 63, 64, 70	FY 2019-20 AFR and Audit Report	On 11/18/2021 DEO forwarded to Committee staff an email received from the District's registered agent, which stated that: (1) the FY 2019-20 is currently in progress; and (2) the District's CPA expects the audit to be completed and the audit report provided within the next three weeks.	Take action if delinquent reports not received by 12/31/2021

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
8	Holmes Creek Soil and Water Conservation District (Holmes; General Law)	2	5	FY 2019-20 AFR	No response was received from the District to either the Committee's certified letter dated 9/28/2021 or a courtesy follow-up email sent on 11/5/2021. In addition, the District did not provide a response to correspondence from DEO's Special District Accountability Program regarding the delinquent AFR.	Take action if delinquent report not received by 12/6/2021
9	Jacksonville Transportation Authority (Duval; Special Act)	4, 6	11, 12, 13, 14, 15, 16	FY 2019-20 AFR	The Authority is a component unit of the Consolidated City of Jacksonville (City), and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed. [See List 1 for the status of the City's audit.] Note: The Authority's FY 2019-20 audit report was submitted to the Auditor General's Office on 5/14/2021.	No action on the special district since the Consolidated City of Jacksonville is responsible for submitting the Authority's AFR. [Note: Take action on Consolidated City of Jacksonville if delinquent report not received by 12/31/2021.]
10	Lake Lucie Community Development District (St. Lucie; Local Ordinance)	25	54, 55, 83, 84	FY 2019-20 AFR and Audit Report	On 11/18/2021 DEO forwarded to Committee staff a series of emails received from the District's registered agent. The initial email stated that the District finally found a CPA office that will help it, had to submit a RFP, and is waiting to hear back on price and availability. In response to a follow-up email from DEO requesting that, once known, she provide a response to two questions required by law about the status of the delinquent report(s) and the estimated date that the District will file such report(s), the registered agent stated that the CPA was providing an engagement letter and the District hopes to get started right away and will try to have the audit done and submitted "by 11/31/2021" (as stated in her email). [Note: The District submitted an AFR to the DFS on 8/11/2021; however, correspondence from the DFS to Committee staff on 11/4/2021 stated that "the AFR has been returned by DFS."]	Take action if delinquent reports not received by 12/31/2021

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Lake Lucie Community Development District (continued)				On 11/19/2021, DEO forwarded to Committee staff an email received from the District's registered agent with an updated status, which stated that the District has signed the engagement letter with the CPA and is moving forward with the audit.	
11	Orange Hill Soil and Water Conservation District (Washington; General Law)	2	5	FY 2019-20 AFR and Audit Report* (*=if audit threshold met)	<p>At the 2/4/2021 Committee meeting, the Committee approved no state action regarding the District's FY 2018-19 delinquent reports; however, the Committee encouraged the District to attempt to reconstruct the financial records for FY 2018-19 and FY 2019-20 and submit the respective AFRs at some future date.</p> <p>In August 2021 in response to DEO's technical assistance letter regarding the AFR, the District's registered agent stated that, due to the flooding in the District's office which destroyed District records for FY 2018-19 and FY 2019-20 (as previously reported to the Committee), the District is unable to complete the FY 2019-20 AFR.</p> <p>History:</p> <ul style="list-style-type: none"> - In January 2021, Committee staff spoke with the District's registered agent regarding the status of the District's FY 2018-19 AFR. He stated that: (1) the District had lost all of its financial records and office furnishings due to flooding of the office building during a hurricane last year; (2) the office building has been gutted and is currently being renovated, but they expect that it will be the fall before the building is available for occupancy; (3) the District cannot complete either the FY 2018-19 or FY 2019-20 AFRs because of the destruction of the financial records; (4) the District's revenues and expenditures are below the audit threshold; and (5) the District's Board just recently met for the first time since the flooding. An email from the District's Vice-Chair was subsequently received by Committee staff which confirmed this information. -The District's total revenues and total expenditures have been below the audit threshold for each fiscal year since FY 2010-11. Average total revenues and average total expenditures were approximately \$4,600 and \$5,200, respectively. -The District has generally submitted the required AFR to the DFS on or before the June 30 statutory deadline for each fiscal year since FY 2010-11. 	No state action regarding FY 2019-20 delinquent report(s); however, encourage the District to attempt to reconstruct the financial records for FY 2018-19 and FY 2019-20 and submit the respective AFRs at some future date.

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
12	Portofino Vineyards Community Development District (Lee; Local Ordinance)	26, 27, 28	76, 77, 78, 79	FY 2019-20 Audit Report	On 11/18/2021, DEO forwarded to Committee staff an email received from the District's management company, which stated that the District's FY 2019-20 audit report is expected to be submitted to the Auditor General by 12/31/2021.	Take action if delinquent report not received by 12/31/2021
13	Preserve at South Branch Community Development District, The (Pasco; Local Ordinance)	10, 16, 20	36, 37, 38	FY 2019-20 AFR and Audit Report	On 11/18/2021, DEO forwarded to Committee staff an email received from the District's management company, which stated that the District's FY 2019-20 AFR and audit report should be finalized by 11/23/2021.	Take action if delinquent reports not received by 12/31/2021
14	South Dade Soil and Water Conservation District (Miami-Dade; General Law)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118,	FY 2019-20 AFR and Audit Report	On 11/15/2021 DEO forwarded to Committee staff an email received from the District regarding the status of its FY 2019-20 audit, which stated that: (1) the District lost all of its funding in 2019, leaving very little resources to pay for the audit and the office personnel that it needed; (2) one part-time staff was left to run the day-to-day operations remotely and the COVID-19 pandemic exasperated an already difficult situation; (3) the District is housed in a federal and state agency office and strict COVID protocols prevented the part-time staff from entering the building to gather information needed to move the audit along; (4) the CPA firm performing the audit experienced loss of staff, which added to the already delayed progress of the FY 2019-20 audit; and (5) the CPA firm has provided an expected completion date of 2/28/2022 for the audit, which accounts for down time in their office during the holiday season. [Note: The District recently submitted its FY 2018-19 AFR and audit report. See the History section below for specifics relating to the FY 2018-19 delinquent financial reports and the court case filed by DEO.]	Take action if delinquent reports not received by 2/28/2022

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	South Dade Soil and Water Conservation District (continued)		119, 120		<p>History:</p> <ul style="list-style-type: none"> - In February 2021, the Committee approved to take action against the District if the FY 2018-19 AFR and audit report were not submitted by 3/1/2021; a post-meeting email was sent to the District's registered agent regarding such. [Note: The District had not provided a response to the Committee's 10/28/2020 letter regarding the status of the delinquent financial reports. Also, the District had not provided responses to DEO's technical assistance letters regarding the delinquent financial reports. DEO had only received an email from the Executive Director of the Association of Florida Conservation Districts in late September 2020, which included an email from District staff stating the District had lost its two state contracts, was recovering from the disruption in funds, and did not get any government assistance and, therefore, would conclude its audit as soon as it could.] -The District failed to submit the reports by the deadline, so State action began on 3/5/2021. As a result, on 4/20/2021 DEO filed a Petition for Enforcement (Petition) against the District in Leon County Circuit Court (Court). -DEO attempted to serve the Petition to the District's registered agent and, based on conversations with and an email from him in May 2021, DEO was told that: (1) the District's office is housed inside a USDA building and in March 2020 COVID-19 restrictions were announced that prevented District staff, Supervisors, outside vendors, and the public from entering the building; (2) these rules were still in effect and accounted for the communication failure between the District and DEO; (3) the District cannot proceed with an audit until the building is reopened, which will hopefully happen sometime this year; (4) once District staff is able to re-enter the District's offices, the District can proceed with the audit. - When DEO inquired about an alternative location to serve the Petition, they were told by the District's registered agent that such service could not occur at his home because he had a long driveway with a locked gate. Ultimately, DEO had the District agree to a waiver and acceptance of formal service on 8/16/2021. -The District submitted its FY 2018-19 AFR and audit report on 10/27/2021 and 11/3/2021, respectively. Upon receipt of the stop enforcement letter from the Committee office, DEO filed a Notice of Voluntary Dismissal with the Court on 11/5/2021. 	

List 2:

SPECIAL DISTRICTS (INDEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
15	Verona Community Development District (Lee; Local Ordinance)	26, 27, 28	76, 77, 78, 79	FY 2019-20 AFR and Audit Report*; FY 2018-19 AFR (*=if audit threshold met)	<p>At the 2/4/2021 Committee meeting, the Committee approved, due to a lack of a registered agent and office, to take action upon the filing of a registered agent or office if filed by 2/3/2022. Otherwise, declare District inactive.</p> <p>Since 2/3/2021, the Department of Economic Opportunity, Special District Accountability Program's records have shown the District's registered agent name and address information as "Unknown." The special district is required by law to keep this information current with the DEO. Because there was no registered agent information, no Committee letter could be sent.</p>	Due to a lack of a registered agent and office, take action upon the filing of a registered agent or office if filed by 2/3/2022. Otherwise, declare District inactive.
18	Yellow River Soil and Water Conservation District (Okaloosa; General Law)	1, 2	3, 4	FY 2019-20 AFR and Audit Report* (*=if audit threshold met)	<p>On 11/29/2021, DEO forwarded to Committee staff an email received from the District's Administrative Assistant regarding the FY 2019-20 audit, which stated that: (1) since April 2020, USDA's Natural Resources Conservation Service (NRCS) has not allowed District staff back into to office to work because Okaloosa County has had high COVID-19 numbers; (2) the numbers have come down recently and if they stay down, NRCS is planning to let District staff back in the building in January 2022; (3) the auditor that the District had lined up to perform the FY 2019-20 audit retired without any warning, and the District is currently looking for an auditor; (4) she has accepted a full-time job elsewhere and is now working only part-time until the District can hire someone in January 2022; and (5) the District is asking for additional time until at least 3/31/2022 to have the audit completed, which will give the District time to get the new employee hired and trained and a new auditor engaged to perform the audit.</p>	Take action if delinquent report(s) not received by 3/31/2022

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List 3:

SPECIAL DISTRICTS (DEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Ali-Baba Neighborhood Improvement District (Miami-Dade; Local Ordinance)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2019-20 AFR and Audit Report* (*if audit threshold met)	<p>On 11/9/2021 DEO forwarded to Committee staff an email received from the City of Opa-locka (City)'s Planning & Community Development Department, which stated that: (1) the District has no financial activity; (2) the City has drafted legislation to declare the District inactive and will repeal the enabling legislation to dissolve the District; (3) the legislation will be presented to the City Commission for first and second readings on 12/8/2021 and 1/12/2022, respectively; and (4) once the Ordinance is adopted by the City Commission the District will no longer exist.</p> <p>Note: The District is a component unit of the City of Opa-locka, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed. [See List 1 for the status of the City's audit.]</p>	No action since the City of Opa-locka is planning to dissolve the special district.
2	Apalachicola Community Redevelopment Agency (Franklin; Local Ordinance)	3	7	FY 2019-20 AFR and Audit Report	<p>The Agency is a component unit of the City of Apalachicola, and its AFR is linked to the City's AFR, which has not yet been submitted. [See List 1 for the status of the City's AFR. The City submitted its FY 2019-20 audit report on 11/5/2021.]</p> <p>However, the Agency is responsible for submitting its standalone audit report. On 11/17/2021, Committee staff received correspondence from the City's audit firm, which stated that they had issued the audit report, there were many comments about noncompliance, and they are waiting for the City to provide the response and corrective action plan.</p>	Take action if delinquent reports not received by 12/31/2021

List 3:

SPECIAL DISTRICTS (DEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Apalachicola Community Redevelopment Agency (continued)				On 11/29/2021, Committee staff spoke with a partner with City's audit firm re: status of the City's FY 2019-20 AFR and the CRA's audit. He stated that he was still waiting on the City to provide the response and corrective action plan to the CRA's audit findings. [Note: The City Commission comprises five of the seven members of the CRA's governing board.] He further stated that the City's AFR was ready to be submitted once the CRA's audit report was finalized and issued and the CRA's financial information was added to the AFR.	
3	Avon Park Community Redevelopment Agency (Highlands; Local Ordinance)	26	55	FY 2019-20 AFR and Audit Report	The Agency is a component unit of the City of Avon Park, and its AFR is linked to the City's AFR, which has not yet been submitted. [See List 1 for the status of the City's AFR. The City submitted its FY 2019-20 audit report on 11/15/2021.] However, the Agency is responsible for submitting its standalone audit report. No response was received from the Agency to the Committee's certified letter dated 9/28/2021. Also, no response was received from the City to an email sent on 11/16/2021 requesting the status of the Agency's standalone audit. In addition, the Agency did not provide a response to correspondence from DEO's Special District Accountability Program regarding the delinquent audit.	Take action if delinquent reports not received by 12/31/2021
4	Century Community Redevelopment Agency (Escambia; Local Ordinance)	1	1, 2	FY 2019-20 AFR and Audit Report* (*=if audit threshold met)	The Agency is a component unit of the Town of Century, and its AFR is linked to the Town's AFR, which cannot be submitted until the Town's FY 2019-20 audit is completed. [See List 1 for the status of the Town's audit.] However, the Agency is responsible for submitting its standalone audit report, if required. [Note: The Agency was created on 9/11/2017, and the FY 2017-18 and FY 2018-19 AFRs of the Town of Century filed with the DFS show total revenues and total expenditures below the thresholds in Section 218.39, Florida Statutes, that require a standalone financial audit.]	Take action if delinquent report(s) not received by 12/31/2021

List 3:

SPECIAL DISTRICTS (DEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
5	City of Palmetto Community Redevelopment Agency (Manatee; Local Ordinance)	21	70, 71, 73	FY 2019-20 Audit Report	On 11/17/2021 DEO forwarded to Committee staff an email received from the Finance Director of the City of Palmetto, which stated that: (1) the City has worked very closely with the auditors in generating the CRA's financial statements; (2) the CRA's capital assets have been comingled with the City's governmental activities since its inception, and it is taking much longer than anticipated to verify all activities belonging to the CRA and making the necessary adjustments to reflect its respective share; (3) the audit is in progress; and (4) City staff are very hopeful that the audit report will be completed by the end of November 2021; however, it will depend on the auditors' final review of the complete set of financial statements once City staff have provided the final requested information to the auditors.	Take action if delinquent report not received by 12/31/2021
6	Community Redevelopment Agency of the City of Parker (Bay; Local Ordinance)	2	5, 6	FY 2019-20 AFR and Audit Report* (*=if audit threshold met)	The Agency is a component unit of the City of Parker, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed. [See List 1 for the status of the City's audit.] However, the Agency is responsible for submitting its standalone audit report, if required. [Note: The FY 2016-17, FY 2017-18, and FY 2018-19 AFRs of the City of Parker filed with the DFS show total revenues and total expenditures below the thresholds in Section 218.39, Florida Statutes, that require a standalone financial audit.]	Take action if delinquent report(s) not received by 1/31/2022.

List 3:

SPECIAL DISTRICTS (DEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
7	Community Redevelopment Agency of the Town of Havana (Gadsden; Local Ordinance)	3	8	FY 2019-20 AFR and Audit Report* (*=if audit threshold met)	<p>The Agency is a component unit of the Town of Havana, and its AFR is linked to the Town's AFR, which cannot be submitted until the Town's FY 2019-20 audit is completed. [See List 1 for the status of the Town's audit.] However, the Agency is responsible for submitting its standalone audit report, if required.</p> <p>[Note: The FY 2016-17, FY 2017-18, and FY 2018-19 AFRs of the Town of Havana filed with the DFS show total revenues and total expenditures below the thresholds in Section 218.39, Florida Statutes, that require a standalone financial audit.]</p>	Take action if delinquent report(s) not received by 1/31/2022.
8	Downtown Clermont Redevelopment Agency (Lake; Local Ordinance)	12, 22	31, 32, 33	FY 2019-20 AFR and Audit Report	<p>The Agency is a component unit of the City of Clermont, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed. [See List 1 for the status of the City's audit.] However, the Agency is responsible for submitting its standalone audit report.</p> <p>On 11/8/2021, Committee staff received an email from the City's Finance Director, which stated that: (1) the City is actively working to complete the FY 2019-20 audits of the City and its Community Redevelopment Agency and anticipates having them complete within the next month; (2) the City currently has an extension from the Government Finance Officers Association for the Certificate of Achievement for Excellence in Financial Reporting through the end of the month; and (3) the City has had multiple challenges this year that have resulted in its FY 2019-20 financial reports not being completed by the State deadline.</p>	Take action if delinquent reports not received by 12/31/2021

List 3:

SPECIAL DISTRICTS (DEPENDENT)

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	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
9	Downtown Investment Authority (Duval; Local Ordinance)	4, 6	11, 12, 13, 14, 15, 16	FY 2019-20 AFR and Audit Report	The Authority is a dependent special district of the Consolidated City of Jacksonville (City), and its activities are included as part of the City. Therefore, the Authority's AFR and audit report cannot be submitted until the City's FY 2019-20 audit is completed and its FY 2019-20 AFR is then submitted. [See List 1 for the status of the City's audit.]	No action on the special district since the Consolidated City of Jacksonville is responsible for submitting the Authority's AFR and audit report. [Note: Take action on Consolidated City of Jacksonville if delinquent reports not received by 12/31/2021.]
10	East-West Neighborhood Improvement District (Miami-Dade; Local Ordinance)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2019-20 AFR and Audit Report* (*=if audit threshold met)	On 11/9/2021 DEO forwarded to Committee staff an email received from the City of Opa-locka (City)'s Planning & Community Development Department, which stated that: (1) the District has no financial activity; (2) the City has drafted legislation to declare the District inactive and will repeal the enabling legislation to dissolve the District; (3) the legislation will be presented to the City Commission for first and second readings on 12/8/2021 and 1/12/2022, respectively; and (4) once the Ordinance is adopted by the City Commission the District will no longer exist. Note: The District is a component unit of the City of Opa-locka, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed. [See List 1 for the status of the City's audit.]	No action since the City of Opa-locka is planning to dissolve the special district.

List 3:

SPECIAL DISTRICTS (DEPENDENT)

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	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
11	Gretna Neighborhood Improvement District (Gadsden; Local Ordinance)	3	8	FY 2019-20 AFR and Audit Report*; FY 2018-19 AFR and Audit Report* (*if audit threshold met)	<p>The District is a component unit of the City of Gretna, and its FY 2018-19 and FY 2019-20 AFRs are linked to the City's AFRs for those fiscal years, which cannot be submitted until the City's FY 2018-19 and FY 2019-20 audits, respectively, are completed and submitted. [See List 1 for the status of the City's audit.]</p> <p>To date, the City has not yet completed and submitted either its FY 2018-19 AFR and audit report, including the AFR for the District (due by law no later than 6/30/2020), or its FY 2019-20 AFR and audit report, including the AFR for the District (due by law no later than 6/30/2021). See the History section below for specifics relating to the FY 2018-19 delinquent financial reports.</p> <p>History:</p> <ul style="list-style-type: none"> - In February 2021, the Committee approved to take: (1) no action on the special district since the City of Gretna (City) is responsible for submitting the District's AFR, and (2) action on the City if the City's FY 2018-19 AFR and audit report, including the AFR for the District, were not received by 3/31/2021; a post-meeting email was sent to the City's Mayor on 2/8/2021 regarding such. -The City failed to submit the financial reports by the deadline, so State action against the City began on 3/5/2021. [See the History section for the City on List 1 for more specifics relating to the ongoing State action.] -The City of Gretna reported zero total revenues and total expenditures for the District for at least the previous five fiscal years. 	No action on the special district since the City of Gretna is responsible for submitting the District's AFR. [Note: Take action on City of Gretna if delinquent report(s) not received by 3/31/2022.]

List 3:

SPECIAL DISTRICTS (DEPENDENT)

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	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
12	Jacksonville Health Facilities Authority (Duval; Local Ordinance)	4, 6	11, 12, 13, 14, 15, 16	FY 2019-20 AFR and Audit Report	<p>The Authority is a component unit of the Consolidated City of Jacksonville (City), and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed.</p> <p>In addition, the Authority's financial activity is accounted for by the City and is included as part of the City's financial statements and note disclosures. [See List 1 for the status of the City's audit.]</p>	<p>No action on the special district since the Consolidated City of Jacksonville is responsible for submitting the Authority's AFR and the Authority's financial activity is included as part of the City's audit. [Note: Take action on Consolidated City of Jacksonville if delinquent reports not received by 12/31/2021.]</p>
13	Jacksonville Housing Finance Authority (Duval; Local Ordinance)	4, 6	11, 12, 13, 14, 15, 16	FY 2019-20 AFR and Audit Report	<p>The Authority is a component unit of the Consolidated City of Jacksonville (City), and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed.</p> <p>In addition, the Authority's financial activity is accounted for by the City and is included as part of the City's financial statements and note disclosures. [See List 1 for the status of the City's audit.]</p>	<p>No action on the special district since the Consolidated City of Jacksonville is responsible for submitting the Authority's AFR and the Authority's financial activity is included as part of the City's audit. [Note: Take action on Consolidated City of Jacksonville if delinquent reports not received by 12/31/2021.]</p>

List 3:

SPECIAL DISTRICTS (DEPENDENT)

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	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
14	Jacksonville International Airport Area Redevelopment Agency (Duval; Local Ordinance)	4, 6	11, 12, 13, 14, 15, 16	FY 2019-20 AFR and Audit Report	The Agency is a component unit of the Consolidated City of Jacksonville (City), and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed. In addition, the Agency's audit is being completed in conjunction with the City's audit. [See List 1 for the status of the City's audit.]	Take action if delinquent reports not received by 12/31/2021
15	Jacksonville Port Authority (Duval; Special Act)	4, 6	11, 12, 13, 14, 15, 16	FY 2019-20 AFR	The Authority is a component unit of the Consolidated City of Jacksonville (City), and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed. [See List 1 for the status of the City's audit.] Note: The Authority's FY 2019-20 audit report was submitted to the Auditor General's Office on 3/2/2021.	No action on the special district since the Consolidated City of Jacksonville is responsible for submitting the Authority's AFR. [Note: Take action on Consolidated City of Jacksonville if delinquent report not received by 12/31/2021.]
16	Jacksonville Public Library (Duval; Local Ordinance)	4, 6	11, 12, 13, 14, 15, 16	FY 2019-20 Audit Report	The Library is a dependent special district of the Consolidated City of Jacksonville (City), and its activities are included as part of the City. Therefore, the Library's audit report cannot be submitted until the City's FY 2019-20 audit is completed. [See List 1 for the status of the City's audit.]	No action on the special district since the Consolidated City of Jacksonville is responsible for submitting the Library's audit report. [Note: Take action on Consolidated City of Jacksonville if delinquent report not received by 12/31/2021.]

List 3:

SPECIAL DISTRICTS (DEPENDENT)

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	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
17	KingSoutel Crossing Community Redevelopment Agency (Duval; Local Ordinance)	4, 6	11, 12, 13, 14, 15, 16	FY 2019-20 AFR and Audit Report	The Agency is a component unit of the Consolidated City of Jacksonville (City), and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed. In addition, the Agency's audit is being completed in conjunction with the City's audit. [See List 1 for the status of the City's audit.]	Take action if delinquent reports not received by 12/31/2021
18	Lee County Educational Facilities Authority (Lee; General Law)	26, 27, 28	76, 77, 78, 79	FY 2019-20 AFR and Audit Report* (*if audit threshold met)	No response was received from the Authority to the Committee's certified letter dated 9/28/2021. In addition, the Authority did not provide a response to correspondence from DEO's Special District Accountability Program regarding the delinquent AFR.	Take action if delinquent report(s) not received by 12/6/2021
19	Loxahatchee Groves Water Control District (Palm Beach; Special Act)	25, 29, 30, 31	81, 82, 85, 86, 87, 88, 89, 90, 91	FY 2019-20 AFR and Audit Report	The District is a component unit of the City of Loxahatchee Groves and is included in the City's audit. Also, the District's AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed. [See List 1 for the status of the City's audit.]	No action on the special district. The District is a component unit of the City of Loxahatchee Groves and is included in the City's audit. The City is responsible for submitting the Agency's AFR. [Note: Take action on City of Loxahatchee Groves if delinquent reports not received by 12/31/2021.]

List 3:

SPECIAL DISTRICTS (DEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
20	Niles Garden Neighborhood Improvement District (Miami-Dade; Local Ordinance)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2019-20 AFR and Audit Report* (*=if audit threshold met)	<p>On 11/9/2021 DEO forwarded to Committee staff an email received from the City of Opa-locka (City)'s Planning & Community Development Department, which stated that: (1) the District has no financial activity; (2) the City has drafted legislation to declare the District inactive and will repeal the enabling legislation to dissolve the District; (3) the legislation will be presented to the City Commission for first and second readings on 12/8/2021 and 1/12/2022, respectively; and (4) once the Ordinance is adopted by the City Commission the District will no longer exist.</p> <p>Note: The District is a component unit of the City of Opa-locka, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed. [See List 1 for the status of the City's audit.]</p>	No action since the City of Opa-locka is planning to dissolve the special district.
21	Opa-Locka Community Redevelopment Agency (Miami-Dade; Local Ordinance)	35, 36, 37, 38, 39, 40	100, 102, 103, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120	FY 2019-20 AFR and Audit Report	<p>The Agency is a component unit of the City of Opa-locka, and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed. [See List 1 for the status of the City's audit.]</p> <p>However, the Agency is responsible for submitting its standalone audit report.</p>	Take action if delinquent reports not received by 3/31/2022
22	Renew Arlington Community Redevelopment Agency (Duval; Local Ordinance)	4, 6	11, 12, 13, 14, 15, 16	FY 2019-20 AFR and Audit Report	<p>The Agency is a component unit of the Consolidated City of Jacksonville (City), and its AFR is linked to the City's AFR, which cannot be submitted until the City's FY 2019-20 audit is completed.</p> <p>In addition, the Agency's audit is being completed in conjunction with the City's audit. [See List 1 for the status of the City's audit.]</p>	Take action if delinquent reports not received by 12/31/2021

List 3:

SPECIAL DISTRICTS (DEPENDENT)

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

	District (County; Creation Method)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
23	Tarawood Special Dependent Tax District (Hillsborough; Local Ordinance)	18, 19, 20, 21	57, 58, 59, 60, 61, 62, 63, 64, 70	FY 2019-20 AFR and Audit Report* (*=if audit threshold met)	No response was received from the District to the Committee's certified letter dated 9/28/2021. In addition, the District did not provide a response to correspondence from DEO's Special District Accountability Program regarding the delinquent AFR.	Take action if delinquent report(s) not received by 12/6/2021
24	Town of Eatonville Community Redevelopment Agency (Orange; Local Ordinance)	11, 13, 15	30, 31, 44, 45, 46, 47, 48, 49, 50	FY 2019-20 AFR	The Agency is a component unit of the Town of Eatonville, and its AFR is linked to the Town's AFR, which cannot be submitted until the Town's FY 2019-20 audit is completed. [See List 1 for the status of the Town's audit.] Note: The Agency submitted its standalone audit report to the Auditor General on 6/28/2021.	No action on the special district since the Town of Eatonville is responsible for submitting the Agency's AFR. [Note: Take action on Town of Eatonville if delinquent report not received by 12/31/2021.]

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List 4:

CONTINUE TO DELAY ACTION

	Take No Action	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Campbellton-Graceville Hospital District (Jackson; Special Act)	2	5	FY 2019-20 AFR and Audit Report* FY 2018-19 AFR and Audit Report FY 2017-18 AFR and Audit Report* FY 2016-17 AFR and Audit Report FY 2015-16 AFR and Audit Report FY 2014-15 AFR and Audit Report FY 2013-14 AFR and Audit Report (*=if audit threshold met)	<p>Correspondence received in August 2021 from the DEO General Counsel’s office regarding the status of action against the District stated that “due to the ongoing bankruptcy, [the office] recommends taking no action at this time.” Committee staff asked the following to DEO: “The Hospital corporation claims that it is a separate entity from the Hospital District, which is why it could file for bankruptcy without the Governor’s consent. If that’s accurate, what bearing does the bankruptcy case even have on the Hospital District?” Correspondence from DEO received in September 2021 stated that “it is in the best interest of the Department to not proceed with declaring the Campbellton-Graceville Hospital District inactive while the bankruptcy is ongoing.”</p> <p>Although the District continues to have a registered agent of record, neither Committee staff nor the DEO have received any communication from the District’s registered agent in several years.</p> <p>History:</p> <ul style="list-style-type: none"> - Correspondence received in February 2021 from the DEO General Counsel’s office regarding the status of action against the District stated: (1) the Campbellton Graceville Hospital Corporation’s Chapter 11 Bankruptcy case was still proceeding; and (2) there was a Liquidating Trustee and it appeared they were in the process of resolving the affairs. - Correspondence received in February 2019 from the DEO General Counsel’s office regarding the status of action against the District stated: (1) the Campbellton Graceville Hospital Corporation’s Chapter 11 Bankruptcy was still pending; and (2) the Jackson County Official Records indicated that the hospital property was sold on 8/1/2018, which appeared to further the legislation from the 2018 Legislative Session. - Legislation passed during the 2018 Legislative Session relating to the District (HB 1449, now Chapter 2018-188, Laws of Florida): (1) authorized the District to complete the sale of the Campbell-Graceville Hospital facility to Northwest Florida Healthcare, Inc.; (2) required that, upon completion of such sale, the District remain in full operation and possession of all powers to be exercised solely to wind down its affairs; and (3) stated that, on the date the District closes on the authorized sale, Sections 4 and 5 of the Districts enacting law (Chapter 69-2290, Laws of Florida) are repealed and the authority of the Board of County Commissioners of Jackson County to impose any ad valorem taxes for maintenance and operations of the District is terminated. -In August 2017, Committee staff were informed that the Campbellton Graceville Hospital Corporation had filed bankruptcy. The Hospital Corporation claimed that it was a separate 	Continue to delay state action on FY 2016-17 through FY 2018-19 delinquent financial reports and delay state action on FY 2019-20 delinquent financial reports, and have staff monitor District's progress in complying with terms of Chapter 2018-188, Laws of Florida, to "wind down its affairs" now that the Hospital property has been sold.

List 4:

CONTINUE TO DELAY ACTION

	Take No Action	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Campbellton-Graceville Hospital District (continued)				<p>entity from the Hospital District, which was why it could file for bankruptcy without the Governor's consent. The Attorney General's Office had some involvement regarding the bankruptcy proceedings.</p> <p>-On 7/27/2017 Committee staff received an email from DEO stating that Hospital had closed on June 30th, but the clinic remained open. Neither Committee staff nor the Governor's Office were notified by the District of this, which is a condition of financial emergency, as required by Section 218.503(3), F.S.</p> <p>-The Committee, at its 11/2/2015 meeting, directed DEO to take action against the District for failure to file the AFR and audit report for the 2013-14 fiscal year. DEO filed a petition for enforcement in the Leon County Circuit Court in February 2016, and the Circuit Judge signed the Order of Final Judgment on 11/6/2016. The District failed to file the delinquent financial reports as ordered, so DEO published a "Proposed Notice of Inactive Status" in the local paper on 11/17/2016. The District objected and filed a "Petition for Formal Administrative Hearing" on 12/6/2016. A formal hearing with the Division of Administrative Hearings was scheduled for 2/24/2017.</p>	
2	Santa Rosa Bay Bridge Authority (Santa Rosa; Special Act)	1	2, 3	<p>AFR and Audit Report* for: FY 2019-20 FY 2018-19 FY 2017-18 FY 2016-17 FY 2015-16 FY 2014-15 FY 2013-14 FY 2012-13 FY 2011-12 FY 2010-11</p> <p>Audit Report for: FY 2009-10 FY 2008-09</p> <p>(*-if audit threshold met)</p>	<p>On 7/28/2021, the Department of Transportation (DOT) issued a news release which stated that Governor DeSantis announced he had directed DOT: (1) to reduce the toll rates on the Garcon Point Bridge, the Authority's bridge (Bridge) to be consistent with other DOT toll facilities across the State; and (2) to ensure that the toll rates remain low, reach a settlement with the Bond Trustee and the bondholders to purchase the Bridge and transfer control to the Florida Turnpike Enterprise. The DOT news release further stated that Governor DeSantis also announced that he would be asking the Florida Legislature to take action to codify the lower toll rates into law.</p> <p>Since 2/12/2015, the Department of Economic Opportunity, Special District Accountability Program (DEO)'s records have shown the Authority's registered agent name and address as "Unknown." DEO has determined that the Authority cannot be declared "Inactive" at this time.</p> <p>Neither DEO nor Committee staff have received any communication from the District in several years.</p> <p>History: -Since at least 2009, the Committee has approved to delay action until a later date since the Authority only has restricted funds, which cannot be used to pay for an audit. DOT staffs the</p>	Continue to delay action

List 4:

CONTINUE TO DELAY ACTION

	Take No Action	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
	Santa Rosa Bay Bridge Authority (continued)				<p>day-to-day operations of Authority, and until sometime in 2013 the DOT IG's Office compiled the financial statements and submitted the AFR for the Authority.</p> <p>-On 6/30/2011, the Authority was unable to make its \$5 million bond payment, and the trustee alerted the bondholders to the default. Since the bonds were not backed by the full faith and credit of the State, the State is not liable for the debt. DOT continues to operate and maintain the bridge.</p> <p>-In November 2013, the Authority's registered agent stated that DOT and the bond trustee had agreed to each pay half of cost for an independent reviewer/consultant to help review financial information and get AFRs submitted.</p> <p>-In January 2015, DEO forwarded an email from the Authority's registered agent of record to Committee staff. He stated that he had resigned from the Authority's Board in December 2014, following other members' resignations by about two months. Mellon Bank had sent a directive for the Board to increase the Garcon Point Bridge toll from \$3.75 to \$5; if such action had not been taken within 30 days, they were going to circumvent the Board and direct the State to raise the toll. He stated that he resigned because he had long said that he would not serve through another unwarranted toll increase and he meant it. DEO removed him as the registered agent in its records and requested, if he was aware or became aware of anyone else who was handling registered agent responsibilities for the Authority, that he let DEO know or ask the person to contact DEO.</p>	

From: JACQUELINE BELL <JACQUELINEBELL@AUD.STATE.FL.US>
Sent: Tuesday, September 21, 2021 10:56 AM
To: White, Deborah; Dubose, Kathy
Subject: Amended FY 2019-20 Section 11.45(7)(a) FS, Notification
Attachments: FY 2019-20 Section 11.45(7)(a) FS, Notification.xlsb

Good morning,

Pursuant to Section 11.45(7)(a), Florida Statutes, this amended e-mail is to notify you of the 105 local governmental entities listed on the attached document that, as of September 21, 2021, were either not in compliance, or may not have been in compliance, with the Section 218.39, Florida Statutes, audit report filing requirement for the 2019-20 fiscal year. A separate notification regarding district school boards, charter schools, and charter technical career centers that failed to provide for an audit for the 2019-20 fiscal year was made to you in our e-mail dated April 12, 2021.

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

Thank you,

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

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

**Local Governmental Entities
2019-20 Fiscal Year Audit Reports
Required - Not Received**

Attachment A

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

MUNICIPALITIES			
1	Altha, Town of	M00400	B
2	Apalachicola, City of	M00600	A
3	Avon Park, City of	M01500	A
4	Belleair, Town of	M02500	B
5	Campbellton, Town of	M04900	B
6	Caryville, Town of	M05300	B
7	Center Hill, City of	M05700	A
8	Century, Town of	M05800	B
9	Clermont, City of	M06400	B
10	Cottondale, City of	M07400	A
11	Eatonville, Town of	M09600	A
12	El Portal, Village of	M10000	A
13	Greenwood, Town of	M13100	A
14	Gretna, City of	M13200	A
15	Hampton, City of	M13900	B
16	Havana, Town of	M14100	A
17	Hialeah Gardens, City of	M14400	A
18	Highland Beach, Town of	M14700	B
19	Indian Shores, Town of	M16400	B
20	Jacksonville, City of	M16900	B
21	Jennings, Town of	M17400	A
22	Lake Worth, City of	M19900	B
23	Loxahatchee Groves, Town of	M21550	B
24	Mangonia Park, Town of	M22400	A
25	Mexico Beach, City of	M23600	B
26	Neptune Beach, City of	M25200	B
27	Opa-locka, City of	M27400	A
28	Pahokee, City of	M28200	B
29	Panama City Beach, City of	M29200	B
30	Parker, City of	M29300	A
31	Ponce de Leon, Town of	M30900	B
32	Redington Shores, Town of	M32000	B
33	Starke, City of	M35200	A
34	Vernon, City of	M37000	B
35	West Park, City of	M38250	A
36	White Springs, Town of	M38600	B

INDEPENDENT SPECIAL DISTRICTS				
**	1	Almarante Fire District	D01100	A
	2	Argyle Fire District	D02200	B
	3	Ballentrae Hillsborough Community Development District	D03355	B
	4	Central Broward Water Control District	D11300	B
	5	Central Parc Community Development District	D11690	B
	6	City Center Community Development District	D14005	A
	7	Daytona Beach Racing and Recreational Facilities District	D21500	A
	8	Dorcas Fire District	D22900	A

Committee staff note:

** = Reported to Committee in error; entity had submitted its FY 2019-20 AFR to DFS which indicated that the audit threshold was not met and, therefore, an audit was not required for FY 2019-20.

**Local Governmental Entities
2019-20 Fiscal Year Audit Reports
Required - Not Received**

Attachment A

9	East Niceville Fire District	D25000	A
10	Eastpoint Water and Sewer District	D25500	A
11	Green Corridor Property Assessment Clean Energy (PACE) District	D31785	B
12	Grove Resort Community Development District	D31911	B
13	Hidden Creek Community Development District	D34740	A
14	Hillsborough Soil and Water Conservation District	D36400	A
15	Key Marco Community Development District	D41700	A
16	Lafayette Soil and Water Conservation District	D42300	A
17	Lake Lucie Community Development District	D43600	A
18	Lee County Trauma Services District	D46150	B
19	Lee Memorial Hospital System	D46200	B
20	Mirada Community Development District (Pasco)	D52106	A
21	Osceola Chain of Lakes Community Development District	D59770	A
22	Preserve at South Branch Community Development District, The	D67860	A
23	Rupert J. Smith Law Library of St. Lucie County	D70250	A
24	Sandy Creek Community Development District (Dissolved 12/22/2020)	D70550	A
25	Seminole Soil and Water Conservation District	D73000	A
26	South Dade Soil and Water Conservation District	D74000	B
27	South Village Community Development District	D75200	A
28	Space Florida	D75730	B
29	Stoneybrook at Venice Community Development District	D78245	A
30	Stoneybrook North Community Development District	D78257	A
31	Trailer Estates Fire Control District	D82800	A
32	Villages of Avignon Community Development District (Inactive 1/4/2021)	D85505	A
33	Villages of Glen Creek Community Development District	D85515	A

DEPENDENT SPECIAL DISTRICTS

1	Ali-Baba Neighborhood Improvement District	D00800	A
2	East-West Neighborhood Improvement District	D25300	A
3	Jacksonville Housing Finance Authority	D23800	B
4	Jacksonville Public Library	D40460	B
5	Jacksonville Health Facilities Authority	D40700	B
6	Lee County Industrial Development Authority	D45800	A
7	Loxahatchee Groves Water Control District	D47701	B
8	Miami Sports and Exhibition Authority	D51800	A
9	Niles Garden Neighborhood Improvement District	D54200	A

COMMUNITY REDEVELOPMENT AGENCIES

1	Avon Park Community Redevelopment Agency	D02900	A
2	City of Lauderhill Community Redevelopment Agency	D14950	A
3	City of Palmetto Community Redevelopment Agency	D15400	B
4	City of Tallahassee Community Redevelopment Agency	D15910	A
5	City of Stuart Community Redevelopment Agency	D18300	A
6	Downtown Clermont Redevelopment Agency	D23150	B
7	Downtown Investment Authority	D23378	B
8	Hawthorne Community Redevelopment Agency	D33405	A
9	Hollywood Community Redevelopment Agency	D36900	A
10	Homestead Community Redevelopment Agency	D37290	A
11	Jacksonville International Airport Area Redevelopment Agency	D40750	B
12	KingSoutel Crossing Community Redevelopment Agency	D41909	B
13	Lake Worth Beach Community Redevelopment Agency	D44400	A

**Local Governmental Entities
2019-20 Fiscal Year Audit Reports
Required - Not Received**

Attachment A

14	Miami Beach Redevelopment Agency	D51500	A
15	Naranja Lakes Community Redevelopment Agency	D53425	B
16	NW 7th Avenue Corridor Community Redevelopment Agency	D53360	B
17	NW 79th Street Corridor Community Redevelopment Agency	D56950	B
18	Omni Redevelopment District Community Redevelopment Agency	D58420	A
19	Opa-Locka Community Redevelopment Agency	D58570	A
20	Panama City Beach Community Redevelopment Agency	D62240	B
21	Port St. Joe Redevelopment Agency	D67690	A
22	Renew Arlington Community Redevelopment Agency	D69430	B
23	South Miami Community Redevelopment Agency (Dissolved 6/1/2020)	D74550	A
24	Southeast Overtown / Park West Community Redevelopment Agency	D75440	A
25	West Perrine Community Redevelopment Agency	D88350	B

105 Total Counties, Municipalities and Special Districts

NOTES

- A Based on previous audit reports or other financial reports filed by the entity, the entity was required to provide for an audit for the 2019-20 fiscal year. Although we mailed a letter to each entity requesting confirmation that an audit was performed or was in progress, these entities did not respond to our letter.
- B As of September 21, 2021, we had not received an audit report for the 2019-20 fiscal year; however, the entity confirmed that an audit was in progress.

**Local Governmental Entities
2019-20 Fiscal Year Audit Reports
May Have Been Required - Not Received**

Attachment B

		Entity ID	Last Fiscal Year Audit Received
MUNICIPALITIES			
1	Esto, Town of	M10100	2017-18
2	Otter Creek, Town of	M28000	2017-18
3	Raiford, Town of	M31700	A
4	Weeki Wachee, City of (Dissolved 6/9/2020)	M37700	A

INDEPENDENT SPECIAL DISTRICTS			
1	Baker Soil and Water Conservation District (Inactive 8/3/2020)	D03300	A
2	Bermont Drainage District	D05100	A
3	Campbellton-Graceville Hospital District	D09400	A
4	Dead Lakes Water Management District (Inactive 4/22/21)	D21600	A
5	Deerfield Preserve Community Development District (inactive 5/12/2020)	D21780	A
6	Fox Branch Ranch Community Development District (Dissolved 2/5/2020)	D29120	A
7	Harmony on Lake Eloise Community Development District	D33353	A
8	Martin Soil and Water Conservation District (Inactive 3/17/2020)	D50100	A
9	Orange Hill Soil and Water Conservation District	D59400	A
10	Osceola Soil and Water Conservation District	D60200	A
11	Portofino Vineyards Community Development District	D67834	A
12	Rivington Community Development District	D70120	A
13	Santa Rosa Bay Bridge Authority	D70900	A
14	Taylor Soil and Water Conservation District	D81900	A
15	Verona Community Development District	D85040	2014-15
16	West Orange Airport Authority (Inactive 6/29/2021)	D87950	A
17	Woodland Hammock Community Development District (Dissolved 6/26/2020)	D89818	A
18	Yellow River Soil and Water Conservation District	D90100	2016-17

DEPENDENT SPECIAL DISTRICTS			
1	Brandon Groves North Service District (Inactive 4/29/2021)	D07100	B
2	Brevard County Educational Facilities Authority	D07200	B
3	Gretna Neighborhood Improvement District	D31900	B
4	Lee County Education Facilities Authority	D45600	B
5	Live-Oak Suwannee Recreation Board	D47230	B
6	Tarawood Special Dependent Tax District	D81300	B

COMMUNITY REDEVELOPMENT AGENCIES			
1	Apalachicola Community Redevelopment Agency	D01900	B
2	Century Community Redevelopment Agency	D11905	B
3	City of Midway Community Redevelopment Agency	D15050	B
4	Community Redevelopment Agency of the City of Parker	D15410	B
5	Community Redevelopment Agency of the Town of Havana	D18353	B
6	Starke Community Redevelopment Agency	D78000	B

34 Total Municipalities and Special Districts

NOTE

- A No reports received for the 2014-15 through 2018-19 fiscal years.
- B The 2017, 2018, and 2019 annual financial reports of the primary government filed with the Department of Financial Services show revenues and expenditures below the thresholds in Section 218.39, Florida Statutes, that require a financial audit.

From: LaPonzina, Victoria <Victoria.LaPonzina@myfloridacfo.com>
Sent: Wednesday, September 22, 2021 7:35 AM
To: White, Deborah
Cc: localgov
Subject: Non-Compliant Report for FY 2020
Attachments: JLAC Non-Compliant Report 9.22.21.xlsx

Good Morning Debbie,

Please find attached the Non-Compliant Local Governments in accordance with Section 218.32(1)(d), F.S., for Fiscal Year 2020 as of today (09/22/2021).

Please let us know if you have any questions.

Thank you,

Victoria LaPonzina, FCCM

Financial Administrator
Florida Department of Financial Services
Division of Accounting & Auditing
Bureau of Financial Reporting
(850) 413-5501



[Download](#) CFO Patronis' Hurricane Financial Preparedness Toolkit



Non-Compliant Report for JLAC as of September 22, 2021

Entity ID	Entity Name	FY End	Dissolved/Inactive Date	AFR Received Date	Audit Received Date
100015	Dixie	09/30			
100033	Jefferson	09/30			
200004	Altha	09/30			
200006	Apalachicola	09/30			
200008	Arcadia	09/30			08/09/2021
200015	Avon Park	09/30			
200025	Belleair	09/30			
200049	Campbellton	09/30			
200051	Cape Coral	09/30			
200053	Caryville	09/30			
200057	Center Hill	09/30			
200058	Century	09/30			
200064	Clermont	09/30			
200071	Cooper City	09/30			
200074	Cottondale	09/30			
200096	Eatonville	09/30			
200100	El Portal	09/30			
200101	Esto	09/30			
200112	Fort Myers Beach	09/30			08/18/2021
200131	Greenwood	09/30			
200132	Gretna	09/30			
200139	Hampton	09/30			
200141	Havana	09/30			
200147	Highland Beach	09/30			
200164	Indian Shores	09/30			
200170	Jacksonville	09/30			
200175	Jennings	09/30			
200184	Keystone Heights	09/30			08/09/2021
200200	Lake Worth Beach	09/30			
200225	Mangonia Park	09/30			
200238	Mexico Beach	09/30			
200244	Midway	09/30			06/30/2021
200254	Neptune Beach	09/30			
200276	Opa-locka	09/30			
200282	Otter Creek	09/30			
200284	Pahokee	09/30			
200293	Panama City	09/30			
200294	Panama City Beach	09/30			
200295	Parker	09/30			
200297	Paxton	09/30			04/29/2021
200310	Ponce De Leon	09/30			
200317	Quincy	09/30			06/30/2021
200318	Raiford	09/30			
200321	Redington Shores	09/30			
200353	Starke	09/30			
200358	Sweetwater	09/30			
200372	Vernon	09/30			
200380	Weeki Wachee	09/30	06/09/2020		
200389	White Springs	09/30			
200413	Loxahatchee Groves	09/30			
300008	Dead Lakes Water Management District	09/30	4/22/2021		
300090	Central Broward Water Control District	09/30			
300119	Bermont Drainage District	09/30			
300157	South Dade Soil and Water Conservation District	09/30			
300163	Jacksonville Transportation Authority	09/30			
300176	Eastpoint Water and Sewer District	09/30			
300223	Hillsborough Soil and Water Conservation District	09/30			
300238	Holmes Creek Soil and Water Conservation District	09/30			06/23/2021
300249	Campbellton-Graceville Hospital District	09/30			
300260	South Lake County Hospital District	09/30	10/01/2019		
300346	Dorcas Fire District	09/30			
300347	East Niceville Fire District	09/30			
300356	Yellow River Soil and Water Conservation District	09/30			
300375	Osceola Soil and Water Conservation District	09/30			
300461	Santa Rosa Bay Bridge Authority	09/30			
300480	Taylor Soil and Water Conservation District	06/30			
300484	Daytona Beach Racing and Recreational Facilities District	09/30			
300492	Argyle Fire District	09/30			
300499	Orange Hill Soil and Water Conservation District	09/30			
300508	Brevard County Educational Facilities Authority	09/30			
300551	Suwannee Water and Sewer District	09/30			
300552	Jacksonville Housing Finance Authority	09/30			

	300593	Brandon Groves North Service District	09/30	4/29/2021		
	300622	Tarawood Special Dependent Tax District	09/30			
	300638	Lee County Industrial Development Authority	09/30			
	300652	Dunnellon Airport Authority	09/30	06/09/2020		
	300757	Panama City Downtown Improvement Board	09/30			
	300759	Panama City Port Authority	09/30			
	300761	Starke Community Redevelopment Agency	09/30			
	300810	Keystone Airpark Authority	09/30			08/09/2021
	300822	Miami Sports and Exhibition Authority	09/30			
	300835	Ali-Baba Neighborhood Improvement District	09/30			
	300836	East-West Neighborhood Improvement District	09/30			
	300837	Niles Garden Neighborhood Improvement District	09/30			
	300840	Jacksonville Health Facilities Authority	09/30			
	300849	Apalachicola Community Redevelopment Agency	09/30			
	300851	Carrabelle Community Redevelopment Agency	09/30			
	300855	Gretna Neighborhood Improvement District	09/30			
	300859	Avon Park Community Redevelopment Agency	09/30			
	300879	Cape Coral Community Redevelopment Agency	09/30			
	300891	Bradenton Beach Community Redevelopment Agency	09/30			
	300907	Orlando Community Redevelopment Agency	09/30			05/12/2021
	300921	Lake Worth Beach Community Redevelopment Agency	09/30			
	300956	Lake Wales Community Redevelopment Agency	09/30			05/20/2021
***	301089	Anastasia Sanitary District	09/30			
	301137	West Orange Airport Authority	09/30	6/29/2021		
	301149	Quincy Community Redevelopment Agency	09/30			
	301251	Jacksonville Port Authority	09/30			
	301290	Lee County Educational Facilities Authority	09/30			
	301300	City Center Community Development District	09/30			
	301337	Town of Eatonville Community Redevelopment Agency	09/30			
	301406	South Village Community Development District	09/30			
	301453	Panama City Beach Community Redevelopment Agency	09/30			
	301537	Downtown Clermont Redevelopment Agency	09/30			
***	301538	East Manatee Fire Rescue District	09/30			
	301604	Space Florida	09/30			
	301617	Villages of Avignon Community Development District	09/30	1/4/2021		
	301636	Verona Community Development District	09/30			
	301637	Panama City Community Redevelopment Agency	09/30			
	301680	Fox Branch Ranch Community Development District	09/30	02/05/2020		
	301693	Keystone Heights Community Redevelopment Agency	09/30			
	301735	Stoneybrook at Venice Community Development District	09/30			
	301752	Villages of Glen Creek Community Development District	09/30			
	301767	Woodland Hammock Community Development District	09/30	06/26/2020		
	301802	Community Redevelopment Agency of the Town of Havana	09/30			
	301827	Pembroke Harbor Community Development District	09/30			09/08/2021
	301870	Community Redevelopment Agency of the City of Parker	09/30			
***	301875	Meadow Pointe V Community Development District	09/30			
***	301876	Wiregrass Community Development District	09/30			
***	301879	Northern Riverwalk Community Development District	09/30			
	301899	City of Palm Bay Road Maintenance District	09/30	11/19/2020		
	301905	Oviedo Community Redevelopment Agency	09/30			06/17/2021
	301953	Live Oak-Suwannee County Recreation Board	09/30			
	301955	Downtown Investment Authority	09/30			
	301978	Hidden Creek Community Development District	09/30			
	302003	Stoneybrook North Community Development District	09/30			
***	302011	Veranda Community Development District	09/30			
	302012	Ballentrae Hillsborough Community Development District	09/30			
	302038	Millers Creek Special District	09/30			
	302048	Green Corridor Property Assessment Clean Energy (PACE) District	09/30			
	302067	Mirada Community Development District (Pasco)	09/30			
	302076	Jacksonville International Airport Area Redevelopment Agency	09/30			
	302078	Renew Arlington Community Redevelopment Agency	09/30			
	302081	Opa-Locka Community Redevelopment Agency	09/30			
	302096	City of Midway Community Redevelopment Agency	09/30			
***	302102	Pace Fire Rescue District	09/30			
	302118	Preserve at South Branch Community Development District, The	09/30			
	302122	KingSoutel Crossing Community Redevelopment Agency	09/30			
	302141	Loxahatchee Groves Water Control District	09/30			
	302146	Century Community Redevelopment Agency	09/30			
	302174	Osceola Chain of Lakes Community Development District	09/30			
	302180	Harmony on Lake Eloise Community Development District	09/30			
	302181	Rivington Community Development District	09/30			
	302271	Downtown / Historic Ybor Tourism Marketing District (NEW)	09/30			

Committee staff note:

*** = Entity had submitted AFR and was compliant; reported to Committee in error due to duplicate entity ID numbers in DFS' LOGER system

Florida Statutes (2021) related to Local Government Financial Reporting

11.40 Legislative Auditing Committee.—

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

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

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

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

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

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

11.45(7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

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

218.32 Annual financial reports; local governmental entities.—

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

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

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

218.39 Annual financial audit reports.—

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

- (a) Each county.
- (b) Any municipality with revenues or the total of expenditures and expenses in excess of \$250,000, as reported on the fund financial statements.
- (c) Any special district with revenues or the total of expenditures and expenses in excess of \$100,000, as reported on the fund financial statements.
- (d) Each district school board.
- (e) Each charter school established under s. 1002.33.
- (f) Each charter technical center established under s. 1002.34.
- (g) Each municipality with revenues or the total of expenditures and expenses between \$100,000 and \$250,000, as reported on the fund financial statements, which has not been subject to a financial audit pursuant to this subsection for the 2 preceding fiscal years.
- (h) As required by s. 163.387(8)(a), each community redevelopment agency with revenues or a total of expenditures and expenses in excess of \$100,000, as reported on the trust fund financial statements.
- (i) Each special district with revenues or the total of expenditures and expenses between \$50,000 and \$100,000, as reported on the fund financial statement, which has not been subject to a financial audit pursuant to this subsection for the 2 preceding fiscal years.

189.062 Special procedures for inactive districts.—

- (1) The department shall declare inactive any special district in this state by documenting that:
 - (a) The special district meets one of the following criteria:
 1. The registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government notifies the department in writing that the district has taken no action for 2 or more years;
 2. The registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government notifies the department in writing that the district has not had a governing body or a sufficient number of governing body members to constitute a quorum for 2 or more years;
 3. The registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government fails to respond to an inquiry by the department within 21 days;
 4. The department determines, pursuant to s. 189.067, that the district has failed to file any of the reports listed in s. 189.066;
 5. The district has not had a registered office and agent on file with the department for 1 or more years; or
 6. The governing body of a special district provides documentation to the department that it has unanimously adopted a resolution declaring the special district inactive. The special district is responsible for payment of any expenses associated with its dissolution.
 - (b) The department, special district, or local general-purpose government has published a notice of proposed declaration of inactive status in a newspaper of general circulation in the county or municipality in which the territory of the special district is located and has sent a copy of such notice by certified mail to the registered agent or chair of the governing body, if any. Such notice must include the name of the special district, the law under which it was organized and operating, a general description of the territory included in the special district, and a statement that any objections must be filed pursuant to chapter 120 within 21 days after the publication date.
 - (c) Twenty-one days have elapsed from the publication date of the notice of proposed declaration of inactive status and no administrative appeals were filed.
- (2) If any special district is declared inactive pursuant to this section, the property or assets of the special district are subject to legal process for payment of any debts of the district. After the payment of all the debts of said inactive special district, the remainder of its property or assets shall escheat to the county or municipality wherein located. If, however, it shall be necessary, in order to pay any such debt, to levy any tax or taxes on the property in the territory or limits of the inactive special district, the same may be assessed and levied by order of the local general-purpose government wherein the same is situated and shall be assessed by the county property appraiser and collected by the county tax collector.
- (3)(a) In the case of a district created by special act of the Legislature, the department shall send a notice of declaration of inactive status to the Speaker of the House of Representatives and the President of the Senate, and the standing committees of the Senate and the House of Representatives charged with special district oversight as determined by the presiding officers of each respective chamber and the Legislative Auditing Committee. The notice of declaration of inactive status shall reference each known special act creating or amending the charter of any special district declared to be inactive under this section. The declaration of inactive status shall be sufficient notice as required by s. 10, Art. III of the State Constitution to authorize the Legislature to repeal any special laws so reported. Each special act creating or amending the charter of a special district declared to be inactive under this section may be repealed by general law.

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

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

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

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

(a) Withdrawn or revoked by the department; or

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

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

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

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

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

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

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

189.067 Failure of district to disclose financial reports.—

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

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

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

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

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

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

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

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

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

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

Educational Entities:

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

Local Governmental Entities:

- County Constitutional Officers
- Municipalities
- Special Districts

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

- 4. Notifications** received from the Auditor General

Failure to Correct Audit Findings

Educational and Local Governmental Entities

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

Statutory Authority

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

- **District School Boards, Charter Schools / Charter Technical Career Centers, 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 district school boards, charter schools / charter technical career centers, counties, municipalities, and special districts*) which indicates that an audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding audit reports. Upon notification,

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

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

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

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

(a) In the case of a local governmental entity or district school board, direct the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for bond debt service satisfaction which are payable to such entity until the entity complies with the law. The Committee shall specify the date that such

action must begin, and the directive must be received by the Department of Revenue and the Department of Financial Services 30 days before the date of the distribution mandated by law. The Department of Revenue and the Department of Financial Services may implement this paragraph.

(b) (Excerpt) In the case of a special district, notify the Department of Economic Opportunity, and in certain instances other specified parties, 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. 189.062 (potentially declare the special district inactive) or 189.067 (potential legal action), F.S. Note: In addition, certain special districts may be required to participate in a public hearing.

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

Notifications Received from the Auditor General

The Committee has received notifications from the Auditor General regarding this initiative each year since 2012. The Auditor General is required by law to conduct audits of state universities, Florida College System institutions, and district school boards.¹ The Auditor General is required to conduct audits of county offices, municipalities, and special districts if directed by the Committee. Also, the Auditor General routinely reviews financial audits of district school boards, charter schools, and local governmental entities that are performed by private CPAs. Based on the Auditor General's review of all of these audit reports, the following is a breakdown of the entities that have failed to correct repeat audit findings for the 2015-16 fiscal year through the 2019-20 fiscal year, as reported to the Committee by November 2, 2021:

Type of Entity	Number of Entities with Repeat ² Audit Findings During Last Five Fiscal Years (Total Number of Repeat Findings)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Colleges	2 (2)	4 (4)	0 (0)	0 (0)	2 (4)
Universities	1 (2)	2 (2)	4 (4)	2 (2)	1 (1)
District School Boards	24 (46)	17 (23)	15 (22)	11 (15)	7 (7)
Charter Schools	11 (11)	13 (13)	20 (25)	20 (25)	20 (27)
County Offices ³	64 (104)	52 (69)	43 (51)	44 (66)	22 (23)
Municipalities ⁴	110 (237)	107 (220)	109 (219)	96 (200)	74 (129)
Special Districts ⁵	115 (195)	109 (186)	106 (182)	92 (154)	86 (134)
Total	327 (597)	304 (517)	297 (503)	265 (462)	212 (325)

Recent Committee Action

Based on notifications received related to audit reports for the 2018-19 fiscal year, the Committee took action against 171 of the entities noted above during the meeting on February 4, 2021. As a result of the Committee's action, letters were sent to these entities to direct each governing body to provide a written statement regarding a total of 299 audit findings to the Committee to explain the corrective action that has occurred or is planned or to provide the reasons no corrective action is planned.

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

The Committee may take action against the entities that were reported by the Auditor General for failing to correct audit findings that had been reported for at least the third time in the entities' 2019-20 fiscal year audit reports. In addition, the Committee may wish to direct Committee staff to send a letter requesting the status of uncorrected audit findings to all entities on future notification(s) from the Auditor General for late-filed audit reports for the 2019-20 fiscal year, or earlier.

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

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

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

⁴ There are currently 411 municipalities in Florida.

⁵ As of November 2, 2021, there are 1,826 active special districts in Florida.

Directory of Schedules for Repeat Audit Findings

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

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

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

State Universities and Colleges

<i>State University or College</i>	<i>County</i>	<i>Schedule</i>
Hillsborough Community College	Hillsborough	1
Northwest Florida State College	Okaloosa	1
Florida Polytechnic University	Polk	1

District School Boards

<i>District School Board</i>	<i>Schedule</i>
Bay	2
Hernando	2
Lake	2
Polk	2
Pinellas	2
St. Johns	2
Walton	2

Charter Schools

<i>Charter School</i>	<i>County</i>	<i>Schedule(s)</i>
Academy of Environmental Science	Citrus	3, 4
Arts Academy of Excellence	Miami-Dade	3
Avant Garde Academy K8 of Osceola	Osceola	3
Bay Haven Charter Academy	Bay	4
Bay Haven Charter Academy Middle School	Bay	4
Big Pine Elementary Academy	Monroe	3
Bridgeprep Academy of Hollywood Hills	Broward	3
Bridgeprep Academy of Palm Beach Charter School	Palm Beach	3
Byrneville Elementary School	Escambia	3
Cape Coral Charter School Authority	Lee	3
Coral Reef Montessori Academy Charter School	Miami-Dade	3
Francis Marion Military Academy	Marion	3
Heritage Charter Academy, Inc.	Lee	3
Latin Builders Association Construction and Business Management Academy	Miami-Dade	3
North Bay Haven Career Academy	Bay	4
North Bay Haven Charter Academy Elementary School	Bay	4
North Bay Haven Charter Academy Middle School	Bay	4
Reading Edge Academy	Volusia	3
Samsula Academy	Volusia	3
True North Classical Academy Charter School	Miami-Dade	3

Counties

<i>County</i>	<i>County Office</i>	<i>Schedule(s)</i>
Bay	Board of County Commissioners	5
Broward	Clerk of the Circuit Court	5
Calhoun	Sheriff	6
	Supervisor of Elections	6
Gilchrist	Sheriff	5
Hardee	Sheriff	5
Holmes	Property Appraiser	6
	Sheriff	6
	Tax Collector	5
Jackson	Sheriff	6
Leon	Board of County Commissioners	5
Levy	Board of County Commissioners	6
Liberty	Sheriff	5
Pasco	Board of County Commissioners	5
Putnam	Clerk of the Circuit Court	5
	Supervisor of Elections	6
Sumter	Sheriff	5
Washington	Board of County Commissioners	5
	Property Appraiser	6
	Sheriff	6
	Supervisor of Elections	6
	Tax Collector	6

Municipalities

<i>Municipality</i>	<i>County</i>	<i>Schedule(s)</i>
Apopka, City of	Orange	7
Arcadia, City of	DeSoto	7
Archer, City of	Alachua	8
Atlantis, City of	Palm Beach	7
Bell, Town of	Gilchrist	8
Belle Isle, City of	Orange	8
Bonifay	Holmes	7, 8
Branford, Town of	Suwannee	8
Bronson, Town of	Levy	7, 8
Brooksville, City of	Hernando	7
Bushnell, City of	Sumter	7, 8
Callahan, Town of	Nassau	8
Carrabelle, City of	Franklin	7, 8
Cedar Key, City of	Levy	7
Chattahoochee, City of	Gadsden	8
Coleman, City of	Sumter	8
Crescent City, City of	Putnam	7
Cross City, Town of	Dixie	8
Dade City, City of	Pasco	7
Dania Beach, City of	Broward	7
Daytona Beach, City of	Volusia	7
Deerfield Beach, City of	Broward	7
Fanning Springs, City of	Gilchrist/Levy	8
Fruitland Park, City of	Lake	7
Gainesville, City of	Alachua	7
Glen Saint Mary, Town of	Baker	8
Graceville, City of	Jackson	8
Greensboro, Town of	Gadsden	8
Greenville, Town of	Madison	8
Hialeah, City of	Miami-Dade	7
Hilliard, Town of	Nassau	8
Horseshoe Beach, Town of	Dixie	8
Interlachen, Town of	Putnam	8
Jasper, City of	Hamilton	7
Jay, Town of	Santa Rosa	7
Kissimmee, City of	Osceola	7
LaBelle, City of	Hendry	8
Lake City, City of	Columbia	7
Lynn Haven, City of	Bay	7
Macclenny, City of	Baker	8
Madison, City of	Madison	8
Malone, Town of	Jackson	8
Mayo, Town of	Lafayette	7, 8
Medley, Town of	Miami-Dade	7, 8

<i>Municipality</i>	<i>County</i>	<i>Schedule(s)</i>
Melbourne Beach, Town of	Brevard	7
Melbourne Village, Town of	Brevard	7
Minneola, City of	Lake	7
Montverde, Town of	Lake	8
New Smyrna Beach, City of	Volusia	7
North Miami, City of	Miami-Dade	7
North Palm Beach, Village of	Palm Beach	7
Oak Hill, City of	Volusia	8
Oakland, Town of	Orange	7
Paxton, City of	Walton	8
Pembroke Park, Town of	Broward	7
Penney Farms, Town of	Clay	8
Pierson, Town of	Volusia	7, 8
Pomona Park, Town of	Putnam	7, 8
Reddick, Town of	Marion	7, 8
Satellite Beach, City of	Brevard	7
South Daytona, City of	Volusia	7
South Palm Beach, Town of	Palm Beach	7
Springfield, City of	Bay	7, 8
St. Augustine Beach, City of	St. Johns	7
St. Cloud, City of	Osceola	7
St. Marks, City of	Wakulla	8
Tampa, City of	Hillsborough	7
Trenton, City of	Gilchrist	8
Wausau, Town of	Washington	7, 8
Welaka, Town of	Putnam	8
Wewahitchka, City of	Gulf	8
Windermere, Town of	Orange	8
Winter Haven, City of	Polk	7
Worthington Springs, Town of	Union	8

Special Districts

<i>Special District</i>	<i>County</i>	<i>Schedule(s)</i>
Alligator Point Water Resources District	Franklin	10
Amelia Concourse Community Development District	Nassau	9
Aucilla Area Solid Waste Administration	Dixie, Jefferson, Madison, Taylor	10
Avalon Beach / Mulat Fire Protection District	Santa Rosa	10
Baker County Development Commission	Baker	10
Baker County Hospital District	Baker	10
Baker Fire District	Okaloosa	9, 10
Bay Medical Center	Bay	9
Beach Mosquito Control District	Bay	10
Buckeye Park Community Development District	Manatee	9
CFM Community Development District	Lee	9
Cedar Key Water and Sewer District	Levy	10
Chapel Creek Community Development District	Pasco	9
Concorde Estates Community Development District	Osceola	9
Creekside Community Development District	St. Lucie	9
Crossings at Fleming Island Community Development District, The	Clay	9
Doctors Memorial Hospital	Holmes	9
Fellsmere Water Control District	Indian River	10
Flagler Estates Road and Water Control District	St. Johns	10
Fred R. Wilson Memorial Law Library	Seminole	9, 10
Fronterra Community Development District	Collier	9
Gadsden Soil and Water Conservation District	Gadsden	10
George E. Weems Memorial Hospital	Franklin	9
Gilchrist Soil and Water Conservation District	Gilchrist	10
Gramercy Farms Community Development District	Osceola	9
Hendry-LaBelle Recreation Board	Hendry	10
Heritage Isles Community Development District	Hillsborough	9
Highlands Soil and Water Conservation District	Highlands	9
Holley-Navarre Fire Protection District	Santa Rosa	9
Holmes Creek Soil and Water Conservation District	Holmes	10
Holt Fire District	Okaloosa	9, 10
Housing Finance Authority of Volusia County	Volusia	9
Immokalee Water and Sewer District	Collier	9
Indian River Farms Water Control District	Indian River	10
Indian Trail Improvement District	Palm Beach	9
Indigo Community Development District	Volusia	9
Jackson Soil and Water Conservation District	Jackson	10
Lake Shore Hospital Authority	Columbia	10
Lakeside Plantation Community Development District	Sarasota	9
Legends Bay Community Development District	Manatee	9
Leon County Educational Facilities Authority	Leon	9
Levy Soil and Water Conservation District	Levy	10
Longleaf Community Development District	Pasco	9
Madeira Community Development District	St. Johns	9

<i>Special District</i>	<i>County</i>	<i>Schedule(s)</i>
Madison County Health and Hospital District	Madison	9
Madison County Soil and Water Conservation District	Madison	10
Magnolia Creek Community Development District	Walton	9
Majorca Isles Community Development District	Miami-Dade	9
Marion County Law Library	Marion	10
Marion Soil and Water Conservation District	Marion	10
Meadow Pointe IV Community Development District	Pasco	9
Midtown Miami Community Development District	Miami-Dade	9
Montecito Community Development District	Brevard	9
Moore Haven Mosquito Control District	Glades	10
Naturewalk Community Development District	Walton	9
North Okaloosa County Fire District	Okaloosa	10
North St. Lucie River Water Control District	St. Lucie	10
Palatka Gas Authority	Putnam	10
Palm River Community Development District	Hillsborough	9
Polk Soil and Water Conservation District	Polk	9
Portofino Isles Community Development District	St. Lucie	9
Portofino Vista Community Development District	Osceola	9
Putnam Soil and Water Conservation District	Putnam	10
Reunion East Community Development District	Osceola	9
Riverwood Estates Community Development District	Pasco	9
Seminole County Port Authority	Seminole	10
South Fork III Community Development District	Hillsborough	9
South Seminole and North Orange County Wastewater Transmission Authority	Orange, Seminole	10
Southern Hills Plantation I Community Development District	Hernando	9
Southern Hills Plantation II Community Development District	Hernando	9
St. Augustine Port, Waterway and Beach District	St. Johns	10
Sterling Hill Community Development District	Hernando	9
Stevens Plantation Community Development District	Osceola	9
Suwannee County Conservation District	Suwannee	10
Taylor Coastal Water and Sewer District	Taylor	10
Taylor County Development Authority	Taylor	10
Tolomato Community Development District	Duval, St. Johns	9
Trails Community Development District	Duval	9
Treeline Preserve Community Development District	Lee	9
Tri-County Airport Authority	Holmes, Jackson, Washington	10
Waterford Estates Community Development District	Charlotte	9
Westside Community Development District	Osceola	9
Windemere Special Dependent District	Hillsborough	9
Woodlands Community Development District, The	Sarasota	9
Wyld Palms Community Development District	Citrus	9
Zephyr Ridge Community Development District	Pasco	9

State College and University

Failed to Take Full Corrective Action in Response to a Recommendation that was included in
 Audit Reports Issued in the 2020-21 Fiscal Year and the Two Preceding Audit Reports¹

Entity	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
<p>Hillsborough Community College</p>	<p>AG Report No. 2021-087 (Finding #1- Student Accounts Receivable): College records included a list of students with delinquent accounts receivable balances outstanding more than 90 days, totaling \$5.5 million at 12/31/2019. The auditors examined College records supporting 28 students with delinquent accounts receivable balances totaling \$55,719 to determine whether College collection efforts were adequate and restrictions on student records were appropriate and enforced pursuant to State law and College administrative procedures. The auditors found that four students had accounts receivable balances ranging from \$313 to \$1,645 and totaling \$3,381 that originated during the Fall 2018 through Summer 2019 Terms. Although those receivables were delinquent at the beginning of the Fall 2019 Term, the College allowed the students to register and enroll in classes for the Fall 2019 Term without paying their prior outstanding obligations by the Fall 2019 Term established due date, contrary to College administrative procedures. In response to audit inquiry, College personnel indicated that the College did not purge the four students from the fall 2019 Term registration, enrollment, and related classes because those classes were to be funded by financial aid and an installment payment plan. Notwithstanding, College personnel agreed that the College should have purged the students' registration and enrollment and removed the students from Fall 2019 Term classes for not paying their prior obligations. The auditors recommend that the College upgrade the IT system or establish other procedures to ensure that students with an outstanding delinquent account balance who are permitted to participate in registration are removed from class enrollment if the student's prior obligation is not paid by the established due date. (See PDF Pages 3-4)</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>Yes</p>

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

State College and University

Failed to Take Full Corrective Action in Response to a Recommendation that was included in
 Audit Reports Issued in the 2020-21 Fiscal Year and the Two Preceding Audit Reports¹

Entity	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Hillsborough Community College (continued)	<p>AG Report No. 2021-087 (Finding #2 - Reporting Full-Time Equivalent Students): State law requires the Florida Department of Education (FDOE) to determine the State financial support and the annual apportionment of funds to each college through the Florida College System Program Fund (FCSPF) considering several components, including costs per full-time equivalent (FTE) students. Pursuant to State law, any college that reports students who have not paid fees in an approved manner in calculations of the FTE enrollment for State funding purposes shall be penalized at a rate equal to two times the value of such enrollment, and such penalty shall be charged against the following year's allocation from the FCSPF and shall revert to the State. The auditors examined College records supporting 28 selected students with delinquent accounts receivable balances at 12/31/2019 disclosed that the Fall 2019 Term enrollments for 4 of the 28 students were not purged despite the students' unpaid obligations from previous terms. As such, FCSPF funding may be subject to adjustment by the FDOE for two times the value of the enrollment reported for these 4 students. The auditors recommend that the College enhance procedures to ensure that enrollment is reported only for students who have paid tuition and fees in an approved manner, and review the FTE student enrollment reported to the FDOE to determine if enrollment was misreported for other students who did not pay tuition and fees in an approved manner. Also, the auditors continue to recommend that the College consult with the FDOE to determine the corrective actions necessary for the FTE reported for students who had not paid tuition and fees in an approved manner. (See PDF Page 5)</p>	N/A	N/A	N/A	Yes

State College and University

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Entity	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
<p>Hillsborough Community College (continued)</p>	<p>AG Report No. 2021-087 (Finding #4- Adult General Education): Audit tests disclosed that instructional contact hours were over-reported a total of 323 hours (ranging from 12 to 37 hours) for 5 students in 15 classes and under-reported a total of 30 hours for 1 student in 1 class because College personnel did not accurately input daily attendance into the IT system used to report contact hours. The auditors recommend that the College continue efforts to ensure that instructional contact hours for adult general education classes are based on student attendance and accurately reported to the Florida Department of Education (FDOE). The auditors also recommend that the College determine to what extent the contact hours were misreported for the Spring and the Fall 2019 Terms and contact the FDOE for proper resolution of the misreported hours. (See PDF Pages 6-7)</p>	<p>N/A</p>	<p>2019 (FY 2016-17)</p>	<p>A task force was assembled to identify the reasons for inaccurate reporting and to seek solutions to eliminate those reasons. The task force identified three reasons for inaccurate reporting: (1) a misunderstanding of the definition of the last date of attendance, (2) data entry errors, and (3) inefficiencies in data collection. The first two issues have been resolved, and a solution to the final issue is currently being implemented. In addition, a letter quantifying the errors from fall 2015 and spring 2016 was sent to FDOE in June 2017, and receipt was acknowledged. Since that time, FDOE has not notified the College of any resolution. The College will reach out to FDOE again to inquire if any additional information is required, or how the FDOE plans to resolve the misreported hours.</p>	<p>Yes</p>
<p>Northwest Florida State College</p>	<p>AG Report No. 2021-068 (Finding #8- Contracted Services): College controls over the procurement of and payment for contractual services continue to need improvement. Audit tests disclosed that the College paid four vendors a total of \$12,786 for services such as sports officiating, honoraria and travel expenses, welding testing, and photography that were received before contracts or purchase orders were executed. In addition, the College paid one of the four vendors \$5,400 before services (contracted sports officiating) were received. In response to audit inquiries, College personnel indicated that, although employees are instructed and reminded to follow College purchasing requirements, the requirements are not always followed. The auditors recommend that the College personnel comply with College policies and procedures by properly executing contracts or purchase orders before services are received and documenting satisfactory receipt of the services before payments are made. To promote compliance, the auditors further recommend that the College periodically reemphasize these requirements to College personnel responsible for contracted services expenses. (See PDF Page 11)</p>	<p>N/A</p>	<p>2019 (FY 2016-17)</p>	<p>This finding has been corrected. The Purchasing Manual was delivered to each person authorized to make purchases on behalf of the College, and each of these individuals have been required to sign a statement that they had read and understand these procedures. An “Unauthorized Expenditure Statement of Record” was created and put into use to force any infractions to be documented and explained by the person causing the infraction, along with acknowledgement by the department head. Also, the Purchasing Director met with each department head to reinforce the rules in place to prevent unauthorized purchases, and beginning May 2018 sends out monthly emails to all budget managers to reinforce proper purchasing procedures.</p>	<p>Yes</p>

State College and University

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Entity	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
<p>Florida Polytechnic University</p>	<p><u>AG Report No. 2021-008 (Finding #1- Textbook Affordability)</u>: The University timely posted the textbooks and instructional materials for 88 percent of the course sections, instead of at least 95 percent of the course sections pursuant to State law. In response to audit inquiries, University personnel indicated that delays occurred because instructors were changed for several course sections. In addition, the University Report to the Chancellor of the State University System (SUS) indicated that textbook and instructional materials information for 1 percent of the course sections did not meet the posting deadline and, therefore, the University represented that 99 percent of course sections met the posting deadline for that term. In response to our inquiries regarding the difference between the 99 percent represented for the term on the University report and the 88 percent of textbooks and instructional materials timely posted for the term, University personnel indicated that the University report was based on incorrect information. The auditors recommend that the University ensure that a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the University during the upcoming term is prominently posted in the course registration system and on its Web site, as early as feasible, but at least 45 days before the first day of class for each term. Additionally, the auditors recommend that the University ensure accurate records are used when reporting the number of courses and course sections not able to meet the posting deadline to the SUS Chancellor. (See PDF Pages 4-5)</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>Yes</p>

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

State College and University

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 Audit Reports Issued in the 2020-21 Fiscal Year and the Two Preceding Audit Reports¹

Entity	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
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LEGEND:

1. These audits have been conducted by the Auditor General pursuant to Section 11.45(2)(c) or (f), 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.

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

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the
2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Bay	AG Report No. 2021-173 (#2020-001 - Financial Reporting) : The District’s financial reporting needs improvement to ensure that account balances and transactions are properly reported and required supplementary information (RSI) is properly included in the annual financial report (AFR). In addition, the District had not established effective review procedures to detect the AFR errors and omissions. The auditors recommend that the District improve procedures to ensure that financial statement accounts and transactions are properly reported and that all RSI is included in the District AFR. (See PDF Pages 74-75)	MW	2021 (2018-19)	The District has hired new employees in the finance department, and training has been ongoing. The District will continue to improve as employees gain experience. Additionally, the District has hired a CPA firm to assist with yearly financials.	Yes

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

District School Boards

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2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Hernando	<p>CPA Report 2019-20 (#2017-1 - Inventory of Capital Assets): The current year audit report states that the District has partially corrected this finding; however, District procedures over capital assets continue to need improvement. The prior year finding stated: (1) during their review of the capital asset records, the auditors noted that an inventory of capital assets should be performed that reconciles all capital assets in the subsidiary ledger with capital assets on hand; (2) the auditors noted discrepancies of the information provided and management was required to provide additional information and reconciliations; and (3) in the 2017 fiscal year, an invoice for construction costs of approximately \$900,000 was never submitted for payment from the department responsible for the approval of construction invoices. The auditors recommended that the departments responsible for the safeguarding of these capital assets and record keeping perform additional reviews and reconciliations of the physical locations of these capital assets, including the documentation of the procedures, to ensure that the inventory records and the financial records are in agreement. The auditors further recommended that the additional procedures provide for improvement in financial reporting, timely payment, and monitoring of construction and capital assets. (See PDF Page 163)</p>	SD	2019 (2017-18)	<p>The Property Department staff was unable to conduct a physical inventory count during the 2017-18 fiscal year due to the current software no longer functioning and the ongoing transition of the database into Skyward/BMI Asset Trak. Previous software, equipment, and TERMS no longer worked together due to a District-wide upgrade of the Windows operating system. However, with these limitations upon the District this past year, District staff have continued to correct the fixed asset database. Fixed assets were added to the database from purchase order and are monitored on a daily basis. Fixed assets above the capitalization threshold and those identified as easily removed from a campus are assigned a new property tag/barcode label after all information is entered into the database. Information regarding all District-owned fixed assets are continually updated with information including: serial numbers, model numbers, locations, etc. The Property Control Manager attends several trainings throughout the year, and staff makes every effort to identify any new property custodian or support staff in order to provide training opportunities. Procedures are in place to properly track movements of any District-owned assets. Procedures are now in place to handle the proper disposition of any assets funded by federal funds. Written procedures have been put into place to ensure that when fixed assets are lost/stolen they are recorded and reported to the proper department/authorities. Reports are filed with Safe Schools/Security, Risk Management, and when necessary the Sheriff's Department. [Note: Additional details are included in the District's response letter.]</p>	Yes

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

District School Boards

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2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Lake	<p>AG Report No. 2021-049 (#3 - Self-Funded Employee Health Insurance Plan): The District's self-funded employee health insurance plan had an operating loss and no ending net position balance for the 2016-17 fiscal year, but generated operating income and had positive ending net position balances for the 2017-18 and 2018-19 fiscal years. However, the ending net position balance in each of the three fiscal years did not provide reserves equal to 60 days of anticipated claims, with shortfalls ranging from \$5.69 to \$6.03 million. The Florida Office of Insurance Regulation (OIR) considers a self-funded plan with reserves equal to 60 days of anticipated claims as actuarially sound and, if a self-funded plan does not meet this threshold, the OIR may request additional information to determine the actuarial soundness of the plan. In February 2020, District personnel submitted a statement to the OIR stating that, in any given year the required expenditures of the self-funded employee health insurance plan exceeded available funds, the deficit would be paid from unencumbered General Fund dollars, and the OIR accepted the plan as actuarially sound. Notwithstanding, as of August 2020, the Board had not established a target net position funding level to help monitor the plan's financial condition and provide sufficient funding for future plan obligations. In addition, the District did not timely submit statutorily required annual reports to the OIR for the 2016-17, 2017-18, or 2018-19 plan years. The auditors noted that the required annual report was 270 days late for the plan year ended June 30, 2017, 31 days late for the plan year ended June 30, 2018, and 168 days late for the plan year ended June 30, 2019. Timely submittal of required annual reports to the OIR is essential for the Board and the OIR to effectively monitor the actuarial soundness of the plan and help ensure the District's ability to meet its self-funded obligations in the future. The auditors recommend that the Board establish policies identifying a target net position balance or funding level for the self-funded employee health insurance plan. In addition, the auditors recommend that the District ensure the required annual report is timely submitted to the OIR. (See PDF Pages 5-6)</p>	N/A	N/A	N/A	Yes

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SD= Significant Deficiency (see 3. in Legend)

District School Boards

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 2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Polk	CPA Report 2019-20 (#2020-003 - Budgetary Control): Expenditures exceeded the budget in three funds at fiscal year-end, and the budget was not amended in a timely manner in accordance with Section 1011.06, Florida Statutes. The auditors recommend that the District routinely review budget to actual reports, and, if it appears a budget amendment is needed, a budget amendment should be provided to the Board in a timely manner for approval. (See PDF Page 192)	N/A	N/A	N/A	Yes

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

District School Boards

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2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Pinellas	<p>AG Report No. 2021-062 (#2 - School Resource Officer Services): Effective management for school resource officer (SRO) services on school premises ensures that services conform to contract terms and related invoices before payment. District procedures require SROs to daily record arrival and departure times on school logs and school personnel to maintain SRO time sheets. To evaluate District controls over these services and related payments, the auditors examined District records and identified payments to the four local law enforcement agencies for SRO services at 21 District school facilities provided by 31 full-time SROs. The contracts with these four law enforcement agencies required each SRO to provide services for 8 hours per day when school is in session and the annual costs for these services totaled \$1.8 million. Although requested by the auditors, District records were not provided to evidence the SRO work time or to demonstrate that someone with direct knowledge of SRO services verified that the services conformed to the contract terms and agency invoices. According to District personnel, SRO work time was not always documented on school logs and SRO time sheets, primarily because District personnel were not trained to maintain those records. The auditors recommend that the District enhance procedures to ensure that, prior to payment, SRO services were received on school premises and conformed to law enforcement agency contracts and invoices. The auditors further recommend that such procedures provide for appropriate training for District personnel regarding the maintenance of documentation of SRO work time and verification that SRO services conform to contract terms and related invoices before payment. (See PDF Page 9)</p>	N/A	N/A	N/A	Yes

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

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the
2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
St. Johns	<p>AG Report No. 2021-145 (#1 - School Resource Officer Services): The Board approved contracts with two local law enforcement agencies for SRO services at 27 District schools; the contracts stipulated that each SRO would be assigned eight hours a day to a designated school when school was in session to provide school-based security, coordination of emergency services, and classroom presentations on law enforcement subjects. However, District procedures had not been established to require and ensure that school personnel with direct knowledge of the School Resource Officers (SRO) services confirmed that the services conformed to the contract terms and reconciled to related invoices. The auditors also noted that, although the District uses an electronic visitor management system to record information about school visitors, including the visitor’s arrival and departure times, District procedures did not require SROs to document arrival and departure times, either through the visitor management system or otherwise, to facilitate the monitoring of SRO services and related payments. The contracts also required the two local law enforcement agencies to provide 31 SROs and 2 SROs, respectively, who were State-certified law enforcement officers. However, the contracts did not require the law enforcement agencies to provide the District with evidence, and the District did not always obtain evidence, that the SROs met all statutory requirements before being assigned to a District or charter school. The auditors recommend that the District continue efforts to properly obtain and monitor SRO services and that such efforts should require and ensure that: (1) Contracts for SRO services exclude prepayment provisions and require law enforcement agencies to provide the District with evidence, before assigning a SRO, that the SRO meets all statutory requirements; (2) District personnel verify and maintain documentation evidencing that each SRO was appropriately trained and qualified before providing services to the District and charter schools; and (3) School personnel verify and document that SRO services conform to contract terms and reconcile to related invoices before payments are made. (See PDF Pages 3-5)</p>	N/A	N/A	N/A	Yes

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

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the
2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Walton	<p><u>AG Report No. 2021-122 (#2020-001 - Information Technology - Access Privileges):</u> Four employees had full update access privileges to information technology (IT) applications or components that allowed them to perform functions incompatible or inconsistent with their assigned job duties. District personnel indicated that they were aware of the need to limit access to critical functions and had removed this access for several other IT users during the 2019-20 fiscal year. However, due in part to the effects of the COVID-19 pandemic on District operational priorities, the District was unable to remove the inappropriate or unnecessary access privileges for these four IT users. The auditors recommend that District management continue efforts to ensure that IT access privileges restrict employees from performing functions incompatible or inconsistent with their assigned job duties. The auditors further recommend that such efforts include removal of inappropriate or unnecessary access privileges based on employee job duties. (See PDF Pages 68-69)</p>	SD	N/A	N/A	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 Included in the
2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Broward	Bridgeprep Academy of Hollywood Hills	<u>2020-01 - Total fund balance deficit and Deficit in Net Position:</u> The auditors noted that the Academy had a total fund balance deficit of \$18,746 and a deficit in total net position of \$37,112 at fiscal year-end. The 2019-20 school year was the School's 6th year of operation. The Academy's current year excess of revenues over expenses allowed the Academy to recover approximately \$47,000 in the current fiscal year; however, there is still a small amount that is remaining to be recovered due to previous year losses. The auditors recommend that the Academy continue to properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position. (See PDF Pages 33)	N/A	2021 (2018-19)	As of 6/30/2020, the School has a total fund balance deficit of \$18,746 and a deficit in total net position of \$37,112. The School's total fund balance deficit and net position both improved in FY 2019-20 despite the effects on operations caused by the COVID-19 Pandemic, and the School did show improvement in its operations. As of the month ending 1/31/2021, the School reported an unaudited positive fund balance of \$121,878 and an unaudited positive net position of \$145,277. The School's enrollment continues to increase. A plan has been put into place to improve the academic and financial condition of the School at the beginning of the new school year. The School believes it will report all positive fund balances at 6/30/2021.	Yes
Citrus	Academy of Environmental Science	<u>2017-2 – Transparency of Information Required on School's Website:</u> The School's website was not up to date and did not include all required information including the School's current budget and current representative contact information. The auditors recommend that management appoint an individual to gain an understanding of the required filing requirements for a website and maintain the information and continue to keep the information updated timely and completely. (See PDF Page 34)	N/A	2021 (2018-19)	The School acknowledges the website has been neglected. The School has recently trained additional personnel and will work to maintain the website and fulfill all requirements of Section 1002.33(9)(p), Florida Statutes. The estimated date to complete posting of all current and past information is 3/19/2021.	Yes

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SD= Significant Deficiency (see 3. in Legend)

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Escambia	Byrneville Elementary School	<u>2020-001 - Transparency</u> : The School did not include the most recent budget or display designated parent liaison on its website as required by Florida Statutes. (See PDF Page 38)	N/A	2021 (2018-19)	Corrective actions have been taken to assure transparency of the School. The most recent budget and the most recent annual independent budget is accessible on the School's website.	Yes
Lee	Cape Coral Charter School Authority	<u>2020-002 Evaluation Florida Retirement System (FRS) Plan Changes</u> : The auditors noted that, when an employee's FRS plan status was changed, the Authority did not review and approve the status change. The Authority is to review status changes each month in accordance with its policies and procedures. The auditors recommend that a reliable system be developed to track FRS plan changes when incurred and also ensure that the timing of such changes are continually reviewed and monitored. (See PDF Page 70)	N/A	N/A	N/A	Yes

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Lee	Heritage Charter Academy, Inc.	<p><u>2020-01 - Payroll Taxes Withheld</u>: As noted in two prior audit findings and during the current audit period, in 2017 and 2018 the Academy failed to transfer at the appropriate time, due to the lack of funds, the taxes withheld on the income of employees and the employer and employee contributions for Federal Social Security and Medicare taxes in those reporting years. A Department of Treasury Internal Revenue Service letter dated 1/28/2020 shows the current amount due of \$281,384. A determination was made that the Academy cannot afford to make payments at that time, and the Academy's account has been placed in a "Currently Not Collectible" status by the Internal Revenue Service for a year. At that time, January 2021, the financial status of the Academy will be re-evaluated to determine if the Academy has the ability to make payments or extend the status of "Currently Not Collectible." The Academy made all required wages and tax payments in FY 2019-20 and is currently in full compliance with deposit and filing requirements. The auditors recommend that the Academy continue to remain in full compliance with the deposit and filing requirements to ensure the case remains in the Currently Not Collectible status until such time as payments on the former amount owed can be made. (See PDF Page 35)</p>	N/A	N/A	N/A	Yes

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Lee (Continued)	Heritage Charter Academy, Inc. (Continued)	<u>2020-02 - Net Position and Fund Balance Deficits:</u> The Academy had a total net position deficit of \$243,173 and a total fund balance deficit of \$158,018 at fiscal year-end. Absent the outstanding payroll liability resulting from the Academy's previous management company, the Academy would have reported a positive net position and fund balance at fiscal year-end. (See PDF Page 35)	N/A	N/A	N/A	Yes
Marion	Francis Marion Military Academy	<u>2020-2 - Financial Condition:</u> The auditors noted that the Academy had a loss in the General Fund that increased the deficit in unrestricted fund balance at fiscal year-end. Per the notes to the financial statements, the Academy closed in December 2019 and the charter was officially terminated in September 2020. The Academy does not have sufficient assets remaining to pay remaining payables. (See PDF Page 27)	N/A	N/A	N/A	No ACADEMY CLOSED ON 12/16/2019
Miami-Dade	Arts Academy of Excellence	<u>2020-01 - Fund balance deficit:</u> At fiscal year-end, the Academy had a spendable unassigned fund balance deficit of \$54,361. Current liabilities exceed current assets. The Academy is in its fourth year of operations and expended resources for the initial startup costs and purchases of capital assets for which it did incur some related debt. The auditors recommend that the Academy monitor its enrollment and budget versus expenditures to ensure spending is within the budget. (See PDF Page 36)	N/A	N/A	N/A	Yes

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Miami-Dade	Coral Reef Montessori Academy Charter School	2020-1 - Total Deficit in Fund Balance: The School had a total deficit fund balance of \$23,142 at fiscal year-end. The School did improve its fund balance deficit during the current year by \$34,504. (See PDF Page 48)	N/A	2021 (2018-19)	<p>The financial condition originated in 2017, with new construction costs of \$2,884,000. In 2018, an additional \$2,200,000 was spent on construction. The 2019 school year marked the first school year after the construction, and operations improved reducing the deficit from \$276,275 to \$57,646. In 2020, in spite of the COVID-19 Pandemic, the school's operations yielded an improvement of \$34,504 and the deficit was again reduced, from \$57,646 to \$23,142. As of March 2021, the deficit has been totally resolved.</p> <p>The School has initiated certain action plans to ensure a positive fund balance in spite of the COVID-19 Pandemic. [Note: Specific details regarding the action plans are included in the response letter.] The School believes it has corrected the problem and fully expects to finish the current year with a positive fund balance.</p>	Yes

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Miami-Dade	Latin Builders Association Construction and Business Management Academy	2020-004 - Deficit in Unrestricted Net Position: The Academy's Statement of Net Position as of 11/29/2019 reflects an unrestricted net position deficit. The unassigned fund balance on the Balance Sheet – Governmental Funds as of 11/29/2019 also shows a deficit. The Academy's inability to execute its plan to increase enrollment resulted in the School not generating sufficient revenue to meet its obligations on a timely basis and the Academy's closure. The auditors recommend that the Board of Directors (Board) of the LBA Children & Families Foundation, Inc. continue with its plans to sublease the Academy's former facility. In addition, the auditors recommend that the Board seek additional sources of revenue and donor contributions necessary in order to pay off its remaining liabilities. (See PDF Page 42)	N/A	N/A	N/A	No ACADEMY CLOSED ON 11/29/2019

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Miami-Dade	True North Classical Academy Charter School	<u>2020-01 - Total deficit in net position:</u> The School had a deficit in total net position of \$286,369 at fiscal year-end. Although the School had an increase in net position of \$74,345 for the school year, a significant portion of the deficit resulted from previous years and the School's investment in improving the infrastructure of the School and in hiring of outside consultants and additional teachers. The auditors recommend that the School continue to monitor and properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position. (See PDF Page 33)	N/A	2021 (2018-19)	The School opened in the 2015-16 school year, and significant funds were expended in the first two years of operation to upgrade facilities, order high quality texts, hire top faculty, and operate from the start at an exceptionally high level. These expenditures created the net deficit. A no-interest, long-term loan was secured from an educational foundation that enabled the School to fund the deficit. Over the last four years, portions of that loan have been granted as a contribution to the School. On the balance sheet, the net deficit after the 2nd year peaked at \$490,641. Over the last three school years, as student enrollment grew and the School also started receiving capital outlay as a consistently A-rated school, the School is operating at a positive cash flow and the net deficit was reduced to \$286,369. The School expects for the deficit to be reduced in subsequent years, but does not expect to bring the deficit to a positive until two more years. The School's Board and management diligently review all School finances and are confident in the School's financial position.	Yes
Monroe	Big Pine Elementary Academy	<u>2020-01 - Other Expenditures:</u> The auditors noted a large invoice for services performed during the fiscal year that was not recorded in accounts payable. The auditors recommend that the Academy implement accounting policies and procedures that ensure proper cutoff of expenses. (See PDF Page 25)	MW	N/A	N/A	Yes

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Monroe (continued)	Big Pine Elementary Academy (continued)	<u>2020-02 - Cash Controls</u> : The auditors noted that all but one monthly bank reconciliation was not prepared on a timely basis. The control over cash is strengthened through the process of timely consistent monthly reconciliations noting proper preparation and review. The auditors recommend that the Academy's reconciliation format be updated for the inclusion of these items. (See PDF Page 26)	SD	N/A	N/A	Yes
Osceola	Avant Garde Academy K8 of Osceola	<u>2018-01 - Financial Reporting</u> : The Academy is responsible for accurate financial reporting which includes detecting and preventing material misstatements in financial statements, as well as within the underlying records. The audit revealed several misstatements related to the recording of both revenues and payables, which resulted in the necessity of audit adjustments required to be recorded in order to present the financial statements in conformity with generally accepted accounting principles. The auditors recommend that the Academy improve its financial accounting process to ensure the fair presentation of reported and recorded financial information. (See PDF Page 37)	N/A	N/A	N/A	No ACADEMY CLOSED ON 6/30/2020

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Osceola (Continued)	Avant Garde Academy K8 of Osceola (Continued)	<p><u>2018-02 - Disbursements:</u> The Academy made four payments to The School Store, Inc. totaling \$21,340 relating to academic consulting, attorney fees, marketing, and management fees during the 2017-18 fiscal year. The auditors were provided invoices for three transactions and the fourth transaction was documented by an email requesting payment. These types of services generally call for a contract. to set forth the specific duties and outcomes to be provided by the vendor. The auditors requested a copy of the contract for these services; however, none were provided. Without proper documentation, the auditors were unable to determine the appropriateness of these disbursements. The auditors recommend that the Academy obtain all invoices and contracts to properly document these disbursements. (See PDF Page 37)</p>	N/A	N/A	N/A	<p>No ACADEMY CLOSED ON 6/30/2020</p>
		<p><u>2018-03 - Budget Over Expenditures:</u> Section 1002.33(9)(h), Florida Statutes, requires the Academy to adopt and maintain an operating budget. The Academy adopted an annual budget and amended it during the year. However, expenditures exceeded final budgeted amounts in five functions by \$427,504 in total. The auditors recommend that the Board adjust the Academy's budget in a timely manner to prevent expenditures exceeding the final approved budget. (See PDF Page 38)</p>	N/A	N/A	N/A	<p>No ACADEMY CLOSED ON 6/30/2020</p>

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Osceola (continued)	Avant Garde Academy K8 of Osceola (continued)	<p><u>2018-04 - Financial Emergency</u>: The auditors have determined that the Academy met one of the financial emergency conditions described in Section 218.503(1), Florida Statutes. The Academy failed to pay uncontested claims from several vendors totaling \$23,000, as recorded in the Academy's accounting records, within 90 days due to a lack of available funds. The auditors recommend that the Academy make appropriate financial arrangements with the unpaid vendors to make good on all past due amounts owed. (See PDF Page 38)</p>	N/A	N/A	N/A	No ACADEMY CLOSED ON 6/30/2020
		<p><u>2019-01 - Deteriorating Financial Condition</u>: As defined in Section 218.39(5)(b), Florida Statutes, indicators of a deteriorating financial condition are 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 for which sufficient resources are not available to cover the deficit. At fiscal year-end, the Academy had a net position deficit of \$502,271, and current liabilities exceeded current assets. The Academy is in its 3rd year of operations and expended resources for the initial startup cost and purchases of capital assets for which it did incur some related debt. The auditors recommend that the Academy monitor its enrollment and budget versus expenditures to ensure spending is within the budget. (See PDF Page 39)</p>	N/A	N/A	N/A	No ACADEMY CLOSED ON 6/30/2020

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Palm Beach	Bridgeprep Academy of Palm Beach Charter School	<p><u>2020-01 Total Fund Balance Deficit</u>: The Academy has a total fund balance deficit of \$52,100 and a deficit in net position of \$134,335 at fiscal year-end. The 2019-20 school year was the Academy's 3rd year of operation. The Academy was able to increase its total assets and improve its net position during the current year; however, the Academy had to purchase certain equipment and incurred other start-up costs in prior years that caused it to have a deficit at the beginning of FY 2019-20. The auditors recommend that the Academy increase its enrollment and continue to properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position. (See PDF Page 34)</p>	N/A	N/A	N/A	Yes

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Volusia	Reading Edge Academy	<p><u>2020-01 - Ensure Proper Coding of Activity in the General Ledger Accounts:</u> The auditors again noted a number of errors or inconsistencies in the coding of transactions in the general ledger accounts, which impact the comparability of accounts from year to year and cause extra audit effort to ensure the accounts are properly stated. The auditors also noted several instances of duplicate reference numbers and some reference numbers that were not properly recorded in the general ledger. In addition, the auditors noted some improvement regarding account distribution being documented on each invoice or other supporting documentation, which better enables anyone to ascertain the proper accounts are being coded and to facilitate their traceability. The auditors recommend that greater effort be made to code the activity into the proper general ledger account and to record proper reference numbers, as well as to provide adequate descriptions of each entry in the general ledger. In addition, the auditors recommend a monthly review of the general ledger activity to determine if the activity was recorded in the proper accounts and proper reference numbers used. (See PDF Page 22)</p>	N/A	2021 (2018-19)	<p>The School is continuing to improve the coding each year. The auditors noted some improvement, but wanted the School to make a greater effort in certain areas.</p> <p>Currently, the School is using QuickBooks for in-house recording of transactions, which are then sent to a CPA who imports the transactions into their system, maintains the official general ledger, and makes some adjustments as deemed necessary (for accruals or interfund transfers). Also, the CPA is scanning the general ledger each month to make sure that everything coded appears reasonable, and School staff are also asking more questions of the CPA regarding proper coding of a transaction. The School is always learning and working to make sure that School transactions are reported accurately.</p>	Yes

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Volusia	Samsula Academy	<p><u>2020-01 - Ensure Proper Coding of Activity in the General Ledger Accounts:</u> The auditors again noted a number of errors or inconsistencies in the coding of transactions in the general ledger accounts, which impact the comparability of accounts from year to year and cause extra audit effort to ensure the accounts are properly stated. The auditors also noted some reference numbers that were not properly recorded in the general ledger. In addition, the auditors noted some improvement regarding account distribution being documented on each invoice or other supporting documentation, which better enables anyone to ascertain the proper accounts are being coded and to facilitate their traceability. The auditors recommend that greater effort be made to code the activity into the proper general ledger account and to record proper reference numbers, as well as to provide adequate descriptions of each entry in the general ledger. In addition, the auditors recommend a monthly review of the general ledger activity to determine if the postings were recorded in the proper accounts. (See PDF Page 21)</p>	N/A	2021 (2018-19)	<p>The School is continuing to improve the coding each year. The auditors noted some improvement, but wanted the School to make a greater effort in certain areas.</p> <p>Currently, the School is using QuickBooks for in-house recording of transactions, which are then sent to a CPA who imports the transactions into their system, maintains the official general ledger, and makes some adjustments as deemed necessary (for accruals or interfund transfers). Also, the CPA is scanning the general ledger each month to make sure that everything coded appears reasonable, and School staff are also asking more questions of the CPA regarding proper coding of a transaction. The School is always learning and working to make sure that School transactions are reported accurately.</p>	Yes

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LEGEND:

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

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

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

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

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

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

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Citrus	Academy of Environmental Science	#2013-1 - Lack of Segregation of Incompatible Duties for Financial Transactions: For internal account activity accounted for in the fiduciary fund, the employee who has the sole responsibility to maintain the accounting records also handles cash collections, cosigns checks, and reconciles bank statement balances to the accounting records. While the auditors acknowledges that personnel may not always be available to permit appropriate separation of employee duties and responsibilities, they think it is important that the School is made aware of the condition. The auditors recommend that the School develop mitigating controls to ensure that secondary reviews are performed by someone other than the one individual performing the transactions The auditors state that this may include secondary reviews of the bank reconciliation process and detail review of all accounting transactions by someone in administration. (See PDF Page 31)	SD	2017 (2014-15)	The School is aware of the condition and has no viable way to eliminate it, as it would involve hiring additional personnel to assume portions of the employee’s work. Some mitigating controls have been implemented to address the condition.	No
Bay	Bay Haven Charter Academy Elementary School	2020-001 - Segregation of Duties: The School does not have proper segregation of duties in the area of employees’ access within the accounting software due to a limited number of staff and the need to cross-train staff in the event of absences. This leads to certain incompatible duties being performed by one person. The School has considered the costs of hiring additional staff to improve segregation of duties and has determined that the costs would outweigh the derived benefits at this time. The auditors recommend that the School continue to evaluate the cost versus the benefit of hiring additional staff to improve segregation of duties. The auditors further recommend that incompatible duties be separated as much as possible and compensating controls be implemented to reduce the risks caused by the lack of segregation of duties. (See PDF Page 56)	SD	2021 (2018-19)	The School has separated incompatible accounting duties related to the School’s accounting software to the extent possible using available School staff. In order to handle occasional staff absences, the School has cross-trained accounting staff to fill in and perform the functions of the absent staff member for a short time. Due to the shortage of available qualified personnel to perform these functions, it is sometimes necessary to utilize staff to fill in and perform duties that are incompatible with their normally assigned duties. This issue may never be fully resolved due to the School’s limited staffing budget. As a compensating control, the School has increased management oversight in the appropriate areas when necessary in order to reduce the risk associated with the temporary lack of proper segregation of duties.	No

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Bay	Bay Haven Charter Academy Middle School	<u>2020-001 - Segregation of Duties</u> : The School does not have proper segregation of duties in the area of employees' access within the accounting software due to a limited number of staff and the need to cross-train staff in the event of absences. This leads to certain incompatible duties being performed by one person. The School has considered the costs of hiring additional staff to improve segregation of duties and has determined that the costs would outweigh the derived benefits at this time. The auditors recommend that the School continue to evaluate the cost versus the benefit of hiring additional staff to improve segregation of duties. The auditors further recommend that incompatible duties be separated as much as possible and compensating controls be implemented to reduce the risks caused by the lack of segregation of duties. (See PDF Page 56)	SD	2021 (2018-19)	The School has separated incompatible accounting duties related to the School's accounting software to the extent possible using available School staff. In order to handle occasional staff absences, the School has cross-trained accounting staff to fill in and perform the functions of the absent staff member for a short time. Due to the shortage of available qualified personnel to perform these functions, it is sometimes necessary to utilize staff to fill in and perform duties that are incompatible with their normally assigned duties. This issue may never be fully resolved due to the School's limited staffing budget. As a compensating control, the School has increased management oversight in the appropriate areas when necessary in order to reduce the risk associated with the temporary lack of proper segregation of duties.	No
Bay	North Bay Haven Career Academy	<u>2020-002 - Segregation of Duties</u> : The School does not have proper segregation of duties in the area of employees' access within the accounting software due to a limited number of staff and the need to cross-train staff in the event of absences. This leads to certain incompatible duties being performed by one person. The School has considered the costs of hiring additional staff to improve segregation of duties and has determined that the costs would outweigh the derived benefits at this time. The auditors recommend that the School continue to evaluate the cost versus the benefit of hiring additional staff to improve segregation of duties. The auditors further recommend that incompatible duties be separated as much as possible and compensating controls be implemented to reduce the risks caused by the lack of segregation of duties. (See PDF Page 55)	SD	2021 (2018-19)	The School has separated incompatible accounting duties related to the School's accounting software to the extent possible using available School staff. In order to handle occasional staff absences, the School has cross-trained accounting staff to fill in and perform the functions of the absent staff member for a short time. Due to the shortage of available qualified personnel to perform these functions, it is sometimes necessary to utilize staff to fill in and perform duties that are incompatible with their normally assigned duties. This issue may never be fully resolved due to the School's limited staffing budget. As a compensating control, the School has increased management oversight in the appropriate areas when necessary in order to reduce the risk associated with the temporary lack of proper segregation of duties.	No

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County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received (RE: fiscal year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Bay	North Bay Haven Charter Academy Elementary School	<u>2020-002 - Segregation of Duties</u> : The School does not have proper segregation of duties in the area of employees' access within the accounting software due to a limited number of staff and the need to cross-train staff in the event of absences. This leads to certain incompatible duties being performed by one person. The School has considered the costs of hiring additional staff to improve segregation of duties and has determined that the costs would outweigh the derived benefits at this time. The auditors recommend that the School continue to evaluate the cost versus the benefit of hiring additional staff to improve segregation of duties. The auditors further recommend that incompatible duties be separated as much as possible and compensating controls be implemented to reduce the risks caused by the lack of segregation of duties. (See PDF Page 56)	SD	2021 (2018-19)	The School has separated incompatible accounting duties related to the School's accounting software to the extent possible using available School staff. In order to handle occasional staff absences, the School has cross-trained accounting staff to fill in and perform the functions of the absent staff member for a short time. Due to the shortage of available qualified personnel to perform these functions, it is sometimes necessary to utilize staff to fill in and perform duties that are incompatible with their normally assigned duties. This issue may never be fully resolved due to the School's limited staffing budget. As a compensating control, the School has increased management oversight in the appropriate areas when necessary in order to reduce the risk associated with the temporary lack of proper segregation of duties.	No
Bay	North Bay Haven Charter Academy Middle School	<u>2020-002 - Segregation of Duties</u> : The School does not have proper segregation of duties in the area of employees' access within the accounting software due to a limited number of staff and the need to cross-train staff in the event of absences. This leads to certain incompatible duties being performed by one person. The School has considered the costs of hiring additional staff to improve segregation of duties and has determined that the costs would outweigh the derived benefits at this time. The auditors recommend that the School continue to evaluate the cost versus the benefit of hiring additional staff to improve segregation of duties. The auditors further recommend that incompatible duties be separated as much as possible and compensating controls be implemented to reduce the risks caused by the lack of segregation of duties. (See PDF Page 55)	SD	2021 (2018-19)	The School has separated incompatible accounting duties related to the School's accounting software to the extent possible using available School staff. In order to handle occasional staff absences, the School has cross-trained accounting staff to fill in and perform the functions of the absent staff member for a short time. Due to the shortage of available qualified personnel to perform these functions, it is sometimes necessary to utilize staff to fill in and perform duties that are incompatible with their normally assigned duties. This issue may never be fully resolved due to the School's limited staffing budget. As a compensating control, the School has increased management oversight in the appropriate areas when necessary in order to reduce the risk associated with the temporary lack of proper segregation of duties.	No

Charter Schools
Failed to Take Full Corrective Action in Response to a Recommendation Included in the
2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

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.

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
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County	Constitutional Officer	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Bay County	Board of County Commissioners	<u>2020-001 – General Accounting Records</u> : Material adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles (GAAP). The County's controls did not identify the adjustments timely. The auditors recommend that County staff continue to strive toward identifying proposed audit adjustments more timely. (See PDF Page 213)	MW	N/A	N/A	Yes
Broward County	Clerk of the Circuit Court	<u>2016-01 - Performance Measurements</u> : The Clerk's performance rates were below the Florida Clerks of Court Operations Corporation (CCOC) standard rates for a certain court type. For FY 2015-16, the first year of the finding, the auditors recommended that the Clerk work with the CCOC to review the current established standards and consider revisions of the standard rates based upon performance statewide, or explore changes in the Clerk's operating environment to achieve the established measures and standards. (See PDF Page 376)	N/A	2021 (FY 2018-19)	<p>Pursuant to Section 28.35(2), Florida Statutes, the Florida Clerks of Court Operations Corporation (CCOC) has established performance measures and standards for all Florida Clerks and has the sole discretion in modifying those standards. Statewide, a majority of Clerk's offices have encountered difficulties in meeting the established performance measures for certain court types. [Note: Additional details on the challenges faced in regard to the collection of fines are included in the Clerk's response letter.]</p> <p>On 1/19/2021, the COCC Performance Improvement and Efficiencies Committee recommended several standards be changed, including circuit and civil traffic. The implementation date for this change is currently scheduled for FY 2021-22. When adopted, this will make the performance measures more realistic and obtainable by all Florida Clerks. Until then, the Clerk's office will apply all resources within its control in order to meet or exceed the established standard for the collection of fines, fees, and court costs.</p>	Yes

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Gilchrist County	Sheriff	<u>2020-001 - Modified Accrual Basis of Accounting</u> : It was necessary for the auditors to make several adjustments with respect to account reconciliation and presentation of accounts in accordance with generally accepted account principles (GAAP). The auditors recommend that the Office utilize accrual features within the accounting software or obtain software that can properly accrue for items at fiscal year-end. (See PDF Page 89)	MW	N/A	N/A	Yes
Hardee County	Sheriff	<u>2020-003 - Budgets</u> : At fiscal year-end, expenditures in the General Fund exceeded the final appropriated budget. The budget was not amended with the Board of County Commissioners (Board) for expenditures funded by specific charges for services and intergovernmental revenues received directly by the Sheriff. The auditors recommend that budgets be monitored and amended when needed, within the time period allowed by Statute, to ensure that the Sheriff does not incur expenditures or transfers in excess of budgeted amounts. The auditors further recommend that the Sheriff request an amendment to the budget for those expenditures funded by specific revenues that were received directly from sources other than the Board. (See PDF Page 232)	N/A	2021 (FY 2018-19)	Budget amendments will be closely monitored, and appropriate amendment requests will be made to the Board of County Commissioners when revenues are needed to amend the original budget. On 3/17/2021, the Sheriff and command staff conducted a telephone conference with representatives of the audit firm to discuss the audit findings. Additionally, the Sheriff and command staff met with representatives of the audit firm on 4/5/2021 to continue the discussions.	Yes

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Hardee County (Continued)	Sheriff (Continued)	<u>2020-001 - Audit Adjustments and Account Reconciliations:</u> The Sheriff's management is responsible for establishing and maintaining internal controls to ensure that transactions are properly recorded and reported in the financial statements in accordance with generally accepted accounting principles (GAAP). Several balance sheet accounts are not reconciled on a monthly basis. Accounts including prepaid items, accounts payable, accrued liabilities, and fund balance did not reconcile to supporting documentation. The auditors recommend that: (1) account reconciliations be prepared monthly, including at fiscal year-end, by one person and reviewed by another; (2) reconciliations be performed for all balance sheet accounts including prepaid items, accounts payable, accrued liabilities, fund balance, and any other balances; (3) any discrepancies should be investigated and resolved; and (4) trial balances be reviewed to ensure that all accounts are reconciled and any related adjustments from a prior or current year are posted. (See PDF Page 230)	MW	2021 (FY 2018-19)	<p>While reviewing the audit findings for four consecutive years, one common theme was noted with regard to the audit adjustments and account reconciliations - the unfamiliarity with how to handle certain transactions in the American Data Group, Inc. (ADG) software, the fiscal software used by the Sheriff's office.</p> <p>The Sheriff's finance staff met with the Hardee County Clerk on 3/18/2021 to obtain a better understanding of various functions within the ADG software to assist with the monthly reconciliation of accounts payable. The finance staff will continue to seek assistance regarding the ADG software to ensure they are knowledgeable of its capabilities and report any additional issues that are encountered that may require further training.</p>	Yes

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Holmes County	Tax Collector	<p><u>2013-01 - Information Technology General Controls - Passwords</u>: Passwords to log in to the AS400 financial system do not expire and do not require both an alpha and numeric code and lockout has not been enabled. This could expose the Tax Collector's information technology system to internal and external threats resulting in unauthorized users gaining access to financial and nonfinancial data including personally identifiable information. The auditors recommend that the Tax Collector update his password policy to require passwords to expire every 90 days and include at least one numeric code as an addition to the alpha code. (See PDF Page 252)</p>	MW	2021 (FY 2018-19)	<p>The Tax Collector acknowledges the finding and, after evaluating the constraints of the AS400 security user group limitations (password level for office staff is inquiry only), will remain with the current password determinations.</p> <p>[Note: Same response since FY 2016-17.]</p>	Yes
Leon County	Board of County Commissioners	<p><u>2020-002 - Capitalization of Fixed Assets in Accordance with GASB (Governmental Accounting Standards Board)</u>: The auditors noted multiple expenditures for the purchase of capital assets or improvements meeting the definition of capital assets under GASB and the capitalization policy of the Board, which were not properly reported or included in the fixed asset management system. The auditors recommend that management should continue their corrective action plan and document policies and procedures for the treatment of different types of capital outlay scenarios. Additionally, management should update the policies and procedures to include the process for the reconciliation of capital outlay expenditures to amounts recorded as fixed assets, and the performance of their process at more frequent intervals throughout the year. (See PDF Page 177)</p>	SD	N/A	N/A	Yes

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Liberty County	Sheriff	<u>2016-IC-03 - Budget Administration</u> : The Sheriff's office deposited numerous different types of fee proceeds into the Sheriff's operating account instead of remitting these fees to the County as required. The Sheriff also deposited impound fees into a separate "Narcotics account," and this activity was not recorded to the general ledger's activity of the Sheriff's office. Therefore, the Sheriff's office cannot document compliance with Section 30.51, Florida Statutes. The auditors recommend that the Sheriff set up the controls and procedures necessary to account for the activity of the agency accounts and its own operating accounts and also review the Florida Statutes regarding the uses of fees. (See PDF Page 153)	MW	2021 (FY 2018-19)	The Sheriff's office imposes an impound fee for traffic stops that result in arrests of drivers. These traffic stops result in vehicles being towed and stored until vehicle owners pay a fee, which the Sheriff's office collects. Pursuant to Section 30.50(6), Florida Statutes, all unexpended balances at the end of each fiscal year shall be refunded to the Board of County Commissioners and deposited into the county fund or funds from which payment was originally made. With that understanding, moving forward all fees will be returned to the Board of County Commissioners each month as specified by Section 30.51, Florida Statutes. This will resolve this finding on future audits beginning with the FY 2020-21 audit.	Yes
Pasco County	Board of County Commissioners	<u>2020-004 - Preparation of the Schedule of Federal Awards and State Financial Assistance</u> : The County has a control weakness that resulted in management failing to comply with the requirement to prepare an accurate schedule of expenditures of federal awards and state assistance (2 CFR 200.508(b)). Certain grants were not recognized accurately in the client-prepared schedule of expenditures of federal awards and state financial assistance, and an incorrect CFDA number was presented for one program. The auditors recommend that the County improve its financial reporting close process to more accurately complete and review the schedule of expenditures of federal awards and state financial assistance. The auditors further recommend that this process include a procedure to have someone in each department perform an independent review of their portion of the schedule. (See PDF Page 384)	SD	N/A	N/A	Yes

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Putnam County	Clerk of the Circuit Court	<u>2020-001 - Other Control Deficiencies and Noncompliance</u> : The Clerk's Office did not achieve the following performance measures: (a) Collections performance standards for Circuit Criminal, County Criminal, Juvenile Delinquency and Civil Traffic; and (b) Timeliness standards for Circuit Criminal, County Criminal, Juvenile Delinquency, Criminal Traffic, and Juvenile Dependency. The auditors recommend that the Clerk's Office continue to pursue the goal of meeting the performance standards for which it has the ability to control. (See PDF Page 200)	N/A	2021 (FY 2018-19)	These audit findings have been difficult to correct and may never be completely resolved due to limited resources and demographic factors. [Note: Specific factors are listed in response letter.] The Clerk's Office has strived to improve collections and timeliness with the following procedures: (1) The Office began sending electronic notification of fines due in 2017 by email and text, as well as regular mail; (2) The Office contracts with a collection agency to pursue delinquent fines and court costs; (3) Office staff attend each court event to gather contact information from defendants; (4) Office staff offer partial pay contracts to defendants; and (5) In August 2017 the Office reorganized the structure of its departments and opened a Customer Service Center for all walk-in customers, which handles new cases, filing, recording, passports, receipt of court-related fines, and traffic citations. This allows staff in other departments to have uninterrupted time to docket cases efficiently. The Office will continue to exhaust every possible avenue for improving collection rates and work towards resolving the issue with meeting timeliness standards, while also managing limited staff and resources.	Yes

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Sumter County	Sheriff	<p><u>2020-001 - Material Weakness in Service Organization Internal Control Monitoring:</u> The Office contracts with service organizations to provide commissary and telephone services to inmates. The Office does not monitor internal control of the service organizations over revenue collection and remittance. A service contract was not available between the Office and the commissary provider. The service organizations do not provide SOC-1, Type 2 reports for the services they provide to the Office, and the Office has not taken alternative steps to identify and monitor relevant controls. The auditors recommend that the Office request an annual SOC-1, Type 2 report from each of the service organizations and implement and monitor relevant user controls. The auditors further recommend that, if such report is unavailable, the Office take alternative steps to understand and monitor the controls at the service organizations and to identify, implement, and monitor the relevant user controls. In addition, the auditors recommend establishing a written contract with the commissary provider. (See PDF Page 187)</p>	MW	2021 (FY 2018-19)	The Sheriff's Office (Office) has requested the Service Organizations Controls, Type 2 (SOC-1, Type 2) reports from the service organizations; however, the Office has been unsuccessful in obtaining the reports. As a result, the Office monitors revenue as a compensating control and believes that revenue is fairly reported.	Yes

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Washington County	Board of County Commissioners	<u>BCC1997-001 - Capital Assets Records</u> : A complete and accurate listing of all property, equipment, and infrastructure has not been maintained or reconciled to the depreciation schedules and recorded balances. As a result, the recorded capital asset balances and related depreciation amounts are not in agreement with available supporting documentation. The lack of supporting documentation for the recorded capital asset balances and related depreciation amounts as reported on the government-wide Statement of Net Position does not allow for an unmodified audit opinion. The auditors recommend that the County undertake a project to ensure all assets are recorded on the capital asset listing at cost or estimated historical cost, establish a depreciation schedule, and reconcile these to the recorded balances on the general ledger. The auditors also recommend that a formal policy be established regarding acquisition and disposition of all assets and a physical inventory be taken at least annually. (See PDF Page 99)	MW	2021 (FY 2018-19)	Establishing such records, while not impossible, is a very significant undertaking for a small rural county with limited resources. Compiling a list of the assets owned by the County, and determining the actual cost or estimated historical cost of each, has required much time and effort. Much progress has been made, as a listing of all titled vehicles and equipment is complete and updated each month. An updated list of land and buildings, including values is also available for the current year's audit. In addition, an investment in software to facilitate this process has been made. While more work remains to be done, the Board is moving towards that end and expects that this finding will remain until staff complete work in this area.	Yes

FOOTNOTE/LEGEND:

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

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

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

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

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Calhoun County	Sheriff	<u>2004-002 - Need for Segregation of Duties:</u> There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of the Sheriff's assets. The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected. The auditors realize that, due to a limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. The auditors also recommend that the Sheriff log into the bank's website and review the original bank statement. (See PDF Page 145)	SD	2017 (FY 2014-15)	The Sheriff's Office is a very small agency. Limited funding prohibits the hiring of additional staff to strengthen internal controls. The finance officer/administrative assistant is supervised directly by the Sheriff. The Sheriff will continue to monitor the finances and review bank statements each month in order to provide a measure of assurance of proper accountability and handling of the Sheriff's finances.	No
	Supervisor of Elections	<u>SOE 2004-01 - Need for Segregation of Duties:</u> There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees who have custody of assets. The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected. The auditors realize that, due to the size of the office, it is difficult to achieve ideal separation of duties; however, the Supervisor of Elections should remain very active and involved in the day-to-day operations. The auditors further recommend that controls be implemented to help compensate for the weaknesses and to provide checks and balances. (See PDF Page 194)	SD	2017 (FY 2014-15)	With the financial pressures and lack of funding, the cost/benefit ratio is far too great for this office to employ more personnel. The office currently has two employees, and the person responsible for completing bank reconciliations each month does not process checks/payments nor has check signing authority. The Supervisor of Elections will continue to initiate controls to mitigate the lack of segregation of duties, and the office is currently working to identify specific areas to help alleviate this comment. Appropriate safeguards are in place to deter fraud and abuse from taking place.	No

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Holmes County	Property Appraiser	<u>2012-02 - Disbursement Controls</u> : Due to a limited number of personnel involved in the cash disbursement process, some critical duties are not adequately segregated. The lack of adequate control procedures could result in the misuse or misappropriation of assets. The auditors recommend implementing control procedures to separate the bank reconciliation, check writing, check distribution, and creating new vendor file responsibilities. The auditors further recommend some steps that should be taken, including to limit some of the responsibilities of the Chief Deputy. (See PDF Page 162)	N/A	2017 (FY 2014-15)	The Property Appraiser's office is following several of the recommendations. Drafted checks are sent directly to the Property Appraiser for review, approval, and signature. The Property Appraiser reviews the bank statement reconciliations and examines reconciling items. The office has limited staff and resources of a small entity and does not have funding to hire additional personnel to segregate all disbursement duties at this time.	No
	Sheriff	<u>2010-01 - Segregation of Duties</u> : Due to the limited number of personnel involved in the cash disbursement process, some control duties are not adequately segregated. The lack of adequate control procedures could result in the misuse or misappropriation of assets. The auditors recommend that control procedures be implemented to separate the accounts payable, bank reconciliation, and check writing responsibilities. The auditors also recommend some steps that should be taken, including limiting some of the responsibilities of the Finance Director. (See PDF Page 222)	MW	2017 (FY 2014-15)	Due to limited staff and resources this finding may never be fully resolved. The Sheriff's Office has implemented various internal control measures. The Sheriff now reviews, approves, and signs checks, and a third party distributes the checks. Additional details are provided in the response.	No

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Jackson County	Sheriff	SH2006-001 - Segregation of Duties: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees who have custody of the Sheriff's assets. The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected. The auditors realize that, due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. The auditors also recommend that the Sheriff receive and review the unopened bank statements each month. (See PDF Page 193)	MW	2017 (FY 2014-15)	The Sheriff now opens and reviews bank statements, as recommended. The response includes other additional information related to compensating controls implemented by the Sheriff's Office; however, with limited staffing it is difficult to separate these duties any further.	No

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Levy County	Board of County Commissioners	<p><u>2020-001 - Segregation of Duties:</u> The internal control environment should include appropriate segregation of duties along with review policies and procedures over all financial activities to prevent and detect errors to the accounting records and a means to correct them in a timely manner. The County has a limited number of personnel in the decentralized cash receipting and billing areas, as well as in the Finance Department. As a result, there were insufficient internal controls over the billing and receipting processes and decentralized collection systems in various departments, generally with one individual performing all aspects of certain transactions. There were also insufficient controls over the receipting and posting processes to record revenue to the general ledger, and multiple occasions of one individual performing the process from start to finish with no review. The auditors recommend that, whenever possible, duties be segregated so that collections and billings performed by one individual are reviewed by another individual separate from that function, with that review being documented. The auditors further recommend that: (1) cash collections and billing processes be documented with formal procedures and those procedures be followed consistently; (2) the systems used for decentralized billing and collections be assessed for security and consistency; and (3) revenue and other data from such subsystems be reviewed on a regular basis. (See PDF Page 71)</p>	SD	2021 (FY 2018-19)	<p>Properly segregating duties with limited funding and staff is often a concern for any fiscally constrained government. It is not easy to hire and retain experienced accountants in rural counties, much less allow them the time to keep abreast of all of the legislative, regulatory, and accounting standards changes each year.</p> <p>Challenges aside, County staff works with Clerk staff on an ongoing basis to assist in implementing procedural changes designed for mitigating risk of error or misappropriation, which includes leveraging technological solutions to create centralized controls. Better centralization of oversight and access to the County's satellite locations is possible via use of web-based software platforms that integrate directly with the Clerk's accounting system, and the Clerk has been coordinating with County management and the Board of County Commissioners toward that end. Multiple additional modules of systems that integrate with the accounting system have now been installed. Where direct integration is not possible, the County has also given remote access to software and systems of its satellite offices to allow the Clerk the ability to oversee and review those transactions.</p> <p>While the County has overcome some the challenges and are much improved, some particular factors involving the Water Utility collection process as it was structured up through 9/30/2020 would prevent removal of the finding. Staffing structure has been corrected in FY 2020-21, however, and so it is hopeful that this comment will be removed from the next audit. However, there are admitted ways in which cost/benefit concerns compete with perfection in the realm of duty segregation.</p>	No

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Putnam County	Supervisor of Elections	<u>2020-001 - General Accounting Records</u> : Material audit adjustments were necessary to properly state certain balances at fiscal year-end. Personnel are unable to prepare financial statements, including notes, in accordance with generally accepted accounting principles. The auditors recommend that the Supervisor of Election's Office consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 282)	MW	2020 (FY 2017-18)	The Office will evaluate its procedures in regard to the preparation of financial statements and reporting and make adjustments, taking into account limited resources, to conform to generally accepted accounting principles (GAAP).	No
Washington County	Property Appraiser	<u>PA2003-003 - Need for Segregation of Duties</u> : There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees who have custody of assets. The auditors realize that, due to the size of the administrative staff, it is difficult to achieve ideal separation of duties; however, the auditors recommend that the Property Appraiser remain very active and involved in the day-to-day operations. The auditors further recommend that controls be implemented to help compensate for these weaknesses and to provide appropriate checks and balances. (See PDF Page 210)	SD	2017 (FY 2014-15)	This is a small office with employees who have overlapping duties, and complete segregation of duties is not possible. The Property Appraiser will continue to remain active in the day-to-day operations of the office and continue to ensure there are checks and balances in the daily work and the ledger is balanced on a monthly basis.	No

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County	Constitutional Officer	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Washington County (Continued)	Sheriff	<u>SH2003-001 - Need for Segregation of Duties</u> : There is a lack of segregation of duties between employees who have recordkeeping responsibilities and employees who have custody of Sheriff's assets, due to limited personnel in the accounting department. The auditors realize that, due to the size of the Sheriff's administrative staff, it is difficult to achieve ideal separation of duties. However, the auditors recommend that the Sheriff remain very active and involved in the day-to-day operations. The auditors further recommend controls be implemented to help compensate for these weaknesses and to provide checks and balances. (See PDF Page 181)	SD	2017 (FY 2014-15)	The Sheriff's Department is a small office, and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties. Procedures to help alleviate this situation include: (1) the person responsible for completing bank reconciliations does not process checks/payments nor does she have check-signing authority, and (2) the Sheriff reviews all monthly bills to be paid. The Sheriff's Department will continue to initiate controls to mitigate the lack of segregation of duties and is currently working with the auditors to identify specific areas the Department can work on to help alleviate this comment.	No
	Supervisor of Elections	<u>SOE 2003-003 - Need for Segregation of Duties</u> : There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees who have custody of assets, due to limited personnel in the accounting department. The auditors realize that, due to the size of the Supervisor of Elections' administrative staff, it is difficult to achieve ideal separation of duties. However, the auditors recommend that the Supervisor of Elections remain very active and involved in the day-to-day operations. The auditors further recommend that controls be implemented to help compensate for these weaknesses and to provide checks and balances. (See PDF Page 240)	SD	2017 (FY 2014-15)	The Supervisor of Elections is a small office, and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties. Procedures to help alleviate this situation include: (1) the person responsible for completing bank reconciliations does not process checks/payments nor does she have check-signing authority, and (2) the Supervisor of Elections reviews all monthly bills to be paid. The Supervisor of Elections will continue to initiate controls to mitigate the lack of segregation of duties. Appropriate safeguards are in place to deter fraud and abuse from taking place. The office is currently working with the auditors to identify specific areas it can work on to help alleviate this comment.	No

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Washington County (Continued)	Tax Collector	<p><u>TC2003-003 - Need for Segregation of Duties</u>: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees who have custody of assets, due to limited personnel in the accounting department. The auditors realize that, due to the size of the Tax Collector's administrative staff, it is difficult to achieve ideal separation of duties. However, the auditors recommend that the Tax Collector remain very active and involved in the day-to-day operations. The auditors further recommend that controls be implemented to help compensate for these weaknesses and to provide appropriate checks and balances. (See PDF Page 273)</p>	SD	2017 (FY 2014-15)	<p>With the financial pressures and lack of funding, the Tax Collector has found the cost/benefit ratio is far too great to employ more personnel. The Tax Collector's Office is a small office, and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties. Procedures to help alleviate this situation include: (1) the person responsible for completing the daily deposit and bank reconciliations each month will not process any payment transaction nor will she/he have check-signing authority, and (2) the Tax Collector reviews all monthly bills to be paid. The Tax Collector will continue to initiate controls to mitigate the lack of segregation of duties. Appropriate safeguards are in place to deter fraud and abuse from taking place. The Tax Collector is currently working with the auditing firm and will continue to have an active role in office operations.</p>	No

FOOTNOTE/LEGEND:

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

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

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

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City of Apopka	Orange County	<u>2020-001 - Accounts Receivable and Revenue</u> : Transactions were not properly recorded in several accounts which required audit adjustments within the funds for the fair presentation of the financial statements. The Finance Department oversight caused several accounts to be misstated. The auditors recommend that the City implement a review process on all accounts and reconciliations to better identify any potential errors. The auditors also recommend that the City evaluate its period closing process to ensure subsidiary ledger reconciliations are being performed timely, properly, and are being reviewed by appropriate levels of management. (See PDF Page 137)	MW	N/A	N/A	Yes

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City of Apopka (Continued)	Orange County (Continued)	<p><u>2020-002 - Prior Period Adjustments:</u> During testing, the auditors noted that the City has amortized its bond premium using the straight-line method, as opposed to the effective interest method required by the Governmental Accounting Standards Board (GASB). An entry in the amount of \$469,310 was required to be posted to the beginning net position of the City's Utility Fund to properly state the balances. Additionally, during testing of accounts receivable and intergovernmental revenues, the auditors noted that the City did not properly accrue certain intergovernmental balances as of the prior fiscal year-end. Lastly, during testing of the City's cash accounts, the auditors noted reconciliation issues and mispostings, which dated back to 9/30/2019. An adjustment was required to the General Fund's beginning fund balance. Audit adjustments were also required to be posted within the General Fund and the Streets Improvement Fund for the fair presentation of the financial statements. The auditors recommend that the City evaluate its period closing process to ensure subsidiary ledger reconciliations are being performed timely, properly, and are being reviewed by appropriate levels of management. (See PDF Page 137)</p>	MW	N/A	N/A	Yes

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City of Apopka (Continued)	Orange County (Continued)	<u>2020-003 - Other Audit Adjustments:</u> Audit adjustments were required to be posted within the General Fund, the Utility Fund, the Sanitation Fund, and the aggregate remaining funds for the fair presentation of the financial statements. The auditors recommend that the City implement a review process on all accounts and reconciliations to better identify any potential errors. The auditors also recommend that the City evaluate its period closing process to ensure subsidiary ledger reconciliations are being performed timely, properly, and are being reviewed by appropriate levels of management. (See PDF Page 138)	MW	N/A	N/A	Yes
City of Arcadia	DeSoto County	<u>2019-003 - Budget:</u> At fiscal year-end, the General Fund for other governmental services, law enforcement, and golf course departments exceeded their final budgets. The auditors recommend that the City budgets be monitored at the department level, and budget amendments include any additional expenditures anticipated as part of the year-end accruals. (See PDF Page 98)	N/A	N/A	N/A	Yes

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City of Arcadia (Continued)	DeSoto County (Continued)	<u>2020-001 - Bank Reconciliations</u> : The City's pooled cash bank account reconciliations contained material errors. The City experienced turnover in the accounting department, coupled with cash posting errors for transactions outside the normal course of business. The auditors recommend that management improve its bank reconciliation process with more accurate and timely reconciliations. (See PDF Page 93)	MW	2021 (FY 2018-19)	<p>Management takes the recommendations of the auditors very seriously and is intent on improving its bank reconciliation processes. Since May 2019, the City has had a full-time employee whose main focus is the reconciliation of all City bank and other accounts. Processes have continued to improve, and most of the statements are reconciled in a more timely manner; however, the Pooled Cash account continues to be an issue.</p> <p>The original set-up (done prior to current staff) does not allow the use of the Tyler reconciliation module. This module automates the reconciliation process and allows for a direct import from the bank account to clear checks. Using the module would streamline the reconciliation process. In March 2021, staff attended training through Tyler Technologies to get the set up for the Pooled Cash corrected. The City now uses the reconciliation module for bank reconciliations.</p>	Yes

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City of Arcadia (Continued)	DeSoto County (Continued)	<u>2020-002 - Account Reconciliations and Audit Adjustments:</u> In prior years, material adjustments to correct errors in the City's financial statements were identified during the audit. These types of errors were identified again in the current year and resulted in material adjustments to the City's financial statements. Accounts including capital assets, accounts and retainage payable, accrued liabilities, fund balance, and expenditures/expenses did not reconcile to supporting documentation or contained errors that were not detected during review of account balances. The auditors recommend that reconciliations be prepared monthly by a staff member and reviewed by a member of management, allowing management the ability to perform analytical analysis and to identify unusual account balances. The auditors further recommend that trial balances be reviewed to ensure that all accounts are reconciled and any related adjustments are posted. (See PDF Page 94)	MW	2021 (FY 2018-19)	The City is dedicated to operating its financial matters in a professional, business-like manner. It is imperative that all entries be recorded prior to commencement of the audit, and staff is striving to make sure that this is the case for the upcoming year and all years to follow.	Yes

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City of Atlantis	Palm Beach County	<p><u>2018-05 - Cash Disbursement Policies and Procedures:</u> The auditors noted that the City was lacking policies and procedures related to cash disbursements and noted the following items that the City could improve upon: (1) The City should create a formal policy for purchase orders. Management or governing body approval of purchase orders should be required for purchases that exceed established limits according to City policy; (2) There is no policy in place to match purchase orders to receiving reports or invoices. Purchase orders, receiving reports, and invoices should be matched and cancelled prior to payment; and (3) Proper payable systems reject duplicate entries of an invoice from a vendor. The City's current system does not reject duplicate invoices from being paid. (See PDF Page 67)</p>	SD	N/A	N/A	Yes

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City of Atlantis (Continued)	Palm Beach County (Continued)	<u>2018-04 - Capital Asset Policies and Procedures:</u> The auditors noted that the City was lacking policies and procedures related to capital assets and noted the following items that the City could improve upon: (1) Management should track asset acquisitions and remaining costs and compare them to capital budgets; (2) Periodically, capital asset listings should be routed to the appropriate managers to determine whether the assets still physically exist; (3) A capitalization and useful lives policy should be developed, formally reviewed, and approved by management, and communicated to departments that request capital asset purchases. This policy would allow accounting personnel to compare capital asset information to the capitalization policy to ensure appropriate accounting treatment prior to entry; (4) Capital asset depreciation schedule should be maintained and periodically reviewed; and (5) A capital asset disposal policy should be adopted (Continued)to endure proper accounting is being completed for disposals. (See PDF Page 66)	SD	N/A	N/A	Yes

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City of Atlantis (Continued)	Palm Beach County (Continued)	<p><u>2018-02 - Develop a Checklist of Year-end Closing Procedures:</u> The year-end closing process was marked by delays and the result was a delay in producing financial reports needed by management and the auditors. Additional time was required to complete the audit because the auditors had to prepare entries and schedules to reconcile accounts such as unearned revenue, prepaids, interfund payables, and various other accounts that City personnel should have prepared. The auditors recommend that the City develop a logical order for closing procedures and assigning responsibility for completing the procedures to specific City personnel. The auditors further recommend that the closing procedures be documented in a checklist that indicates who will perform each procedure and when completion of each procedure is due and accomplished. (See PDF Page 65)</p>	SD	N/A	N/A	Yes
		<p><u>2018-03 - Develop a Procedures Manual for Human Resources Department:</u> The City has not developed adequate documentation of the policies, procedures, and job descriptions of personnel in the human resources department. The auditors recommend that the City prepare a human resources procedures manual, which has adequate explanations of all policies and procedures performed, including how they should be performed, by whom they should be performed, and how the performance should be documented. The auditors further recommend that, once the manual is complete, subsequent revisions be subject to formal approval procedures. (See PDF Page 65)</p>	SD	N/A	N/A	Yes

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City of Atlantis (Continued)	Palm Beach County (Continued)	<u>2018-01 - Document Significant Operational and Accounting Processes:</u> The City does not have any documentation of the operational and accounting processes that a former employee followed. The auditors recommend that the City institute a program to methodically identify and document its significant operational and accounting processes, which include activities and procedures involved in repeatable operational or accounting transactions or events, such as paying invoices, processing payroll, recording receipts, preparing journal entries, etc. Accounting processes, in particular, are procedures to initiate, authorize, record, process, and report transactions. (See PDF Page 64)	SD	N/A	N/A	Yes
City of Bonifay	Holmes County	<u>2020-001 - Preparation of Schedule of Expenditures of Federal Awards and State Financial Assistance:</u> The external auditors' assistance was necessary to prepare the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance and Auditor General Rules. City personnel lack the experience necessary to enable them to prepare the City's schedule of expenditures of federal awards and state financial assistance including note disclosures. The auditors recommend that City personnel continue to develop their knowledge of generally accepted accounting principles (GAAP) in order to ultimately prepare or provide technical reviews of the schedule of expenditures of federal awards and state financial assistance. (See PDF Page 63)	MW	2021 (FY 2018-19)	The City is in the process of correcting the finding by continuing the training and education of staff. The City had requested a "sample" of what would be an acceptable format and did not receive it until the 2020-21 fiscal year; City personnel provided a schedule that did not meet the requirements. Now that the City has a sample to recreate the schedule and is aware of what is an acceptable format, this finding will be resolved.	Yes

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Town of Bronson	Levy County	<u>2020-4 - Bank Reconciliation</u> : The auditors noted that one bank reconciliation contained errors relating to deposits in transit and outstanding checks. Failure to prepare accurate monthly bank reconciliations results in inaccurate cash and other general ledger account balances being reported and could result in errors or irregularities that remain undetected for an extended period of time. The auditors recommend that accurate monthly bank reconciliations be prepared and that the cash balance per each bank reconciliation be compared and agreed to the cash balance reported in the general ledger. (See PDF Page 37)	N/A	2021 (FY 2018-19)	The Town is ensuring that bank reconciliations are done in a timely manner (i.e., monthly) to minimize or eradicate irregularities undetected. Reconciliations are given to the Town Clerk to be completed. Once complete, both the Deputy Town Clerk and the Town Clerk review it for accuracy.	Yes
		<u>2020-3 - Accounting Records</u> : According to the U.S. Department of Agriculture (USDA) Letter of Conditions, which was accepted and agreed to by the Town as related to the grant and loan funds for the wastewater system expansion project, the Town is required to keep the water and sewer activities separately in the accounting records. Currently, the Town accounts for solid waste and water and sewer activities in one fund. The auditors recommend that the Town take the steps necessary to revise its accounting process to properly separate the water and sewer activities in the accounting records. (See PDF Page 34)	N/A	2021 (FY 2018-19)	The Town recognizes that it is not in compliance with the USDA loan requirements, with the intention to move Solid Waste to the General Revenue Fund while separating Sewer and Water activities. The Town is currently working over the next fiscal year to address these issues and completely separate said fund as needed.	Yes

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City of Brooksville	Hernando County	<u>2020-001 - Revenue Recognition and Audit Adjustments:</u> The auditors proposed adjustments to correct the following errors in the City's financial statements: 1) Due from other governments and unavailable revenue in the Fire Department Fund were understated; and 2) Investments were understated and accounts receivable were overstated in the Pension Trust Funds. The auditors recommend that for all significant grants the City prepare reconciliations that incorporate the grant term, grant award, draw requests, receipts, and expenditures, which will help to ensure accuracy and completeness of grant-related balances. The auditors also recommend that pension investments and any related amounts due at fiscal year-end be reconciled to the supporting investment statements. (See PDF Page 159)	MW	N/A	N/A	Yes

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City of Bushnell	Sumter County	<u>2014-1 - Interfund Borrowings with the Wastewater Fund</u> : As of fiscal year-end, the Wastewater Fund substantially improved its financial position. Amounts owed to the Electric Fund for operating cash shortages have decreased substantially and, as of fiscal year-end, there is an outstanding short-term interfund borrowing to the Electric Fund due of \$93,456. The other interfund borrowings consist of advances from both the Water and Electric Funds of \$1,242,948. These interfund borrowings primarily occurred in prior years. Accordingly, authoritative accounting standards indicate that "if repayment is not expected within a reasonable time, the interfund balances should be reduced and the amount that is not expected to be repaid should be reported as a transfer from the fund that made the loan to the fund that received the loan." The auditors recommend that management consider this issue and determine the appropriate measures to address the interfund borrowings. (See PDF Page 119)	N/A	2021 (FY 2018-19)	<p>In FY 2019-20, the Wastewater Fund (Fund) substantially improved its financial position primarily due to actions taken by the City Council and staff that are described in the response for Finding #2011-1 below. It is anticipated that the Fund will continue to substantially improve its financial position over the current and future fiscal years. The City also has the ability, through the budget process, to make transfers from the General Fund to the Fund to help supplement the Fund's revenues. The revenue for the transfer will come from a portion of the collection of landfill tipping fees, which are projected to be approximately \$2,000,000 in FY 2020-21.</p> <p>The City has also been setting aside revenues each year in a Governmental Fund Council-restricted account that is being funded by any actual revenues collected from the landfill tipping fees over what was budgeted for each fiscal year. The City Council has indicated that the City could utilize the funds in this account to help offset future expansion costs to the Wastewater Treatment Plant in an effort to keep future Wastewater debt service levels manageable.</p>	Yes

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City of Bushnell (Continued)	Sumter County (Continued)	<u>2011-1 - Financial Condition Assessment - Wastewater Fund</u> : The Wastewater Fund (Fund) continues to show a net operating loss and is operating with borrowed funds from both outside sources and through interfund borrowings from the Electric and Water Funds. However, the Fund has shown substantial improvement in net financial position during the year, as the Fund received Capacity Reservation Charges of \$300,000 and received a transfer in from the General Fund of \$325,000. The auditors recommend that management continue to monitor the results of the Fund to ensure it continues to improve its financial position to ensure operating revenues are sufficient to cover operating expenses. (See PDF Page 118)	N/A	2021 (FY 2018-19)	<p>The Wastewater Fund (Fund) showed a net operating loss after depreciation in FY 2018-19. It should be noted that, while the Fund is producing enough revenue to meet all cash obligations and debt service coverage ratios, it does not currently generate enough net income to fully fund depreciation. It is expected that the Fund will improve during the current and future fiscal years, primarily due to increased customer connections brought about by new development within the City's utility service area. An independent Wastewater Rate Study was conducted in September 2019 by the Florida Rural Water Association. As a result of the study, on 10/7/2019 the City Council agreed to the recommended 22% Wastewater rate increase, and subsequently approved Ordinance 2019-38 on 12/2019, after its second reading.</p> <p>In FY 2019 -20, City staff also completed a water meter/account audit and determined that several large commercial water meters were not operating properly. Once new meters were purchased and installed, the City quickly realized a return on the investment for both the Water and Sewer Fund's revenues. Also during the audit, it was determined that there were several commercial customers that had not been properly charged sewer for the last 10 years. One of these accounts belonged to Sumter County; this account was updated to add sewer to its utility billing, and Sumter County also agreed to pay the City for 3 years of back billings for lost revenues. City staff has also been looking at ways to make necessary upgrades and repairs to its aging infrastructure as cost effectively as possible.</p> <p>While none of these measures will completely resolve this audit issue quickly, the City's corrective actions will enable the Fund to show continued improvement in overall revenues and cash flows in order to increase liquidity, provide for debt repayment, and help to improve the overall financial position of the Fund, thereby building a reserve for repair and replacement of the plant. It is anticipated that the combination of all of these measures will allow the City to finally operate the Fund with a positive cash balance.</p>	Yes

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City of Bushnell (Continued)	Sumter County (Continued)	<u>2018-2 - Abuse Investigation</u> : During FY 2017-18, it was brought to the auditors attention the there were allegations of abuse committed by the City 's Mayor and a subsequent FDLE investigation. The investigation was concluded and a report was issued to the Mayor by the State. As of the date of issuance of the audit report for FY 2019-20, the auditors are unaware of the planned response to this report by the Mayor. (See PDF Page 118)	N/A	N/A	N/A	Yes
City of Carrabelle	Franklin County	<u>2020-005 - Budgetary Controls</u> : Funds were expended in excess of budgeted amounts. The City adopts its budget for the various funds on the modified accrual basis of accounting. Based upon that budget approach, the City's expenditures exceeded appropriations in the General Fund. The auditors recommend that the City maintain a level of expenditures within the adopted budget. (See PDF Page 58)	N/A	2021 (FY 2018-19)	On 11/24/2020, the City adopted a Final Amended FY 2019-20 Budget. The auditors have identified additional accruals to be included in the FY 2019-20 Financial Statements, and budgetary compliance is still to be determined.	Yes
		<u>2020-003 - Community Redevelopment Agency</u> : The City has not yet transferred all of the appropriate amounts due to the Community Redevelopment Agency (CRA) as required by Florida Statutes. The auditors recommend that the City review Chapter 163, Florida Statutes, to ensure the City is in compliance with all requirements and transfer the past amounts due to the CRA. (See PDF Page 55)	N/A	2021 (FY 2018-19)	In FY 2013-14 the City began making payments from the General Fund to the Special Revenue Fund. While the City does not expect this finding to be resolved upon issuance of the FY 2019-20 audit report, the City has made significant progress towards resolving this finding and expects it to be resolved by FY 2021-22.	Yes

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

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City of Cedar Key	Levy County	<u>ML 2020-1 - Cedar Key Community Redevelopment Agency (CKCRA)</u> : The CKCRA owes long-term debt under a Redevelopment Revenue Note, Series 2007 (Note) to SunTrust Bank. Because of decreasing property values in the CKCRA district, the annual tax increment revenues generated within the CKCRA district have become insufficient to fully fund the semiannual debt service payments due under the Note. The CKCRA paid \$421,150 on January 26, 2021, to retire the debt service principal and interest that was due. During the 2019-20 fiscal year, the CKCRA budgeted and paid 100% of the tax increment revenues for debt service payments under the Note. (See PDF Page 43)	N/A	2021 (FY 2018-19)	The CKCRA owes a long-term debt under a Redevelopment Revenue Note (Note) to SunTrust Bank (Bank). The Note is a revenue bond, payable solely from the annual Tax Increment (TIF) Revenues received by the CKCRA. Because of decreasing property values in the CKCRA district, the annual TIF Revenues generated within the district have been insufficient to fully fund the payments due on the Note. The CKCRA has been budgeting and paying 100% of all TIF revenues received to the repayment of the Note for several years. There is no legally available alternate source for repayment of the Note, thus there is no further corrective action to be taken. It should be noted that the Bank is fully protected as to full payment of the Note under the provisions of Section 163.387(3)(a), Florida Statutes, which requires that the TIF revenues continue until all debt is paid in full.	Yes
City of Crescent City	Putnam County	<u>2020-005 - Authorized Check Signers and Electronic Transfer Funds</u> : The auditors noted that the Finance Director is an authorized check signer. In order to maintain proper segregation of duties and strengthen internal controls, the auditors recommend that individuals who are involved in the cash and account functions of an organization not also be authorized check signers. The auditors also recommend that the City implement a procedure requiring a second individual's approval for any electronic transfers of cash. (See PDF Page 57)	SD	N/A	N/A	Yes

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City of Crescent City (Continued)	Putnam County (Continued)	<u>2020-001 - Reconciliation of Account Balances:</u> Various audit adjustments were required to correct account balances due to misclassifications in the original posting, reversal of prior year entries, or missing current-year accruals. The City's controls should include periodic reconciliations of significant account balances, including full accrual-based reconciliations at fiscal-year end to ensure all amount have been appropriately recorded and budgeted for. The auditors recommend that the City increase its review of such transactions, including a review of proper cutoff at the fiscal year-end, to help ensure completeness and accuracy of all financial reporting. (See PDF Page 56)	MW	N/A	N/A	Yes
		<u>2020-003 - Utility Billing Cash Receipts:</u> The auditors noted that, after cash is collected by cashiers for utility and other bill/fee payments, it is deposited into the City's bank account; the deposit slip and all relevant support is brought to management for review. However, this review is not documented. The auditors recommend that the review be documented. (See PDF Page 57)	SD	N/A	N/A	Yes

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City of Crescent City (Continued)	Putnam County (Continued)	2020-004 - <u>Utility Billing Rates</u> : During the auditors testing of utility billing controls, it was noted that the recalculated sewer usage charge amount was less than the amount included on customer bills. Per discussions with the billing department personnel, this is a known issue where the system incorrectly calculates the sewer fee for commercial customers whose water usage exceeds the minimum sewer rate. This results in the total bill for such customer to be overstated. The auditors also noted the utility billing department personnel does not have the capability to change the formula in the system that calculates sewer fees and that the rates have not changed since 2010. The auditors recommend that the City correct the billing system to calculate the utility bills correctly and also perform a utility rate study. (See PDF Page 57)	SD	N/A	N/A	Yes
		2020-002 - <u>Segregation of Duties</u> : Due to the limited number of staff, many of the critical duties are combined and assigned to the available employees. Presently, a single individual performs the majority of the accounting functions. The auditors recommend, to the extent possible, duties be segregated to serve as a check and balance and to maintain the best control system possible. (See PDF Page 57)	MW	N/A	N/A	Yes

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City of Dade City	Pasco County	<u>2015-2 - Information Technology (IT) General Controls and Policies</u> : The auditors noted the following issues: (1) The City's IT policies and procedures documentation is still in process and has not been completed; and (2) The City does not have a disaster recovery plan that describes the process or set of procedures to recover and protect the City's IT infrastructure in the event of a disaster. The auditors recommend that the City mature its IT policies and procedures to define how critical processes are performed, monitored, and enforced. The auditors also recommend that a disaster recovery plan be developed and tested to determine how critical systems can be restored to resume normal operations based on the established recovery time and point objectives. (See PDF Page 90)	N/A	2021 (FY 2018-19)	The City has formalized the following policies relating to Information Technology (IT): (1) IT User Access Policy which establishes the requirements for creating, monitoring, controlling, and removing user accounts; and (2) IT Computer Use Policy which defines policies and procedures for accessing the City's IT network and/or accessing the internet through the City network. The City is currently writing and reviewing additional policies in the following areas: Cyber Security Awareness Training, IT Risk Management, and IT Incident Response. The City has codified its disaster recovery policy as of October 2020. The City's disaster recovery policy includes a listing of contingency plans that must be created, as well as the components of policy compliance consisting of testing, compliance measurement, allowed exceptions, and consequence of non-compliance.	Yes
City of Dania Beach	Broward County	<u>2018-MLC-01 - Employees Annual Evaluation</u> : The City does not have a formal process for employees to receive an annual evaluation that included a City form with the employee's name, the period under evaluation, and the supervisor's/department head's rating and scoring based on a rating matrix. The auditors recommend that the City institute an annual employee evaluation process. (See PDF Page 166)	N/A	N/A	N/A	Yes

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City of Dania Beach (Continued)	Broward County (Continued)	<u>2018-MLC-08 - Discretionary Selection and Expenditures with Contracted Law Firms</u> : The Legal Department selected various law firms to represent the City without a formal committee vetting process. The auditors recommend that all legal vendors be required to follow the normal and routine vetting and procurement process for any other goods and services hired by the City. (See PDF Page 166)	N/A	N/A	N/A	Yes
City of Daytona Beach	Volusia County	<u>IC 2018-002 - Oversight of Halifax Harbor Marina</u> : The City contracts with Safe Harbor Marinas (SHM) to provide management services for Halifax Harbor Marina. Pursuant to the terms of the contract, SHM is required to provide weekly and monthly reports on the activities of Halifax Harbor Marina to the City. The City did not properly monitor receipt of the weekly and monthly reports from SHM in compliance with the terms of their management contract. The auditors recommend that the City's Enterprise Business Manager design and implement controls to monitor SHM's compliance with the contract provisions regarding the remittal of weekly and monthly reports and retain documentation that the reports are being reviewed. (See PDF Page 220)	N/A	N/A	N/A	Yes

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City of Daytona Beach (Continued)	Volusia County (Continued)	<u>IC 2018-001 - Segregation of Duties at Halifax Harbor Marina:</u> The Halifax Harbor Marina bookkeeper is responsible for processing sales transactions, performing daily cash receipt reconciliation, and delivering deposits to the bank. There is no documented review of the daily cash receipt reconciliation by an individual independent of the bookkeeper. Additionally, when the bookkeeper is out of the office, another individual performs the same duties, and both individuals have access to the bookkeeper's computer without differentiation to identify who is logged in. There is lack of segregation of duties over cash receipts and lack of documented review over the daily cash receipt reconciliation. The auditors recommend that the City implement segregation of duties at Halifax Harbor Marina over the cash receipts process, implement a documented independent review over the daily cash receipt reconciliation, and that individuals logged into the City's system have unique logins. (See PDF Page 219)	N/A	N/A	N/A	Yes
City of Deerfield Beach	Broward County	<u>SD 2018-002 - Financial Close and Reporting:</u> The City is currently not performing its monthly and annual financial reporting closing process in a timely manner. The auditors noted that many general ledger accounts were not properly reconciled or transactions recorded. This resulted in several entries subsequent to receiving the trial balances and a delay in the completion of the audit procedures. The auditors recommend that the City reconcile the general ledger accounts on a monthly basis. (See PDF Page 159)	SD	N/A	N/A	Yes

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City of Fruitland Park	Lake County	<u>ML20-1 - Pension Actuarial Valuations</u> : The auditors noted that the Firemen's Retirement Trust obtains only triennial actuarial valuations, which do not include required information on the City's net pension asset or liability. The City is not in compliance with governmental accounting standards. The auditors noted that, subsequent to year end, the City will be terminating the pension plan. If such termination can occur within the subsequent fiscal year and the required termination payouts can be calculated, no actuarial valuation will be required under Governmental Accounting Standards Board (GASB) standards for the subsequent fiscal year. (See PDF Page 105)	SD	2021 (FY 2018-19)	The pension is a very small pension for volunteer firefighters, and the cost of an actuarial valuation was considered excessive for this small pension. For FY 2019-20, the City has hired an actuary to complete an actuarial report for FY 2019-20, which is currently in progress. The Volunteer Fire Department was terminated, effective 1/1/2021, and the City is currently under contract with Lake County Fire. The actuary will calculate each firefighter's entitled benefits under the plan once the Actuarial Report for FY 2019-20 is complete.	Yes
City of Gainesville	Alachua County	<u>2020-01 - Bank Reconciliations</u> : The auditors noted that bank reconciliations were not completed on a timely basis during the year and included unreconciled differences. Additionally, certain transactions, such as credit card receipts, are not reconciled monthly, but rather unreconciled differences are carried forward and adjusted each month by the monthly net activity of those transactions, so discrepancies may exist that are not identified and investigated. The auditors recommend that the City implement procedures to ensure that all bank accounts are reconciled within the following month, and that any identified discrepancies be promptly investigated and corrected. (See PDF Page 287)	MW	N/A	N/A	Yes

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

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City of Gainesville (Continued)	Alachua County (Continued)	<u>2020-02 - Financial Close and Reporting</u> : The auditors identified several accounts which were materially misstated, including revenue, accounts receivable, expenditures/expenses, accounts payable, debt, capital assets, and equity, resulting in many material audit adjustments. Additionally, the City recorded two prior period adjustments to correct errors related to the allocation of the Taxable Pension Obligation Bonds to its enterprise fund, and to record accreted interest for the same bonds. The finance department continues to experience significant turnover resulting in limited staff availability to perform the necessary reconciliations and a significant loss of institutional knowledge. The auditors recommend that financial close and reporting processes be documented and periodically reviewed to ensure consistency in the implementation of those processes. (See PDF Page 288)	MW	N/A	N/A	Yes

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City of Gainesville (Continued)	Alachua County (Continued)	<p><u>2020-05 - Segregation of Duties:</u> Effective internal controls over financial reporting require that the functions of authorizing transactions, custody of assets and recording of transactions be separated in order to provide reasonable assurance that assets are adequately safeguarded and transactions are properly authorized, executed and recorded in accordance with the assertions of management. The auditors noted the following financial reporting processes that lacked adequate segregation of incompatible duties: 1) Members of the payroll division are able to make corrections to an employee's time as may be necessary to ensure payroll is processed timely and accurately. However, there is no process in place to review changes made; 2) Departmental timekeepers enter employee time into the remote time entry system. A secondary review and approval is performed to ensure no timekeeper is able to approve his or her own time. However, there are no controls in place to prevent timekeepers from changing pay rates in the system within their department; and 3) The City's internal control process over journal entry reporting properly includes a secondary review before they are posted into the system. However, the system itself does not prevent one person from posing a journal entry, and there is no review of the entries posted to ensure that all were properly approved. The auditors recommend that all entries posted in the system be reviewed periodically to ensure all were properly reviewed. The auditors also recommend that the City review its processes and separate incompatible duties when possible. (See PDF Page 291)</p>	N/A	N/A	N/A	Yes

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

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City of Hialeah	Miami- Dade County	<u>2015-02 - Water and Sewer Utility Fund, Solid Waste Utility Fund, and Stormwater Utility Fund Unrestricted Net Position:</u> The Water and Sewer utility fund, Solid Waste utility fund, and Stormwater utility fund reported negative unrestricted net position amounts of approximately \$13 million, \$59 million, and \$1 million, respectively. However, the Solid Waste Utility Fund reported a positive change in net position during the 2019-20 fiscal year. The deficit is a result of historical operating losses, as well as continued investments in capital assets. The auditors recommend that the City review its current rates for Water and Sewer utility, Solid Waste utility, and Stormwater utility funds to ensure the fees cover the costs of operations and reduce the deficit unrestricted net position while maintaining the quality of service. In addition, the auditors recommend that the department develop a deficit elimination plan that is reviewed and approved by those charged with governance. (See PDF Page 186)	SD	2021 (FY 2018-19)	<p>The following explains the increased costs in Water and Sewer Utility system operations costs: (1) The City attributes the increase in operating expenses in FY 2019-20, in part, to increased sewer treatment costs paid to Miami Dade Water and Sewer (WASD) during the fiscal year. The sewer treatment price per million gallons increased by 4%, while sewer flows treated increased by approximately 20% in FY 2019-20; (2) Sewer treatment expenses may be affected in subsequent years due to potential overcharges by WASD related to the routing of other municipalities' sewer flows through the City's facilities over the past five years; these overcharges are estimated to be \$9 million plus from FY 2015-16 through FY 2019-20. This issue and its ramifications are currently being addressed with WASD by the City's outside attorneys; and (3) Payments in lieu of franchise fees that have been paid to the City annually over the past six years have had a direct effect upon operating expenses over this period. A financial study of the effects and reasonability of the fees has been completed and is awaiting presentation to the City Council for consideration and approval.</p> <p>The Solid Waste Utility system has had two consecutive operating surpluses and has improved the fund net position. This is expected to continue due to the privatization efforts in prior years. In addition, the City is continuing its review of the current charges for the Stormwater Utility services and is looking to enhance efficiencies in operations.</p>	Yes

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City of Jasper	Hamilton County	<u>2016-002 - Utility (Water) Meters</u> : The City's residential water meters average between 25 to 30 years of age, with the life of an accurate meter estimated to be ten years. The failure to systematically replace or repair the City's water meters could result in a significant loss of revenue and incorrect billings. The auditor recommends that the City develop a plan to determine the accuracy of the current water meters in use and, if inaccurate, replace and periodically test meters to ensure continued accuracy. (See PDF Page 72)	N/A	2021 (FY 2018-19)	The City was awarded a Community Development Block Grant in the amount of \$700,000 on 10/31/2019 for the purpose of replacing the City's utility water meters. The project is expected to take approximately two years to complete. The City is in the last phase of the project, and the bid for installation is to be approved on 3/18/2021. The installation should take about two months to complete. The City is looking forward to completing this project within the next few months and remains committed to providing the highest quality financial records to its residents.	Yes
Town of Jay	Santa Rosa County	<u>2020-1 - Material Adjustments</u> : Material adjustments were needed to record fixed asset additions and disposals, adjust accounts receivable and accounts payable, record pension adjustments, and to properly record transfers between funds. Significant adjustment were needed in other accounts to properly reflect significant financial statement line items. The auditors recommend that monthly or quarterly reconciliations of key financial accounts be done to minimize the adjustments at fiscal year-end. (See PDF Page 50)	MW	2021 (FY 2018-19)	With an office staff consisting of an Operations Manager, Town Clerk, and Billing Clerk, the daily responsibilities spread the staff thin. In 2019, the billing and financial responsibility moved from the Town Clerk to the Operations Manager. Additionally, the Town hired a new consultant to assist with the monthly reconciliation of financial accounts. These two actions have greatly improved the effectiveness of the Town's financial accounting process. While the Town feels that the current staff is accurately tracking the \$1 million annual operating budget, there is still a long-term need of a Certified Public Accountant to properly document the accounts payable, accounts receivable, payroll, tax, and retirement financials. This additional level of accounting is cost prohibited to this small Town's budget. In the Town's most recent audit, the auditors noted improvements in the Town's operational accounting, but will still record a finding for excessive material adjustments at fiscal year-end. As the Operations Manager gains more experience in the annual adjustments, the Town believes that it can continue to reduce the number of material adjustments needed by the auditors.	No (to provide time for Town to implement the improvements it's made to correct this finding)

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City of Kissimmee	Osceola County	<u>2018-1 - Central Services and Airport Rates</u> : The auditors noted both cash reserves for central services and the airport have decreased significantly after being relatively consistent over the prior years. The cause of the cash depletion appears to be different in each fund; for the airport fund, it is matching grant proceeds, and for central services fund, it is likely using older rates that have not been updated recently. Each fund needs to have adequate reserves for operation and/or matching. The auditors further observed that the City completed a rate study and hired a new fleet director for central services. In addition, the Airport Director was able to assist in reduction of the airport losses during the year. The auditors recommend that the City continue to monitor the progress of both funds to ensure each fund's financial health and stability moving forward. (See PDF Page 191)	N/A	N/A	N/A	Yes
City of Lake City	Columbia County	<u>2020-001 - Information Technology Matters</u> : Certain Information Technology policies, procedures, and/or best practices were not implemented and/or updated in recent years. The exploitation of certain deficiencies could result in the compromise of the integrity and/or security of the City's data as it relates to financial reporting. The auditors provided recommendations to management in a separate letter exempt from public disclosure, under Florida Statutes. (See PDF Page 86)	SD	N/A	N/A	Yes

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City of Lynn Haven	Bay County	<u>2020-002 - Reconciliation of Account Balances and Audit Adjustments</u> : Many accounts were not reconciled on a timely basis and certain adjustments were required to be made to the accounting records subsequent to the start of the audit process related to year-end accrual entries. The auditors noted this to be largely due to the ongoing nature of hurricane recovery activity and related items, both in terms of extensiveness and complexity. The auditors recommend that management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles. (See PDF Page 73)	MW	N/A	N/A	Yes
Town of Mayo	Lafayette County	<u>2016-1 - Payroll Liabilities</u> : Payroll liability accounts were not being properly utilized, and items that should have been in the liability accounts were in expense accounts and vice versa. The auditors recommend the proper use of the payroll liability accounts and routine review of these balances to help ensure that payroll is being recorded correctly. (See PDF Page 64)	N/A	2021 (FY 2018-19)	The Town has established and properly identified payroll liabilities in the accounting system. These liabilities are reviewed monthly to ensure an accurate payroll record.	Yes
		<u>2016-2 - Customer Deposits</u> : The utility billing software's customer deposits records did not match the financial reporting software. The utility billing reports displayed multiple customers with credit balances when those accounts had been closed. Management manually reviewed this log and updated it to reflect current balances. The auditors recommend that management meet with the utility billing software vendor to locate and correct the source of these errors, as well as conduct routine reconciliation of the deposits on the utility billing software to the financial report software. (See PDF Page 64)	N/A	2021 (FY 2018-19)	The Town has completed its review and has updated the customer deposit log to reflect the correct amount. The Town will continue to review and reconcile to ensure the deposits are correct for financial reporting.	Yes

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Town of Medley	Miami-Dade County	2020-05 - <u>Grant Reimbursements</u> : Internal controls over federal and state grant compliance require the Town to submit requests for reimbursements of expenditures reimbursable by federal and state grants timely. The auditors noted that a request for reimbursement was made for activity that was performed in the prior fiscal year and several months after the expenditures were made. The auditors recommend that the Town standardize its procedure for submitting requests for reimbursements from federal and state grants. (See PDF Page 101)	SD	N/A	N/A	Yes
		2020-02 - <u>Capital Assets</u> : The Town has numerous pump station sites that have not been dedicated and do not have easement language contained in their plats to conclusively establish dedication in accordance with Section 177.081, Florida Statutes. This is because no one at the Town has been designated to perform annual physical inventories or to oversee the dedication of the pump stations by the developers. Pump stations with estimated values totaling approximately \$3.3 million are not included in the Town's capital assets. The auditors recommend that the Town continue to vigorously pursue the conveyance of completed Town infrastructure constructed by third parties. (See PDF Page 99)	MW	2021 (FY 2018-19)	The Town has implemented an aggressive program to obtain proper right-of-way dedications and conveyances of infrastructure and utility sites. Consultants and Town employees are actively working to correct this finding. This process is ongoing and will take several years to correct. Also, for all new permits, rights-of-way and infrastructure conveyances are required as a condition of the permit. Historically, this was not always the case. In addition, the Town is spending thousands of dollars each year on legal and surveyor fees to identify and target undedicated pump stations and other infrastructure. The progress the Town has made over the last several years has been substantial.	Yes

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Town of Medley (Continued)	Miami- Dade County (Continued)	<u>2020-03 - Purchasing Procedures</u> : There is no centralized purchasing system in place. Instead departments have the ability to make their own purchases which leads to circumvention of the Town's Ordinance which defines the Town's purchasing procedures, including when quotes or competitive bids are required. The auditors noted several discrepancies and internal control weaknesses as follows: (1) The Town issued a number of credit cards in the name of the Town to various employees to give them the flexibility of buying items that would otherwise be purchased by a check issued by the Town, and (2) Purchases did not always follow the procurement methodology enumerated under the Town Ordinance relating to obtaining quotes or competitive bids. The auditors recommend that the Town review its policies over credit card purchases and implement strict guidelines to follow its ordinance when purchases meet the requirements of obtaining quotes or competitive bids. (See PDF Page 100)	SD	2021 (FY 2018-19)	<p>The Town's purchasing procedures are governed by Ordinance C-357. The Town has found several deficiencies and contradictions in this ordinance which need to be corrected, including proper authorization of purchases, when to use competitive bidding, when the piggyback method is acceptable, emergency purchase procedures, and the use of credit cards by Town employees. The use of credit cards continues to be a major issue. Although restricted by ordinance, two years ago, the Town Council approved, by motion, expanded use of credit cards thus allowing more employees to purchase goods and services using them which at times circumvented the procurement process.</p> <p>Town staff is currently working on a new purchasing/procurement ordinance which will completely supersede Ordinance C-357 and will specifically address the issues stated above and will clearly state what and how purchases can be made. The new ordinance will need to be voted on and approved by the Town Council, and enforcement of the ordinance will be emphasized with disciplinary steps taken for those who do not follow the ordinance.</p>	Yes

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Town of Melbourne Beach	Brevard County	<p><u>2020-003 - Budgetary Compliance</u>: The auditors noted the expenditures in the Old Town Hall fund, the Police Donations fund, and the Debt Service fund in total exceeded the budgeted amounts as approved, resulting in the Town not being within legal budgetary compliance. The auditors recommend that the Town actively monitor budget-to-actual comparisons of expenditures throughout the year and ensure that any necessary budget amendments are brought to the Town Commission on a timely basis. In addition, the auditors recommend that the Town ensure the revenue and expenditure side of any new debt is budgeted for and that the use of fund balance carryforwards be formally re-appropriated in subsequent year budgets. (See PDF Page 59)</p>	N/A	N/A	N/A	Yes
		<p><u>2020-001 - Reconciliation of Account Balances and Accruals</u>: Audit adjustments were required to correct account balances due to misclassifications in the original posting, reversal of prior year entries, or missing current-year accruals related to cash, capital assets, accounts payable, and accrued payroll. The auditors recommend that the Town increase its review of such transactions, including a review for proper cutoff at the fiscal year-end, to help ensure completeness and accuracy of all financial reporting. (See PDF Page 57)</p>	SD	N/A	N/A	Yes

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Town of Melbourne Village	Brevard County	<u>F2020-1 - Timeliness of Year-End Accounting and Reporting Processes:</u> A schedule of due dates for completion of each major year-end process was created that served to inform all parties of expected turnaround times required to meet deadlines and to facilitate the timely delivery of final financial statements for audit with enough lead time for proper oversight. The Town experienced a change in key personnel, which prompted the Town to solicit and hire an accounting consultant midway into the 2020-21 fiscal year with extensive accrual basis accounting experience but little modified accrual basis experience and no experience with the Town. In addition to this learning curve, the consultant was also delayed in preparing financial statements in part by spending valuable time correcting errors in the account balances. The auditors recommend that the Town adhere to the recently updated year-end schedule in order to facilitate the timely review and submission of accurate financial reports and other data for audit. (See PDF Page 43)	SD	2021 (FY 2018-19)	The Town has taken several steps to correct the due date issues in this finding and also set in place a new dedicated and experienced team, along with policies which will better serve the community. As such, the Town has retained a well experienced accountant to help with gathering reports and cross-checking information, and hired a new Clerk/Treasurer with a legal background and additional professionally qualified staff.	Yes

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Town of Melbourne Village (Continued)	Brevard County (Continued)	<u>2020-03 - Building Permits and Inspection Fees</u> : Four of the permits selected for testing, by the auditors, showed the permit holder was charged for a different number of inspections than the Town paid the Building Office to perform. The Town has not been collecting additional inspection fees or refunding excess inspection fees upon closure of the permit, unless the number of inspections were adjusted due to a change to permit holder's original plans. The Town is still in the process of reviewing its permit fee schedule but with the change in elected officials and Town staff, the review is not yet completed. The Auditor could not determine if certain calculations were accurate. Several permit holders may not have paid for an accurate number of actual inspections. The auditors recommend that the Town complete its review of the permit fee schedule and consider adding a reconciliation of actual inspections to estimated inspections for all or certain types of permits, along with the procedure for handling adjustments, if any, to the permit closing process. (See PDF Page 51)	N/A	N/A	N/A	Yes

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City of Minneola	Lake County	<u>ML20-1 - Timely Completion of Bank Reconciliations</u> : The auditors noted that bank reconciliations were not being completed on a timely basis. The employee that is responsible for the bank reconciliations was out for several months, and procedures were not in place to complete the reconciliations in their absence. Several adjustments were required to adjust balances during the audit process, and material misstatements could go undetected. The auditors recommend that the City implement procedures to ensure bank reconciliations are completed on a timely basis, including cross-training other staff members, or hiring outside consultants to assist with the monthly reconciliation process. (See PDF Page 59)	MW	N/A	N/A	Yes
City of New Smyrna Beach	Volusia County	<u>2020-001 - Reconciliation of Account Balances</u> : The auditors noted a number of general ledger balances including expenditures, payables, receivables, cash, unearned revenue, capital assets, and debt that required audit adjustments in order to be in compliance with generally accepted accounting principles (GAAP). The cause of the audit adjustments was due to not carefully reconciling supporting documentation to the general ledger account balances. The auditors recommend that the City review significant transactions monthly to ensure completeness and accuracy, as well as all account balances at year-end to ensure proper cutoff and accrual-based reconciliations agree to the general ledger. (See PDF Page 141)	SD	N/A	N/A	Yes

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

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City of North Miami	Miami- Dade County	<p><u>ML 2020-01 - General Fund Deficit:</u> The General Fund, which serves as the primary operating fund of the City, reported a fund deficit for fiscal year-end. Actual expenditures have exceeded operating revenues on cumulative basis for the fiscal years ended September 30, 2016 through 2020. The auditors recommend that management and those charged with governance develop a long-term financial plan to reduce and eliminate the General Fund's fund balance (deficit) over the next three to five years. Additionally, the auditors recommend that management implement budgetary controls, policies, and practices that allow for establishing annual budgets that reflect a reasonable estimate of revenues and expenditures and the monitoring of the City's budget-to-actual balances on an ongoing basis, to ensure that the fund balance (deficit) reduction plan is implemented. (See PDF Page 257)</p> <p>* Committee staff note: This exact finding is also included in the audit report as #IC 2020-01 and considered a material weakness.</p>	MW *	N/A	N/A	Yes
Village of North Palm Beach	Palm Beach County	<p><u>2018-1 - Debt Administration:</u> The 2006 loan agreement with Bank of America requires that pledged revenues cover 100% of the debt service due plus expenses, other than non-cash expenses, of owning and operating the Country Club. Due to the Golf Course and Country Club being closed for part of the year due to the pandemic, this requirement was not met. (See PDF Page 153)</p>	N/A	N/A	N/A	Yes

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Town of Oakland	Orange County	<u>10-05 - Internal Control over Financial Reporting</u> : The auditors continued to find many financial statement misstatements, some considered material. The auditors recognize that the Town has engaged an experienced and qualified consultant to assist in the developing of internal controls over financial reporting and to provide oversight of the year-end closing and financial statement preparation process. The auditors recommend that the Town continue to work with the consultant to strengthen the Town's internal control over financial reporting. (See PDF Page 60)	MW	2021 (FY 2018-19)	The Town continues to work with a consultant to help with year-end closing and financial statement preparation.	Yes
		<u>10-06 - Restricted Cash Monitoring</u> : The auditors noted that management is not always monitoring the restrictions placed on resources that are restricted as to use by enabling legislation or contract on a monthly basis. The auditors continue to recommend that management segregate and monitor the sources and uses of all restricted funds, and compliance with enabling legislation and debt-related covenants, on a monthly basis. (See PDF Page 60)	SD	2021 (FY 2018-19)	The Town has segregated the restricted funds by moving utility customer deposits into a separate account and maintaining all impact fees in a separate account.	Yes

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Town of Pembroke Park	Broward County	<u>2020-02 - Internal Controls over Payroll and Payroll Documentation:</u> The auditors noted discrepancies in payroll policies and documentation. Issues identified were: (1) 36% of the selected employees did not sign the employee's Handbook; (2) job descriptions for certain employees have not been signed by the employee and department head; and (3) 8% of the Personnel Action forms were not signed by the employees and department head. The auditors were unable to verify that all employees understand their job description and that the control process at hiring was implemented and respected. The auditors recommend that the Town ensure that all active employees' files are in order and maintained with all required and necessary forms signed by the hired employee and the department head. (See PDF Page 76)	N/A	2021 (FY 2018-19)	The Town entered into an agreement with a third-party vendor (ADP) to help manage and store current and former employee files and documents. Although the finding and description are the same, the FY 2019-20 audit finding had no financial implication and was documented for different reasons than prior year findings. The FY 2019-20 audit determined that some employee files were not properly transferred to the new third-party software. This has since been corrected.	Yes
Town of Pierson	Volusia County	<u>2018-01 - Budgetary Control:</u> The auditors noted general fund expenditures for the 2019-20 fiscal year exceeded the budgeted appropriations. The auditors recommend that the Town monitor the expenditures incurred more prudently and prepare and approve budget amendments as needed. (See PDF Page 44)	N/A	N/A	N/A	Yes

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Town of Pomona Park	Putnam County	<u>2018-002 - Fixed Asset Subsidiary Ledger</u> : The Town has not updated the Sage Fixed Asset software for fixed asset additions or deletions during the year. Because the fixed asset software was not being updated and the staff did not have sufficient training in inputting the fixed asset additions and deletions, the current year depreciation was not updated and calculated correctly. The Town started the process of observing and taking inventory of selected departments under the direction of the Town Clerk and the Maintenance Supervisor. The auditors recommend that the Town review its fixed assets system and make sure that all records are updated and observed annually. (See PDF Page 56)	N/A	N/A	N/A	Yes
Town of Reddick	Marion County	<u>ML2009-1 - Financial Reporting</u> : The Town has elected not to present the Management Discussion and Analysis that generally accepted accounting principles (GAAP) has determined necessary to supplement although not required to be a part of the basic financial statements. (See PDF Page 26)	N/A	2019 (FY 2016-17)	The Town does not have anyone on staff available to produce the Management Discussion & Analysis (MD&A), and independence rules prohibit the CPA firm from assisting the Town with its preparation. The Town has decided not to pay an outside party to produce the MD&A; the Town has one paid staff who works on a part-time basis. Further, the Town believes that the review of the its audit report should note that the Town is and continues to be in excellent financial condition with no outstanding debt, and that a review of the report would not concentrate on the lack of the MD&A. The lack of the MD&A is disclosed in the audit report, and the Town has not determined where paying for it would provide any additional useful information to the residents of the Town.	No (the Town provided an updated response received on 10/26/2021)

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City of Satellite Beach	Brevard County	<u>IC2017-001 - Revenue Receipting and Reconciliation</u> : The auditors noted that there was not adequate segregation of duties between those who received funds and those who can void or alter transactions. The auditors also noted there was not adequate reconciliation between funds received and funds recorded into the general ledger. The auditors recommend that the City implement procedures to segregate the cash collected from the refund/void process. (See PDF Page 148)	SD	2021 (FY 2018-19)	The City immediately acted in the following year and made the change to help segregate the duties of voids/refunds. Continued challenges were faced as reports could not be produced to satisfy the finding. The recommendations were taken to the City Council and approved to add two modules to the current City's financial software. This would adequately segregate the duties, reduce the potential for errors or defalcation of the City's system of internal controls, tie into the City's general ledger, and correct the audit finding. The contract was signed in April 2020; unfortunately due to COVID-19, the implementation was put on hold and took longer than originally anticipated. The software was fully implemented during September 2020; therefore, for FY 2020-21 this finding will be corrected.	Yes
City of South Daytona	Volusia County	<u>2020-002 - Customer Deposits</u> : At the end of the 2019-20 fiscal year, the Utility Fund had no utility deposits on hand and had a liability for customer deposits of \$938,382. The City should strive to have sufficient cash on hand to cover the liability. The auditors recommend that the City assess the impact of the new rate study and ensure a plan is in place to generate and hold the related cash balance of utility deposits in utility fund cash and cash equivalents, especially once the advance from the General Fund is paid in full. (See PDF Page 144)	N/A	N/A	N/A	Yes

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City of South Daytona (Continued)	Volusia County (Continued)	<u>2020-001 - Interfund Receivables</u> : At year-end, the Utility Service Fund continued to owe the General Fund significant amounts while also holding a deficit balance in unrestricted net position. While the City performed a rate study and enacted a new rate structure at the end of the 2018-19 fiscal year and substantial ground was made in recovering the Utility Service Fund's deficit to repay this advance. The auditors recommend that the City continue to utilize funds from the new rates to reduce the balance owed to the General Fund and to ensure a long-range plan is in place to recover the unrestricted net position deficit. (See PDF Page 144)	N/A	2021 (FY 2018-19)	<p>The severity of this problem only recently came to light when the new City Manager brought it to the City Council's attention upon taking office in 2019. Since then, the City has been committed to resolving this issue by performing a utility rate study with the goal of eliminating the deficit in the Utility Service Fund. The last utility rate study was conducted 12 years prior, which meant that the utility rates were not keeping up with costs. The City Council made the decision to incrementally increase the rates over the course of several years to reduce the burden on the residents.</p> <p>The City's first utility rate adjustment occurred in September 2019 and reduced the amount the Utility Service Fund owed to the General Fund by \$687,996. The next utility rate adjustment occurred in October 2020, and the City expects the additional revenue to completely eliminate the reliance on the General Fund and begin to reduce the deficit balance in the Utility Service Fund's unrestricted net position. With future incremental utility rate adjustments planned for the next several years, the City anticipates reporting a positive unrestricted fund balance at the end of FY 2023-24. The City Council is committed to resolving this issue as quickly as it can without placing a substantial burden on the residents.</p>	Yes

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Town of South Palm Beach	Palm Beach County	<u>2020-01 - Accounting and Internal Control Policies and Procedures:</u> The auditors noted that the Town did not have comprehensive detailed internal control and accounting policies and procedures. The lack of sufficient detail in internal control and accounting policies and procedures could result in errors, inaccurate or untimely accounting records, omitted procedures, and operational inefficiency. The policy also did not have sufficient detail on procedures and controls for the procurement of various goods and services. The lack of sufficient detail in internal control policies and procedures over procurement could result in costly or ineffective purchase, and possible violation of state procurement statutes. The auditors recommend that management implement a detailed and comprehensive set of internal control policies and procedures covering all operational and financial areas, including procurement, cash disbursements, cash receipts, and accounting records. The auditors further recommend that policies detail the individual person (title/position) required to perform each control activity and the documentation required to evidence performance of each control. (See PDF Page 101)	N/A	2021 (FY 2018-19)	The Town has recently undergone an audit by the Office of the Inspector General, Palm Beach County (OIG) that spanned FYs 2016-17 through 2018-19. Though the auditors found no willful misconduct, the audit findings agreed with those of the internal auditors - weak internal controls. The auditors recommended implementations that will assist in strengthening controls while ensuring compliance with written guidance and regulatory requirements. Based on these recommendations, the Town has been proactive and immediately applied corrective measures. Currently, management is drafting written, detailed, and comprehensive internal control policies and procedures. Once complete, they will be presented for formal adoption.	Yes

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Town of South Palm Beach (Continued)	Palm Beach County (Continued)	<u>2020-02 - Travel Policy</u> : The Town has not adopted a formal written travel policy. The auditors recommend that the Town adopt a formal travel policy and improve documentation requirements, including retaining documentation on conferences/seminars registration and documentation for miles travel and rate used for mileage and per diem reimbursement. (See PDF Page 101)	N/A	2021 (FY 2018-19)	Current procedure consists of registration fees and accommodations being prepaid utilizing the Town's credit card. Prior to departure, the Town official or employee is provided with a per diem check based on the number of days and rates applicable to the specified destination. The rates are obtained from the U.S. General Services Administration website, and data is retained for documentation and future budgeting purposes. Although management believes the current practice meets the auditors' recommendation, a formal policy will be included as part of the internal control policies and procedures update.	Yes
City of Springfield	Bay County	<u>2020-007 - Operating Expenditures in Excess of Budget</u> : General fund expenditures exceeded the approved budget in the City's general government department and maintenance department. The City prepared a budget amendment that was approved in December 2020, which would have resulted in smaller excess balances in each department. This amendment was not reported in the financial statements as a legal amendment was not completed within the 60 days after fiscal year-end allowed by Florida Statutes. The auditors recommend regular review of budget variances and amendments to the budget as needed. The auditors also recommend that the review be completed in a timely manner at or near fiscal year-end so a budget amendment can be completed and approved within 60 days of fiscal year-end as required by Florida Statutes. (See PDF Page 92)	SD	2021 (FY 2018-19)	Proper budgeting procedures are now in place to ensure the budget is amended in a timely manner.	Yes

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City of Springfield (Continued)	Bay County (Continued)	<u>2020-003 - Bank Reconciliations</u> : The pooled cash general ledger bank account balance did not agree with related monthly and year-end reconciliations. Management is not actively reviewing monthly bank account reconciliations for accuracy, and City staff has been unable to determine the source of the unreconciled differences on the bank statement over the past several years. The auditors recommend that the City establish procedures to ensure that all bank reconciliations are prepared timely and that they agree with the general ledger. In addition, the auditors recommend that the bank reconciliations be reviewed by a member of management or governance who is independent of the bank reconciliation process, and all reconciliations be signed or initialed and dated by the preparer and the reviewer so that timing and responsibility can be easily determined. (See PDF Page 89)	MW	2021 (FY 2018-19)	The City is in the process of catching up prior period bank reconciliations and, once those are caught up, intends to complete reconciliations in a timely manner, on a monthly basis. In the meantime, the City does complete daily a similar report which monitors the bank activity, including deposits, transfers, cleared checks, and EFT transactions. The City's software does have a good reconciliation report available, and from that report the City will be able to quickly complete monthly reconciliations of the bank accounts. While this does not immediately cure the problem, the City is closely monitoring transactions daily and does have a solution in the works.	Yes

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City of Springfield (Continued)	Bay County (Continued)	<u>2020-008 - Deteriorating Financial Condition:</u> The City has been experiencing a deteriorating financial condition. The deficit fund balances and net position have decreased as a result of funds received related to Hurricane Michael and does not reflect a change in the operations of the City that are causing the deteriorating financial condition. The City continues to have expenditures in excess of revenues in the general fund and the water fund contributing to increases in deficits. In the current year, the general fund has a positive unassigned fund balance and there is significant decrease in the government-wide net position deficit, due to grants and insurance income related to Hurricane Michael. The auditors recommend that the City continue to focus on increasing revenues and decreasing expenditures in all funds in order to improve cash balances and net position/fund balance. (See PDF Page 92)	SD	2021 (FY 2018-19)	The City is current on all bills and SRF loans and has been updating all the vehicles in the fleet as the vehicles were old and requiring more in maintenance. Old vehicles and equipment were surplus, and the City has increased utility rates by 3% to help with expenses. Due to Hurricane Michael, the City experienced a great deal of damage, which in turn caused loss in revenue from Water, Sewer, and Sanitation for a quarter. The City is striving to improve from this disaster and grow.	Yes
		<u>2020-001 - Audit Adjusting Entries:</u> Significant adjustments to the financial records were required in order to correct the financial statements. The City has a limited staff and is not able to produce financial records that would require no adjusting journal entries. The auditors recommend that the accounting staff continue to strive toward minimizing the proposed audit adjustments that are required. (See PDF Page 88)	MW	2021 (FY 2018-19)	The City is striving to minimize the audit adjustment entries. The City does not believe that it will ever reach a point where there will be no adjustments necessary due to the costs involved, but it is the City's intent within the next audit year (FY 2019-20) to have a significantly reduced number of adjustments to the financials.	Yes

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City of Springfield (Continued)	Bay County (Continued)	2020-005 - Account Balances: Accounts receivable, customer deposits, and accounts payable were not reconciled to the subsidiary ledger at year-end on a regular basis throughout the year. Various payroll-related liabilities were inconsistent with expected balances by significant amount due to inconsistencies in amounts posted by the system when compared to amounts paid by the City. The auditors recommend that: (1) the City implement procedures to ensure that the City finance personnel obtain the necessary training and knowledge to ensure that account balances are accurate and agree with supporting documentation; (2) all accounts be reviewed and adjusted as necessary for accuracy; (3) City finance personnel have training on how the software posts transactions to the general ledger to verify the transactions are posting properly; (4) the payroll clerk review payroll-related balances on a monthly basis to verify balances are appropriate and no adjustments are necessary; and (5) a monthly review by an appropriate level of management be performed and documented to assure that reconciliations are accurately and timely prepared. (See PDF Page 90)	MW	2021 (FY 2018-19)	The City is continuing to closely review the general ledger pre-posting reports so the necessary corrections can be made at that time rather than at year end, requiring a massive amount of journal entries. Training has been started for accounts payable (A/P) and accounts receivable (A/R) clerks to get familiar with all aspects of the general ledger. The payroll clerk reviews each payroll to make sure they are in balance with no adjustments. The City has started a monthly review of all accounts.	Yes
		2020-006 - Month-end Closing: The City has started to setup a month-end closing process to review balances and provide monthly financial statements to governance and management, but has not been able to implement those processes and procedures. The auditors recommend that the City create and implement a month-end closing process which includes review of month-end balances and the preparation of appropriate monthly financial statements. (See PDF Page 91)	MW	2021 (FY 2018-19)	The City is continuing to focus on drawing up a month-end closing process.	Yes

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City of St. Augustine Beach	St. Johns County	2020-004 - Fund Deficits: The City has a fund balance policy requiring unassigned fund balance of the General Fund to maintain a balance of at least 20% of General Fund expenditures. At fiscal year-end, the General Fund unassigned fund balance was 19.5% of General Fund expenditures. The auditors recommend that the City refer to its fund balance policy for plans to restore the unassigned fund balance to acceptable levels within two years. (See PDF Page 47)	N/A	N/A	N/A	Yes

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City of St. Cloud	Osceola County	<p>2020-1 - Notice of Event of Default: The Stevens Plantation Improvement Project Dependent Special District (District) was formed in 2003 and is presented as a blended component unit of the City. In May 2013, the Bondholders of the District's Revenue Bonds, Series 2003, received a Notice of Event of Default because the Trustee did not receive sufficient payments from the District for the payment of the: (i) interest due on the Bonds on May 1, 2013, and (ii) principal maturity on the Bonds due and payable on May 1, 2013. The amounts on deposit in the Revenue Fund and the Reserve account were insufficient to pay the interest and principal on the Bonds due and payable on May 1, 2013. No subsequent payments have been made since the notice of default, except for a partial interest payment made in June 2017 and February 2020 for interest accrued during the period November 1, 2011 through October 31, 2019. The District is not in compliance with certain provisions of the Bonds. (See PDF Page 159)</p>	N/A	2021 (FY 2018-19)	<p>The audit finding related specifically to the Stevens Plantation Improvement Project Dependent Special District, a component unit of the City (District). The District has continued to aggressively market the property for sale at the highest possible value, while working with the bondholders to obtain the highest possible net proceeds from sales to satisfy the District bonds. In the past twelve months, the District has closed on two sales of the District property. These sales resulted in net proceeds of \$4,423,617.27 being distributed to the bond trustees for allocation to the outstanding bonds. Currently, the District has two pending contracts totaling \$1,875,000; it is anticipated that these transactions will close by early 2022.</p> <p>The remaining District property currently not under contract consists of 4 parcels. A portion of the proceeds from the sale of District property is transferred to the bond trustee to pay the outstanding District bond obligations. Additionally, the bond covenants provide that the District is only obligated to satisfy the outstanding bonds from the net proceeds derived from the sale of the property. Therefore, upon the closing of the sales currently under contract and the sale of the parcels still on the market, the District's bond obligation will be extinguished and the District will be dissolved. Therefore, the referenced finding should no longer be part of the City's audit report. Toward that end, the District continues to market the remaining property for the highest value possible with the goal of extinguishing the obligation at the time that the above-noted undeveloped parcels are sold.</p>	Yes

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City of St. Cloud (Continued)	Osceola County (Continued)	<p><u>2020-2 - Stevens Plantation Dependent Special District:</u> The Stevens Plantation Dependent Special District (District) was created by the City on August 21, 2003. The purpose of the District is to acquire land within its geographical boundary from the proceeds of tax-exempt debt for resale to developers in association with the Stevens Plantation Development. The financial condition of the District indicates that there are several issues management needs to address: (1) Bonds payable of the District are currently in default. The auditors recommend that management continue to work with both legal and bond counsel to determine the legal liability associated with the default and the plans to address how to resolve the defaulted status of the Bonds; (2) Land held for sale is currently reported in the accounting records at \$3,576,107, which is based on the historic values at which the land was purchased for resale. The auditors recommend that management reevaluate the carrying value of the land based on current appraised values and determine possible impairments; (3) The District has obtained interfund borrowings from both the General Fund and OUC Interlocal Agreement Fund to cover the deficit and meet the operating needs of the fund for several years. The auditors recommend that the City continue to monitor the future potential for recovery of these advances and consider the source of funds and recoverability of future advances to the District; and (4) The Stevens Plantation Community Development District (CDD) is not in compliance with certain provisions of its bond indentures for the Special Assessment Revenue Bonds, including those relating to collecting assessments to provide payment of debt service and making its semi-annual debt service principal and interest payments. The auditors recommend that management continue to work with legal and bond counsel to resolve these issues addressing the financial stability and legal liability associated with the indebtedness associated with the District, including its relationship with the CDD. (See PDF Page 165)</p>	N/A	2021 (FY 2018-19)	<p>The audit finding related specifically to the Stevens Plantation Improvement Project Dependent Special District, a component unit of the City (District). The District has continued to aggressively market the property for sale at the highest possible value, while working with the bondholders to obtain the highest possible net proceeds from sales to satisfy the District bonds. In the past twelve months, the District has closed on two sales of the District property. These sales resulted in net proceeds of \$4,423,617.27 being distributed to the bond trustees for allocation to the outstanding bonds. Currently, the District has two pending contracts totaling \$1,875,000; it is anticipated that these transactions will close by early 2022.</p> <p>The remaining District property currently not under contract consists of 4 parcels. A portion of the proceeds from the sale of District property is transferred to the bond trustee to pay the outstanding District bond obligations. Additionally, the bond covenants provide that the District is only obligated to satisfy the outstanding bonds from the net proceeds derived from the sale of the property. Therefore, upon the closing of the sales currently under contract and the sale of the parcels still on the market, the District's bond obligation will be extinguished and the District will be dissolved. Therefore, the referenced finding should no longer be part of the City's audit report. Toward that end, the District continues to market the remaining property for the highest value possible with the goal of extinguishing the obligation at the time that the above-noted undeveloped parcels are sold.</p>	Yes

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City of Tampa	Hillsborough County	<u>2020-001 – Reporting - State Housing Initiative Partnership (CSFA No. 40.901)</u> : Each municipality that participates in the State Housing Initiative Program (SHIP) is required to submit to the Florida Housing Finance Corporation (the Corporation), by September 15 of each year, a report of its affordable housing programs and accomplishments through June 30. Management did not complete and submit the 2020 report of its affordable housing programs and accomplishments to the Corporation by September 15 as required by the terms of the SHIP program. The auditors recommend that management continue to develop strategies to utilize SHIP funding to accomplish the objectives in the City's local housing assistance plan. The auditors further recommend that the City, once the 2017 allocation has been completely expended, prioritize the completion and submission of its report of its affordable housing programs and accomplishments. (See PDF Page 369)	N/A	N/A	N/A	Yes
Town of Wausau	Washington County	<u>2017-01 - Water Billing</u> : The auditors compared the amount of water billed per the Town's utility billing system to the amount of water pumped as reported to the State of Florida and found that nearly 55% of consumption was unbilled. The auditors recommend that management continue to monitor the amount of unbilled water closely to ensure the spoilage is minimized. (See PDF Page 62)	N/A	2021 (FY 2018-19)	The Town realizes that natural resources are not in unlimited supply and will, as recommended by the auditors, closely monitor the usage to ensure that all billable services are properly charged. The Town will also continue to monitor unbilled water to ensure that spoilage is minimized. Town officials will make repairs on leaks in a timely manner and are metering all usage on Town-owned facilities which will be closely monitored by the Town Council.	Yes

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City of Winter Haven	Polk County	<u>2020-001 - Material Adjustments</u> : City management is responsible for establishing and maintaining internal controls over proper recording of the City's transactions and reconciliation and review of the City's account balances. Reconciliations of various accounts are not performed by one staff member and reviewed by a member of management prior to the year-end close. The auditors recommend that account reconciliations be prepared by a staff member and reviewed by a member of management, allowing management the ability to perform analytical analysis and to identify unusual account balances. The auditors also recommend that trial balances be reviewed to ensure that all accounts are reconciled, and any related adjustment are posted. (See PDF Page 236)	MW	2021 (FY 2018-19)	<p>The City maintains that the re-occurring audit finding for Material Adjustments is very broad and that these findings have resulted from a variety of accounting entries, rather than a continued recurrence of the same accounting error or transaction type. In FYs 2016-17 and 2017-18, the finding was based on the overstatement of payroll expense and timing issues with Airport grant and Utility service revenue recognition and accounts receivable allocations. In FY 2018-19, the finding was based on the understatement of Construction In Progress and liabilities incurred as "retainage" for the City's governmental construction projects.</p> <p>Although, each of the scenarios noted above has been remedied, the City will have the same finding for FY 2019-20, which will be primarily based on grant revenue recognition, governmental capital asset valuations, and prepaid pension contributions. The City continues to strive for improvements in each of these areas by adding depth to the Finance Department staff and by increasing the frequency of related reconciliations.</p>	Yes

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FOOTNOTE/LEGEND:

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

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

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

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

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City of Archer	Alachua County	<u>2012-1 - Financial Statement Preparation</u> : The City does not have the expertise necessary to prevent, detect, and correct misstatements, and is not capable of drafting the financial statements and all required footnotes disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 60)	SD	2018 (FY 2015-16)	The City is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Town of Bell	Gilchrist County	<u>2009-1 - Financial Statement Preparation</u> : The Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 37)	SD	2017 (FY 2014-15)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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City of Belle Isle	Orange County	<u>ML 20-01 - Segregation of Duties:</u> The auditors noted that the design of internal controls included adequate segregation of duties; however, due to the small organization size, the position responsible for the review function for items such as payroll and bank reconciliations is not part of the finance department. The design of internal control relies upon a position that is typically held by an individual with no accounting background or expertise. Even though there is an adequate segregation of duties in the design of internal control, misstatements could occur, whether due to fraud or error, and may not be identified or corrected in a timely manner. The auditors recommend that the review function be assigned to an individual with the appropriate level of expertise. (See PDF Page 80)	N/A	2020 (FY 2017-18)	The City only has one employee in the finance department so the review functions for items such as payroll and bank reconciliations are done by the City Manager. Although not a part of the finance department, the City Manager is knowledgeable and thoroughly reviews the financial records, payments, payroll reports, bank statements and reconciliations, etc. While the City strives for excellence in all areas of financial management and agrees with the importance of segregating duties, at this time, it is not financially feasible for the City to hire an additional finance department employee to clear this finding.	No
City of Bonifay	Holmes County	<u>2010-001 - Financial Statement Preparation Knowledge:</u> The external auditors' assistance was necessary to prepare the financial statements including note disclosures in accordance with generally accepted accounting principles (GAAP). There are no City personnel with the experience, background, and knowledge of Governmental Accounting and Financial Accounting Standards to prepare financial statements internally including full note disclosures as required by those standards. The auditors recommend that City personnel continue to develop their knowledge of GAAP in order to ultimately prepare or provide technical reviews of the financial statements. (See PDF Page 62)	MW	2017 (FY 2014-15)	Due to financial constraints, the City is unable to hire personnel with the ability and training needed to prepare financial statements in accordance with generally accepted accounting principles.	No

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Town of Branford	Suwannee County	<u>2010-1 - Financial Statement Preparation</u> : The Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 49)	SD	2017 (FY 2014-15)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Town of Bronson	Levy County	<u>2020-1 - Segregation of Duties</u> : Effective internal controls over financial reporting require that the function of authorizing transactions, custody of assets, and recording of transactions be separated in order to provide reasonable assurance that assets are adequately safeguarded and transactions are properly authorized, executed, and recorded in accordance with the assertions of management. Due to the Town's limited staffing, one employee performs all incompatible duties, including receiving and depositing cash, and recording all transactions. Lack of proper separation of incompatible duties could result in errors and irregularities that go undetected for extended periods of time. The auditors recommend that incompatible duties be separated among employees where it is feasible to do so. (See PDF Page 33)	MW	2017 (FY 2014-15)	The Town is a small municipality in a rural setting with only two full-time staff to handle daily activities. Duties are separated as much as possible.	No

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City of Bushnell	Sumter County	<u>2008-2 - Segregation of Duties</u> : The City operates with a small finance, accounting, and customer service department and does not have the resources to properly segregate duties among employees so that no one employee has sole control over approving, recording, and accounting for transactions. The auditors recommend that the City's finance, accounting, and customer service departments continue to develop and, if necessary, expand its current staff to ensure a more effective internal control structure over financial reporting. (See PDF Page 115)	SD	2017 (FY 2014-15)	Several changes were completed during the past fiscal year to improve this finding. The new City Clerk has taken over all of the payroll duties and also tracks all of the receipts and revenues received by the City. The Clerk also reviews and approves certain Council and administrative expenditures for the City. Additional tasks will be assigned to both the City Clerk and the new Finance Specialist in the future in an effort to achieve an even greater improvement. Because of the small size of the City staff, it is unlikely that complete segregation of duties can be achieved in the coming fiscal year however significant improvements will be realized.	Yes
Town of Callahan	Nassau County	<u>2020-002 - Financial Reporting</u> : The auditors proposed material adjustments to the Town's financial statements and assisted in the preparation of the financial statements. The auditors recommend that the Town consider and evaluate the cost and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 48)	MW	2017 (FY 2014-15)	The Town conducted an evaluation of the internal controls relative to the financial reporting process, as recommended by the Town's auditors, and determined that the third party bookkeepers were performing inadequately. The Town has made the decision to open the bookkeeping contract up for bids with the expectation of hiring new bookkeepers. The Town expects that new bookkeepers will resolve the conditions that led to this finding.	Yes

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Town of Callahan (Continued)	Nassau County (Continued)	<u>2020-001 - Separation of Duties:</u> Billing of utilities is performed by the same person that collects payments for utilities and keys into the accounting system. Because the Town has a limited number of personnel, it is not always possible to adequately segregate incompatible duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that, to the extent possible, given available personnel, steps be taken to separate duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 48)	MW	2017 (FY 2014-15)	In prior years in response to similar findings, the Town implemented a system in which the water and sewer clerk and bookkeeper do not receive mail. A third person collects the mail and maintains logs of all funds received via the mail. Beyond this, the Town cannot sufficiently segregate duties to address the audit finding without hiring additional personnel. The Town has not had sufficient income to afford additional personnel and does not anticipate having sufficient income in the foreseeable future. The Town will address the audit finding to the best of its abilities by continuing to separate duties to the greatest extent possible given its budgetary limitations.	No
City of Carrabelle	Franklin County	<u>2020-001 - Prepare Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) and Significant Adjustments:</u> Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Adjustments were required to be made to the accounting records subsequent to the start of the audit process to be in accordance with GAAP. This was because management relied on the auditors to propose entries that had not been recorded at the time of the audit. Incorrect recording of accounting records could lead to a material misstatement on the financial statements. The auditors recommend that the process for identifying accounting transactions be reviewed and updated. (See PDF Page 54)	MW	2017 (FY 2014-15)	There is no one on staff with sufficient knowledge to prepare GAAP-based financial statements. This finding may never be fully resolved due to limited resources of a small entity.	No

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SD = Significant Deficiency (see 3. In Legend)

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City of Carrabelle (Continued)	Franklin County (Continued)	<u>2020-002 - Segregation of Duties:</u> Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred - including timely deposits of cash receipts, mailing signed checks without returning them to the employee responsible for accounts payable, and maintaining a management-approved vendor list. Errors or material misstatements in the financial statements presented to the board by management may exist and not be detected. The auditors recommend that management develop compensating controls. (See PDF Page 54)	MW	2017 (FY 2014-15)	Due to size of the City's staff it is not possible to completely separate incompatible duties so that no one individual has access to both physical assets and the related accounting records. Practices are implemented to the best of the City's ability to improve existing controls; however, this finding may never be fully resolved due to lack of staffing.	No
City of Chattahoochee	Gadsden County	<u>2020-001 - Audit Adjustments:</u> Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States (GAAP). Adjustments were required to be made to the accounting records as part of the audit process to be in accordance with GAAP. This was because management relied on the auditors to propose entries that had not been recorded at the time of the audit. Incorrect recording of accounting records could lead to a material misstatement on the financial statements. The auditors recommend that the process for identifying accounting transactions be reviewed and updated. (See PDF Page 61)	MW	2017 (FY 2014-15)	With the hiring of an employee with many years knowledge of generally accepted accounting principles in preparing financial statements and the change in auditing firms and adoption of a "City Accounting Manual," the City feels much of this problem has been or is being solved.	Yes

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City of Coleman	Sumter County	<p><u>2020-1 - Improve Knowledge of Internal Control Over Financial Reporting:</u> The person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the City's financial transactions or preparing its financial statements. The auditors suggest possible solutions that include training accounting staff, hiring additional staff, or engaging outside consultants or obtaining assistance from knowledgeable volunteers to prepare financial statements in accordance with generally accepted accounting principles. (See PDF Page 61)</p>	SD	2017 (FY 2014-15)	The City evaluated the cost vs. benefit of establishing internal control over the preparation of financial statements in accordance with generally accepted accounting principles and came to the conclusion that outsourcing this task to the City's auditors is the most cost effective way for small entities with limited staff and resources like the City. However; the City continues to stay involved in the process by reviewing the financial statement draft, making significant input into the management discussion and analysis and other pertinent sections. The City will also continue to ensure that its auditors are independent of the City's internal control system.	No
		<p><u>2020-2 - Lack of Segregation of Duties:</u> The small size of the City's accounting staff precludes certain internal controls and segregation of duties afforded by a larger staff. The Financial and Operations Manager performs all of the accounting tasks, which includes receiving invoices, approving them for payment, preparing checks, mailing out the checks, preparing bank reconciliations, and posting activity into the general ledger and the utility system computer package. The lack of segregation of duties increases the potential for error. The auditors recommend that the City implement any practical controls to overcome this inherent weakness in internal control, including that management and the City Council remain closely involved in the financial affairs of the City to provide oversight and independent review functions. (See PDF Page 61)</p>	SD	2017 (FY 2014-15)	The City continues to provide as many safeguards as possible by having bills inspected by the Mayor and approved by the City Council. The response also includes additional compensating controls implemented by the City.	No

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Town of Cross City	Dixie County	<u>2020-001 - Segregation of Duties</u> : Due to the limited number of people working for the Town, many of the critical duties are combined and assigned to the available employees. Presently, a single individual performs the majority of the accounting functions. The auditors recommend that, to mitigate the risk of error and fraud, key financial duties be segregated to the extent possible. (See PDF Page 39)	MW	2017 (FY 2014-15)	The Town is a small governmental entity, and all accounting responsibilities are performed primarily by two individuals. The Town has adopted review and control oversight procedures, where possible. It is not cost beneficial to hire additional staff.	No
City of Fanning Springs	Gilchrist County, Levy County	<u>2013-1 - Financial Statement Preparation</u> : The City does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 60)	SD	2017 (FY 2014-15)	The City is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Town of Glen Saint Mary	Baker County	<u>2020-002 - Financial Reporting</u> : It was necessary for the auditors to propose material adjustments to the financial statements and assist with the preparation of the financial statements. The auditors recommend that the Town consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 47)	MW	2017 (FY 2014-15)	Due to budget constraints, it is not feasible to have someone on staff with the knowledge and experience to correctly prepare the financial statements.	No

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Town of Glen Saint Mary (Continued)	Baker County (Continued)	<u>2020-001 - Separation of Duties</u> : Because of the limited number of personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that, to the extent possible given available personnel, steps be taken to segregate employee duties so no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 47)	MW	2017 (FY 2014-15)	The Town's population is under 500. Due to budget constraints, the Town has only two part-time employees (Mayor and Town Clerk) who handle all water/sewer billing, code enforcement, and all day-to-day office operations. The Town has all bank accounts set up to require two signature for all payments. The Town Council also gets copies of check registers each month to review.	No

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City of Graceville	Jackson County	<u>2007-001 - Financial Reporting:</u> The City relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). The City has a small accounting staff necessitated by the overall small size of the entity and does not consider it cost effective to develop and maintain a system of internal accounting control sufficient to prepare financial statements in accordance with GAAP, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements. The auditors recommend that the City continue to consider the effects of the cost of developing and benefits of implementing a system in which staff are able to prepare financial statements and have sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements as compared with understanding that, due to the size of the accounting department, the City will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 58)	MW	2017 (FY 2014-15)	The City operates with a limited staff responsible for all financial operations. The City operates on a cash account basis and will continue to utilize accounting firms to complete annual audit and work through issues identified.	No
		<u>2006-001 - Separation of Duties:</u> Custody of assets, recordkeeping, and recording of assets should have adequate separation. Due to the City's size, proper separation of duties may not be feasible. The auditors recommend that management remain very active and involved in the day-to-day operations and that controls be established to provide checks and balances. (See PDF Page 58)	SD	2017 (FY 2014-15)	The City operates with a small staff consisting of three principal employees dealing with the week-to-week financial functions of the City and a City Manager.	No

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Town of Greensboro	Gadsden County	<u>2020-001 - Segregation of Duties</u> : Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes ideal segregation of duties. The failure to maintain separation of these functions subjects the Town to the risk that material misstatements due to error or fraud may occur and not be detected by employees in a timely manner during the performance of their assigned tasks. The auditors recommend that, in the absence of the ability to hire additional employees, alternative procedures, including additional oversight with regard to certain functions, be performed regularly to mitigate the risk caused by this deficiency in internal controls. (See PDF Page 54)	MW	2017 (FY 2014-15)	The Town employs a total of three people. The small staff includes the Town Manager, Office Assistant/Town Clerk, and Maintenance person. The Town Manager opens all bank statements and makes all bank deposits, returning receipts to the Town Clerk. The Town Council is aware of the concerns and would certainly make any changes necessary were funds available for increase in staffing levels.	No

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Town of Greenville	Madison County	<u>2020-001 - Significant Adjustments</u> : The internal controls of the Town have focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). Certain adjustments relating to grant revenues and receivables were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness. The auditors recommend that management select and apply the appropriate accounting principles to prepare the financial statements in accordance with GAAP. (See PDF Page 53)	MW	2017 (FY 2014-15)	The Town finds this finding uncorrectable. The Town is a small municipality with limited resources and is not financially able to hire additional personnel or contract with an outside agency to prepare financial statements.	No

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Town of Greenville (Continued)	Madison County (Continued)	<u>2020-002 - Segregation of Duties</u> : A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The Town employee opening the mail, creating the deposit slips for cash receipts, and generating checks for cash disbursements also inputs those transactions into the accounting software. In addition, no one reviews and approves journal entries. The auditors recommend that certain practices, described in the audit report, could be implemented to improve existing internal controls and journal entries should be approved by an employee other than the one who prepared the entry. (See PDF Page 53)	MW	2017 (FY 2014-15)	There are only two employees, and the only way for the Town to correct this finding is to hire additional personnel and that is not financially possible. The Town will continue to work with the auditors to implement oversights where possible.	No
Town of Hilliard	Nassau County	<u>2009-1 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge or experience to oversee service an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 77)	MW	2017 (FY 2014-15)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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Town of Horseshoe Beach	Dixie County	<u>2011-1 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge or experience to oversee service an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 46)	SD	2017 (FY 2014-15)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Town of Interlachen	Putnam County	<u>2020-001 - Preparation of Financial Statements</u> : The Town's internal control system over financial reporting does not currently provide for preparation of financial statements, including note disclosures, in accordance with generally accepted accounting principles (GAAP). While the auditors can assist with the preparation of financial statements and related notes, the financial statements are the responsibility of management. However, outsourcing of these services is not unusual in governmental entities of similar budget and personnel size. The auditors stated that, for subsequent audits, management may wish to take an active role in the drafting of the financial statements and related disclosures. (See PDF Page 35)	SD	2017 (FY 2014-15)	The Town has limited resources and staff and utilizes an outside consultant to assist with accrual adjustments related to accounts payable and receivable items. She also reviews revenue and expense coding to ensure that line items are not over-expended or ledgered against the wrong item line. The response includes additional compensating controls taken by the Town. The Town does not currently have resources available to allow for preparation of financial statements and note disclosures in accordance with Governmental Accounting Standards Board requirements.	No

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City of LaBelle	Hendry County	<u>2009-1 - Internal Control Over Financial Reporting</u> : City staff does not currently have the skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements. The auditors recommend that the City develop a strategy to address the material weakness in internal control over financial reporting. (See PDF Page 99)	MW	2017 (FY 2014-15)	The City is a small municipality with limited financial resources and fiscal staffing and may not resolve this finding in the near future. The audit finding weakness has been mitigated during these past few years by the auditors disclosing to and teaching staff how to calculate and create the majority of the year-end adjustments needed for the City's financial statements. Additionally, the auditors conduct an exit conference/interview with the Mayor-Commissioner, Finance Director, and staff and have, upon request, done the same with the City's entire Commission, reviewing in enough detail to assure all Commissioners understand the financial reports, the City's financial condition, and the results of operations.	No
City of Macclenny	Baker County	<u>2020-001 - Separation of Duties</u> : Because of a limited number of personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that, to the extent possible given available personnel, steps be taken to segregate employee duties so no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 63)	MW	2017 (FY 2014-15)	The City has implemented as many external controls, along with internal controls within the City's software, to segregate the duties as much as possible with the limited staff available. The response includes specific information relating to compensating controls implemented by the City. The City expects the finding to remain due to limited staff and funding.	No

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City of Madison	Madison County	<u>2012-1 - Financial Statement Preparation</u> : The City does not have the expertise necessary to prevent, detect, and correct misstatements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 77)	SD	2017 (FY 2014-15)	The City is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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

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Town of Mayo	Lafayette County	<u>2011-1 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 62)	SD	2017 (FY 2014-15)	The Town has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Mayor and the Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation before the Town Council.	No
Town of Medley	Miami-Dade County	<u>2020-01 - Supervisory Review</u> : Due to the small size of the Town, there is a lack of separation of duties in some accounting and financial reporting functions. Although quarterly financial statements are provided to the Mayor and the Town Council, they are not approved. Additionally, journal entries can be prepared, entered, and posted by one individual without review or approval. The auditors recommend that the Mayor and the Town Council establish a periodic review and approval of the Town's financial statements and implement a system of review and approval for nonstandard journal entries. (See PDF Page 99)	MW	2017 (FY 2014-15)	The Town has a small finance department and believes it is not efficient and practicable to have journal entries reviewed by a second person as it slows down the work process. As a result of new accounting software implemented in October 2016, there are no longer non-standard journal entries being recorded. General ledger journal entries still being made include correction of postings, allocations to different departments, and period-end accruals. Additional details are provided in the Town's response.	Yes

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Town of Montverde	Lake County	<u>ML 2020-01 - Internal Controls Over Recording Transactions in Accordance with GAAP</u> : Due to the small size of the Town, the staff does not have the necessary qualifications and training to prepare transactions in accordance with generally accepted accounting principles (GAAP). The auditors had to recommend multiple adjusting entries be posted and make several adjustments in order for financial statements to be prepared. The auditors recommend that Town staff receive additional training on governmental accounting standards, as well as make all required adjustment to the year-end financial statements. (See PDF Page 52)	MW	2020 (FY 2017-18)	The Town is small with a staff of six; while that is not an excuse, it does highlight the difficulty a small community can face when segregating duties to ensure accountability and transparency. The Town has implemented changes that it believes will allow the independent auditor to remove this finding from future audits, including: (1) increased training in generally accepted accounting principles (GAAP); (2) the purchase of a new accounting software, along with training for employees on its use and implementation; (3) a short-term contract with a professional city-county manager and a city finance director to assist in the upgrade of the accounting system and the training of Town employees; and (4) a significant charter change, moving from a Strong Mayor form of governance to a Town Manager-Council form of governance effective November 2020. The goal is to eliminate audit comments and ensure the Town is running as efficiently and transparently as possible to maintain the citizens' confidence in their Town government.	No

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City of Oak Hill	Volusia County	SD01 (2009) - Segregation of Duties: During the current year, the auditors continued to note that the City's ability to implement adequate managerial and internal control systems is affected by the City's limited staffing (only two employees), the extent of the accounting staff's overlapping administrative duties, and financial resources. The auditors also continued to note that the City has not completed the drafting and reviewing of formal accounting policies and procedures in order to provide adequate controls as it relates to the accounting functions and processes. Due to the limited number of staff working within the administrative and finance departments, many of the critical overlapping duties are combined with virtually no managerial oversight or control. Presently, a single individual performs the majority of the accounting functions. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. The auditors continue to recommend that the City complete formal written accounting policies and procedures. The auditors also suggest that the segregation of duties be reviewed and adjusted where possible to strengthen the system of internal control. (See PDF Page 69)	N/A	2017 (FY 2014-15)	The City will continue to work diligently to mitigate these matters within its physical and financial constraints. In a very small office environment it is difficult to properly segregate all duties; however, the City will continue to consider its limited options and constraints to separate the important finance functions and duties to further strengthen internal controls.	No

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City of Paxton	Walton County	<p><u>2020-01 - Financial Reporting:</u> The City's personnel lack the expertise to apply the required accounting principles to convert their existing accounting records to a generally accepted accounting principles (GAAP)-based financial statements. Therefore, the City engages its auditors to assist in the application of new GAAP standards and to prepare the City's financial statements as a nonattest engagement. The auditors recommend that the City educate their staff with GAAP and GASB (Governmental Accounting Standards Board) based training along with access to research websites. (See PDF Page 49)</p>	SD	2017 (FY 2014-15)	Because of the financial disadvantage of the City, it does not have funding to staff an employee with the credentials that would be required to complete the financial statements according to generally accepted accounting principles. Therefore, the City relies on its accountants (auditors) to complete this task.	No
		<p><u>2020-02 - Separation of Duties:</u> Due to the small size of the City, the accounting and administrative staff are precluded from performing certain internal controls that would be preferred. A fundamental concept of internal control is the separation of duties. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The auditors recommend that the City hire additional staff or use existing staff to implement internal controls over assets and the accounting processes. (See PDF Page 49)</p>	SD	2017 (FY 2014-15)	The City is a small municipality with only six employees. Two of the employees are office/administration, City Clerk and Utilities Billing Clerk. Between the two clerks, the City tries to have a checks and balance system in place (with duty separations as suggested by the City's accountants (auditors)). The response includes specific information relating to compensating controls implemented by the City. The City works diligently to keep duties separated as much as possible with a limited staff.	No

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Town of Penney Farms	Clay County	<u>2011-1 - Financial Statement Preparation:</u> The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 47)	SD	2017 (FY 2014-15)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Town of Pierson	Volusia County	<u>2009-01 - Financial Statement Preparation:</u> Management requested the auditors to prepare a draft of the financial statements, including the related notes to the financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management did not prepare the financial statements. The absence of controls over the preparation of the financial statements is considered a material weakness because there is a reasonable possibility that a material misstatement of the financial statements could occur and not be prevented, or detected and corrected by the entity's internal control. (See PDF Page 40)	MW	2020 (FY 2017-18)	This finding relates to an area that may never be fully resolved due to limited staff and resources.	No

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Town of Pierson (Continued)	Volusia County (Continued)	<u>2009-02 - Segregation of Duties</u> : The Town Clerk is responsible for all accounting functions (cash deposits, cash disbursements, payroll, accruals, journal entries, and financial statement preparation) and also receives all bank statements. The auditors recommend that: (1) monthly transactions be reviewed by a Council member or another employee of the Town, (2) monthly financial statement balances be reviewed by someone who can determine whether the balances are reasonable, (3) bank statements be received by a Council member or someone independent of cash receipts and disbursements, and (4) canceled checks be reviewed for unusual items. (See PDF Page 41)	MW	2020 (FY 2017-18)	This finding relates to an area that may never be fully resolved due to limited staff and resources. The Town is continually looking for ways to implement compensating controls to help mitigate some of the inherent risks that exist in a small entity.	No
Town of Pomona Park	Putnam County	<u>2009-IC-1 - Segregation of Duties</u> : Because of the number of personnel in the finance department, there is a lack of separation of duties between employees that prepare the transactions and those that review the transactions. (See PDF Page 54)	SD	2017 (FY 2014-15)	The Town is a small municipality with only five employees. Three are with the Maintenance Department and the other two are the Town Clerk and Accounting Clerk, making it difficult to address the segregation of duties. The response includes specific information relating to compensating controls implemented by the Town. With the precautions taken, it is working well for the Town. In fact, errors/oversights have been detected and resolved during the review process. With the size of the workforce, the City is doing everything possible to address the finding.	No

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Town of Reddick	Marion County	<u>IC2009-1 - Financial Reporting</u> : The Town's knowledge and expertise does not currently allow its staff to perform all of the functions necessary to prepare the financial statements and note disclosures in accordance with generally accepted accounting principles (GAAP). A deficiency exists in the system of internal control over financial reporting when the Town does not have the expertise necessary to do so. (See PDF Page 26)	MW	2019 (FY 2016-17)	The Town has one paid person on staff who works on a part-time basis, and the Town Council decided not to pay another outside party to produce the financial statements. The Town Clerk/Office Manager's knowledge and expertise is insufficient for her to perform the functions necessary to prepare financial statements with footnote disclosures. The Town has not changed its position regarding this analysis and expects to continue the disclosures in lieu of an analysis in the future. Expenditures and receipts are audited weekly by the Council President and monthly by the entire Town Council.	No
City of Springfield	Bay County	<u>2020-002 - Financial Statement and Schedule of Expenditures of Federal Awards and State Financial Assistance Preparation</u> : Inadequate design of internal control over the preparation of financial statements and the schedule of expenditures of federal awards and state financial assistance being audited gives rise to a material weakness in internal control. Because the City has a limited number of staff, the auditors assist in the preparation, while the City retains responsibility for them. The auditors recommend that the City consider taking the necessary steps to prepare its financial statements and the schedule of expenditures of federal awards and state financial assistance to the extent practical. (See PDF Page 88)	MW	2019 (FY 2016-17)	The City's new finance director is qualified to prepare financial statements; however, due to cost constraints it is beneficial to have the audit team assist in the preparation of financial statements.	No

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City of Springfield (Continued)	Bay County (Continued)	<u>2020-004 - Separation of Duties</u> : Due to the limited number of staff, the City does not have proper segregation of duties in many areas including user access within the accounting system. Even when daily activities are properly segregated, most staff is cross-trained as backups in incompatible duties. Of particular importance, employees approving credits to customer accounts have access to cash on a consistent basis, there is no regular review of billing adjustments, and adjustments to cash are made by the same individual reconciling the bank accounts. The auditors recommend that: (1) the City continue to evaluate the cost/benefit of hiring additional staff to better segregate controls; and (2) duties be separated as much as possible and compensating controls be incorporated to mitigate the risk associated with the lack of proper segregation of duties. Specific recommendations by the auditors are also included in the audit report. (See PDF Page 89)	MW	2019 (FY 2016-17)	The City is taking steps to segregate significant responsibilities among qualified staff members; however, due to the size of the City, some of the duties that would typically be best separated are not able to be. Some tasks that were able to be segregated were immediately identified and corrective action has been taken. Duties that cannot be separated are performed and reviewed by separate staff members. The City believes that this note will always be present due to the cost factor of having sufficient qualified staff to properly segregate duties.	No
City of St. Marks	Wakulla County	<u>2020-001 - Segregation of Duties</u> : The same person within the accounting department handles cash and checks and posts receipts and disbursements to the utility ledger. The auditors recommend that the City have another designated person receive all cash and checks, make all required deposits, and return a summary of receipts along with a validated deposit slip before turning them over to the accounting department. (See PDF Page 38)	MW	2017 (FY 2014-15)	The financial resources of the City are limited. The City has two employees who must perform all accounting duties. The City will try to segregate duties of handling cash, checks, posting receipts, and disbursements whenever possible. The City has also engaged another outside CPA firm to assist in bank reconciliations and budget versus actual comparisons to present for the City Council on a monthly basis. Therefore, as a compensating control, the City Council reviews the financial statements and budget comparison on a monthly basis. This control provides the additional level of review necessary to mitigate the lack of segregation of duties finding.	No

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City of Trenton	Gilchrist County	<u>2009-1 - Financial Statement Preparation</u> : The City does not have the expertise necessary to prevent, detect, and correct misstatements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 62)	SD	2017 (FY 2014-15)	The City is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Town of Wausau	Washington County	<u>2010-01 - Segregation of Duties</u> : The Town employs only one full-time clerical employee whose responsibilities include billing, collecting, receipting, depositing, and recording all revenues. She is also responsible for preparing and documenting all disbursements. This results in an inadequate separation of duties relating to the control and recording of receipts and disbursements. This could result in the misappropriation of assets and adversely affect the Town's ability to record, process, summarize, and report financial information. The auditors noted that, due to a lack of adequate staffing, optimum segregation of duties is not obtainable. However, the auditors strongly recommend that the Mayor and/or the Council monitor daily activities and monthly reporting. (See PDF Page 61)	MW	2019 (FY 2016-17)	The Town realizes the hazards of a one-person office; however, due budget constraints it is not possible to hire additional personnel. The Mayor or Mayor Pro-Tem reviews all invoices prior to any checks being issued. The Town also utilizes dual signatures on all checks. The Mayor and Council are provided with the entire bank statements showing all deposits and checks each month. The Town also utilizes NCBA employees when they are available.	No

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Town of Welaka	Putnam County	<u>2020-001 - Preparation of Financial Statements:</u> While the auditors can assist with the preparation of financial statements and related footnotes, the financial statements are the responsibility of management. The Town is not in the position to draft financial statements and all required disclosures. Additionally, the auditors noted that management is not performing reconciliations of the utility receivables and accounts payable detail to the general ledger and is not reconciling the escrow deposits to the bank statement. The auditors recommend that management perform reconciliations over account balances to ensure that the balance in the general ledger reflects the accurate account balance supported by the subsidiary system. (See PDF Page 36)	MW	2021 (FY 2018-19)	The finding has not been corrected due to limited staff and resources; however, the Town has internal controls over cash receipts, cash disbursements, payroll, bank reconciliations, budget processes, and monthly closing processes.	No
City of Wewahitchka	Gulf County	<u>2011-1 - Financial Statement Preparation:</u> The City does not have the expertise necessary to prevent, detect, and correct misstatements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 55)	MW	2017 (FY 2014-15)	The City is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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Town of Windermere	Orange County	<u>20-01 - Internal Controls Over the Preparation of Financial Statements</u> : The Town does not have the necessary expertise to draft the financial statements without assistance from the auditors. The auditors recommend continued training of existing staff to improve financial reporting. (See PDF Page 40)	SD	2017 (FY 2014-15)	Due to the size, limited staff and resources of the Town, management acknowledges and accepts this deficiency. However, the material weakness was partially corrected earlier. As noted in a prior audit report, the Finance Director's skills at recording financial transactions in accordance with generally accepted accounting principles have improved such that the auditors did not report a material weakness, but did report a significant deficiency. This deficiency may never be fully resolved, and it may not be possible, practical, or feasible for the Town to perform this function internally.	No
Town of Worthington Springs	Union County	<u>2014-1 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 37)	SD	2021 (FY 2018-19)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. The Town has confidence in its audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both staff and the Town Council review the annual financial audit report and have the opportunity to ask the auditors any questions regarding the audit report prior to its formal presentation. The audit report is generally formally presented by the auditors at a scheduled meeting of the Town Council. At this time, the Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. The Town accepts the required disclosure finding and will continue to monitor this situation in the future.	No

FOOTNOTE/LEGEND:

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

*Prepared by the Staff of the Joint Legislative Auditing Committee
November 2021*

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

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

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

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

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Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Amelia Concourse Community Development District	Nassau County	<u>2012-01/2013-01/2014-01 - Reserve Requirement:</u> The Debt Service Reserve Requirement for the 2007 Bond was not met at fiscal year-end. The auditors recommend that the District make the necessary arrangements to ensure funds are available to make debt service payments. (See PDF Page 37)	N/A	2021 (FY 2018-19)	Prior year correspondence described the history and status of the District; the Special Purpose Entity (SPE) that was created to hold foreclosed property continued to fund its share of the District's operating and maintenance costs and was actively marketing the property for resale. After the sale of the property, the net proceeds from the sale will be paid to the bondholders. On 10/26/2015, the District approved a purchase and sale agreement between the SPE and a developer to acquire all remaining undeveloped land within the District in two transactions. The first transaction (conveyance of Phase II lands) closed on 1/15/2016, and on 1/24/2018, the purchase and sale agreement between the SPE and a developer to acquire all remaining undeveloped land within the District (Phase III lands) was finalized. On 3/20/2019, the District closed on the Series 2019, Capital Improvement Revenue Bonds, the proceeds of which will be used to develop the final phase of development within the District. During FY 2018-19, the District paid approximately \$2.8M in past due interest payments due to proceeds received from home sales which has significantly improved the financial condition of the District. The District continues to make progress towards the elimination of these findings but until the final lot in the development is sold this finding will continue. <u>Most recent status:</u> There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes

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Amelia Concourse Community Development District (Continued)	Nassau County (Continued)	<u>2012-02/2013-02/2014-02 - Financial Condition Assessment</u> : The District's financial conditions continue to deteriorate, and the future of the project remains uncertain. The Debt Service Fund has reported deficit fund balances at the end of the last six fiscal years. Nonpayment of assessments by the former Developer caused there to be insufficient funds available to make certain prior year required debt service payments on the Series 2007 bonds. The District did not make the current year principal payment, any of the past due interest, or the full payment of current year interest due. The auditors recommend that the District take the necessary steps to improve the deteriorating financial condition. (See PDF Page 38)	N/A	2021 (FY 2018-19)	See response to Finding #2012-01/2013-01/2014-01 above.	Yes
Baker Fire District	Okaloosa County	<u>2020-02 - Capital Asset Inventory</u> : The District does not maintain an inventory of capital asset purchases that meets the District's capitalization policy. The auditor recommends that the District prepare a capital asset inventory and review the listing annually to evaluate for the existence and disposals of capital assets. (See PDF Page 33)	SD	N/A	N/A	Yes

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Baker Fire District (Continued)	Okaloosa County (Continued)	<u>2020-03 - Requirement to Maintain an Official Website:</u> The Special District Handbook provided by the Department of Economic Opportunity requires special districts to maintain an official website that complies with accessibility and minimum content requirements. During audit testing, the auditor identified that the District had purchased a website domain, but the website was not functional and did not comply with the minimum content requirements. The auditor recommends that the District complete the construction of its website in order to make it accessible to the public with the minimum content requirements. (See PDF Page 34)	N/A	N/A	N/A	Yes
Bay Medical Center	Bay County	<u>2020-002 - Separation of Duties:</u> The District lacks the personnel necessary to adequately segregate financial and accounting duties. Financial records and transactions without adequate segregation of duties are more at risk for misstatement due to fraud or errors. The auditors recommend that the Board of Directors remain involved in the financial affairs of the Bay Medical Center d/b/a Bay Health Foundation to provide oversight and independent review functions. (See PDF Page 45)	MW	N/A	N/A	Yes

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Buckeye Park Community Development District	Manatee County	<u>IC2015-03 - Debt Administration</u> : The District is not in compliance with certain provisions of its Bond Indenture including those relating to: (1) collecting assessments to provide payment of debt service; (2) maintaining adequate funds in debt service reserve accounts; and (3) making its semi-annual debt service principal and interest payments. (See PDF Page 33)	N/A	2021 (FY 2018-19)	There is no change and no updates on this audit finding. This finding essentially indicates that the District is not in compliance with a certain provision of its Bond indenture related to the collection of assessments, deficiency in the reserve account, and making principal and interest payments on Bonds. The subject District Bonds are in default solely due to the former developer abandonment of the entire project, including the fact that no new developer has shown interest in acquiring the property as of this writing. The District has a final judgment in favor of the District for the delinquent properties and, has foreclosed on all of the delinquent properties. The District has fully complied with the obligations set forth in the Bond indenture in the event of special assessment defaults and has fully cooperated with direction provided by the Indenture Trustee with respect to the defaults. As such, although the assessments remain unpaid due to economic conditions, the District has and will continue to work closely with the trustee and bondholders towards a solution. Unfortunately, there is no foreseeable conclusion to this finding unless and until another developer purchases this property and/or works out an agreeable solution to the delinquent assessments.	Yes
		<u>IC2016-01/IC2015-01 - Expenditures/Expenses</u> : Expenditures are made from an account over which the District has no direct control or authority, and the funds to cover these expenditures are taken from an account maintained in the debt service fund by the Trustee. No supporting documentation is provided to the District for the transactions. The auditors recommend that the District work with the Trustee to obtain sufficient documentation to support Special Purpose Entity activity. (See PDF Page 34)	N/A	2021 (FY 2018-19)	Prior year correspondence stated that the audit finding is related to expenditures that are made by the Trustee, pursuant to the Trust Indenture, because the District is in default on the Bonds and the Trustee controls those disbursements. The District will continue to work with the trustee to obtain documentation. <u>Most recent status</u> : There is no change and no updates on this audit finding.	Yes

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CFM Community Development District	Lee County	<u>IC2010-1 - Debt Administration</u> : At fiscal year-end, the District was not in compliance with certain provisions of its Debt Service Bond indenture for the Unexchanged Series 2004A Bonds only, including those relating to: (1) collecting amounts to provide payment of debt service; and (2) making its semi-annual debt service principal and interest payments. (See PDF Page 33)	N/A	2021 (FY 2018-19)	As also noted in prior year correspondence, during a prior year, the Trustee, on behalf of the bondholders, created a Special Purpose Entity (SPE) to own, manage, and dispose of the land subject to delinquent debt service assessments. Additionally, during a prior year, the SPE, the Trustee, and the District entered into a tri-party Project Transfer and Transition Agreement, whereby the SPE conveyed its interest in certain lots to D.R. Horton, Inc. (Horton). The Trustee has temporarily deferred payment of the principal and interest on the bonds and has directed the District to defer collection of debt service assessments until such time as the Trustee notifies the District otherwise. The SPE has been continuing to work with Horton, in order to transfer the land under control by the SPE. In October 2017, the SPE sold an additional 238 lots to Horton, and as a result has assumed the responsibility of paying the ongoing debt service assessments for these lots, following a two-year abeyance period ending 11/1/2019. On 8/20/2019, the District and the Trustee, at the direction of the bondholder, restructured the outstanding bonds by trifurcating them into three different series of bonds. The trifurcation, among other things, provides for the orderly and continued development of the remaining developable property within the District. As of the date of the trifurcation, the Series 2004A-1 and 2004A-2 Bonds were no longer in default. In addition, the SPE was working on several improvements for Phase 2 lot development enhancing the marketability of the remaining unsold property. <u>Most recent status</u> : In the first quarter of 2021, the remaining undeveloped property securing the Series 2004A-2 Bonds was sold by the SPE to a majority-owned subsidiary of Horton. Improvements are being made on this development, which will result in the District being able to comply with the bond indenture, as such was amended by the trifurcation, including the fully funding of the debt service reserve, collecting debt service assessments, and making its semi-annual debt service payments.	Yes

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Chapel Creek Community Development District	Pasco County	<u>12-01 - Failure to Make Debt Service Payments When Due:</u> In current and prior years, the District did not pay all of the principal and interest due on the Series 2006A Bonds, due to Landowner nonpayment of debt service assessments and Special Purpose Entity purchase of the land. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition described in Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 32)	N/A	2021 (FY 2018-19)	The SPE has sold all of the property in its ownership with the exception of a small commercial piece of property. The sale of the property will enable the District to refinance the defaulted bond issue and dissolve the SPE, which will then eliminate the need for an appraisal with the result being elimination of the repeat audit findings. Also, it is important to note that the District is currently collecting sufficient annual assessments to fund its operating expenses. The District does not require any financial assistance from the State.	Yes
		<u>12-03 - Failure to Include Component Unit Financial Statements in the Financial Report:</u> The District did not include the Special Purpose Entities (SPEs) New Chapel Creek, LLC and Chapel Creek CDD Holdings, LLC as component units in the District's financial report as required by generally accepted accounting principles. The auditors recommend that the District include the SPEs as blended component units of the District's government-wide and fund financial statements. (See PDF Page 31)	MW	2021 (FY 2018-19)	See Response to Finding #12-01 above.	Yes

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Concorde Estates Community Development District	Osceola County	<u>13-01 - Financial Condition Assessment</u> : The District's financial condition has deteriorated. In prior years, the Developer failed to pay debt service assessments, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The restructured agreement requires no current payments, and the District is now funded; however, the overall effect of these actions on the District's financial condition cannot be determined at this time. (See PDF Page 32)	N/A	2021 (FY 2018-19)	The District is taking full corrective action as it relates to foreclosing upon its non ad valorem assessments and has filed a foreclosure lawsuit in 2019 against all delinquent landowners with delinquent assessments against their property. A Notice of Cause at Issue has been filed with the Court, and the parties are currently waiting for the final hearing to be set. The District's position is that all corrective actions have been taken at this point, and the District continues to work with all interested parties to provide a resolution to this matter.	Yes

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Creekside Community Development District	St. Lucie County	<u>2020-01 - Financial Condition Assessment</u> : The former Developer and certain Landowners have largely stopped funding the District, and the future of the project remains uncertain. As a result, certain scheduled debt service payments were made, in part, by draws on the Debt Service Reserve Account in prior fiscal years. In addition, the District did not have sufficient funds to make certain scheduled debt service payments in the prior, current, and subsequent fiscal years, and, as a result, the payments were not made when due and, in some cases, remain unpaid. The District's failures to make its scheduled debt service payments when they are due are considered events of default. However, during FY 2019-20 the District obtained title to certain lots which were delinquent on paying assessments. Subsequent to fiscal year-end, the District entered into a contract for the sale of the land for \$4,759,153 and is expected to use the proceeds to pay the amounts owed on the Bonds of \$2,876,100 and allocated \$625,817 to the general fund. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30)	N/A	2021 (FY 2018-19)	Prior year correspondence stated: The District has authorized filing of a foreclosure lawsuit against one of the major landowners with delinquent assessments on their property. The District will not be able to correct the auditor's findings until successful completion of the foreclosure lawsuit and sale of the property. At the Bondholder's request, the foreclosure was not pursued; due to the reduced value of the property, the expenses of foreclosure could not be justified. Subsequently, a large portion of the delinquent property escheated to St. Lucie County and was then deeded to the District from St. Lucie County. In cooperation with the Bondholder, these properties will be marketed to builders and proceeds of the sale(s) will be applied toward the outstanding 2006 Bond Assessments. The District was also working on a Settlement Agreement with another landowner regarding past due assessments. The District continues to make progress toward having the repeat finding corrected; unfortunately, the finding will be repeated. <u>Most recent status</u> : There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes

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The Crossings At Fleming Island Community Development District	Clay County	<u>15-01 - Failure to Make Debt Service Payments When Due</u> : In the current and prior years, the District did not pay the entire principal and interest due on the Golf Course Revenue Bonds Series 1999 because operating revenues are insufficient. At fiscal year-end, the District was in default per the Trust Indenture. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 38)	N/A	2021 (FY 2018-19)	Prior year correspondence stated: The District has worked diligently for many years in an effort to bring debt service payments current on its golf course revenue bonds. This includes, but is not limited to, funding and completing over \$1.5M of capital improvements, as well as adopting and following recommended actions contained in the study performed by the National Golf Foundation conducted in early 2020. The District has also explored the viability of a tender offer to redeem the defaulted bonds from current bondholders at a discount. <u>Most recent status</u> : The District continues to make necessary capital improvements in the golf course facilities in order to improve the financial results of the golf course; however, there have been limited positive results to date. The District has sufficient excess operating revenues to pay operating cost and doesn't require any financial assistance from the State.	Yes
		<u>15-02 - Failure to Meet Debt Service Reserve Account Requirement</u> : At fiscal year-end, the Debt Service Reserve Account was deficient because the balance in the Debt Service Reserve Account was used to pay debt service expenditures. At fiscal year-end, the District was in default per the Trust Indenture. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 38)	N/A	2021 (FY 2018-19)	See Response to Finding #15-01 above.	Yes

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Doctors Memorial Hospital	Holmes County	<p><u>2018-002 - Accruals and Balance Sheet Presentation:</u> Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with generally accepted accounting principles (GAAP). Material audit adjustments were required to adjust estimated third-party payer settlements, Medicare costs report bad debt receivables, prepaids, accounts payable, accrued vacation, and other accounts. Internal controls were not sufficient to detect certain misstatements in the financial statements. The auditors recommend that management continue to focus on strengthening internal controls surrounding financial reporting and the proper presentation of financial statements in accordance with GAAP and ensure that appropriate measures are taken to record all assets and liabilities. The auditors further recommend that financial close procedures include an analysis of all prepaid expenses, accrued expenses, debt and related accounts, and estimated third-party payer settlements. (See PDF Page 47)</p>	MW	2021 (FY 2018-19)	<p>The Hospital is comparing all general ledger accounts balances to a worksheet that calculates the current balances of prepaid expenses and accrued expenses, debt and related accounts, and estimated third-party payer settlements. The Hospital will be strengthening internal controls surrounding financial reporting and proper presentation of financial statements with GAAP and will take steps to ensure that measures are taken to record all assets and liabilities.</p> <p>Additionally, the Hospital has instituted a process of performing an interim cost report to more accurately estimate third-party payer settlements. An additional staff member has been added and a new CFO was hired in September 2020.</p>	Yes

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Fred R. Wilson Memorial Law Library	Seminole County	<u>2011-3 - Electronic Cash Disbursements</u> : The Library uses the SunTrust online bill pay portal. It has been noted that this system does not require Trustee approval to safeguard payment against improper amounts and unauthorized vendors, although a Trustee approves the actual physical invoice. The auditors recommend that the Library institute a Trustee approval step within the financial institution's electronic disbursement system. (See PDF Page 29)	N/A	2020 (FY 2017-18)	The Library has limited staff that consists of two librarians. The three Board of Trustees are volunteers appointed by the Seminole County Board of County Commissioners. The Trustees are all active members of the Florida Bar who are not employed by the law library, but have active private law practices. The purpose of the Board of Trustees is to meet quarterly to approve budget, payroll, financial statements prepared by an outside CPA firm, and purchase and cancel publications and contracts. It is not feasible that any of the Trustees stand over the librarian while online bills are paid. Before each bill is paid, the librarian submits all bills to a Trustee, who then reviews and signs and dates the bills, therefore approving its payment. The CPA employed by the Library has access to all bank statements and all records regarding expenditure and revenue. This is a check in place that monitors all possible fraud (of which none has occurred in the 15+ years the librarians have been employed at the Library). The Library employs an additional CPA firm for the yearly audit, and the auditor has access to all financial statements and all other required information. The Board of Trustees feels that the above controls mitigate the risks associated with any underlying deficiencies.	Yes
Fronterra Community Development District	Collier County	<u>2020-01 - Adjusting Journal Entries</u> : It was necessary for the auditors to propose numerous journal entries to correct account balances for financial reporting. The auditors recommend that management ensure that accounts are reconciled during the year to ensure appropriate recording of transactions. (See PDF Page 29)	N/A	N/A	N/A	Yes

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George E. Weems Memorial Hospital	Franklin County	<p><u>2018-001 - Accrual Basis Accounting</u>: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with generally accepted accounting principles (GAAP). Multiple accounts and financial statement line items required adjustment or reclassification in order for the financial statements to be presented in accordance with GAAP. Such adjustments included proper presentation of cash, accounts receivable and related reserves, prepaid expenses, accounts payable, estimated third-party payer settlements, and property, plant and equipment. Further, various accounts were not reconciled (or not reconciled timely) to the subsidiary ledgers at fiscal year-end, resulting in some of these adjustments. The high level of management and accounting staff turnover during and just before fiscal 2019 was a contributing factor. The auditors recommend that management focus on strengthening internal controls surrounding financial reporting and the proper presentation of financial statements in accordance with GAAP. (See PDF Page 32)</p>	MW	N/A	N/A	Yes

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George E. Weems Memorial Hospital (Continued)	Franklin County (Continued)	<u>2018-002 - Inventory</u> : Though physical inventory counts were conducted at fiscal year-end, various valuation issues were noted, which included instances of items valued by the box, and instances in which the pricing used for valuation did not reflect the lower of cost or market. The auditors recommend that management implement new processes and controls surrounding inventory ordering, receiving, and tracking such that item costs within the Hospital's inventory tracking software are updated regularly using appropriate unit measures. (See PDF Page 32)	MW	N/A	N/A	Yes
		<u>2018-003 - Accounting and Finance Staffing</u> : Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with generally accepted accounting principles (GAAP). Such responsibility includes hiring and retaining effective and experienced staff to conduct such activities. Processes and controls in place in fiscal 2019 were not sufficient to maintain effective internal control over financial reporting which resulted in other audit findings. The auditors recommend that the Hospital invest in the hiring of accounting staff and focus on retention of existing staff to ensure that existing control activities can be properly conducted and new policies and controls, necessary to address the findings noted in the audit report, can be established and followed. (See PDF Page 33)	MW	N/A	N/A	Yes

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Gramercy Farms Community Development District	Osceola County	<u>12-03 - Failure to Meet Debt Service Reserve Account Requirement:</u> The Trust Indentures require the District to keep minimum amounts in the Debt Service Reserve Accounts. The Debt Service Reserve Accounts were deficient at fiscal year-end, and the District is not in compliance with all Trust Indentures. The auditors recommend that the District utilize all legal remedies available to collect assessments and replenish the Debt Service Reserve Accounts. (See PDF Page 32)	N/A	2021 (FY 2018-19)	The District has taken all necessary and available actions in order to comply with the Trust Indenture. A SPE was formed and took ownership of the unplatted land. During a prior year, the bonds were restructured to enable the District to continue with development of the property and completion of the construction project as amended. Due to the restructure, there is no anticipation that funds deposited in the trust accounts will be used to replenish the reserve account relating to the Series 2007 bonds. Such bonds will either be paid off or forgiven when all SPE land is sold. Progress is being made on the lot sales. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes
		<u>12-04 - Financial Condition Assessment:</u> The District's financial condition has deteriorated. In a prior year, the Developer failed to pay debt service assessments because of lack of funds, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The restructured agreement requires no current payments, and the Special Purpose Entity (SPE) is now funding the District; however, the overall effect of these actions on the District's financial condition cannot be determined at this time. The auditors recommend that the District utilize all legal remedies available to improve the present financial condition. (See PDF Page 35)	N/A	2021 (FY 2018-19)	In a prior year, the Developer failed to pay debt service assessments, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The restructured agreement requires no current payments. The overall effect of these actions on the District's financial condition cannot be determined at this time. As lots are sold, there are funds available per the requirements in the Trust Indenture to pay all or a portion of the Series 2007 bonds, and these funds will be used for that purpose. Although failure to make bond debt service payments when due is considered a condition of financial emergency, going forward this finding only applies to the Series 2007 bonds and was agreed upon by the Bondholders when the bonds were exchanged. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes

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Gramercy Farms Community Development District (Continued)	Osceola County (Continued)	<u>12-01 - Failure to Include Component Unit Financial Statement in the Financial Report:</u> The Special Purpose Entity (SPE) is not included as a component unit in the District's financial report. Due to the lack of control by the District and that the SPE's primary beneficiary is the Bondholders, the District's position is that the SPE is not a component unit of the District. The auditors recommend that the District include the SPE as a discretely-presented component unit of the District's government-wide financial statements. (See PDF Page 34)	N/A	2021 (FY 2018-19)	Management does not agree that the SPE should be included as a blended component unit on the government-wide financial statements. [Committee staff note: The auditor recommended, in the 2016-17, 2017-18, and 2018-19 fiscal year audit reports, that the District include the SPE as a discretely presented component unit, not a blended component.] Management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit for the following reasons: (1) The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE; (2) The District will not benefit from the activities of the SPE; (3) When the land held by the SPE is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt; and (4) The District will not be responsible for any deficiency between the net proceeds of the sale of the SPE-owned land and the associated Bond debt not satisfied or secured by assessments. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes

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Heritage Isles Community Development District	Hillsborough County	<u>2009-01 - Debt Administration</u> : The District continues to meet a condition described in Section 218.503, Florida Statutes [Financial Emergency Condition], in that it failed to make the required debt service payments on the Series 1999 Recreational Revenue Bond, which are secured by the pledged revenue of the Golf Course and Restaurant. (See PDF Page 42)	N/A	2021 (FY 2018-19)	Prior years' correspondence described a brief history and status of the District, stating that the District owns and operates an 18-hole golf course and supporting restaurant and, unfortunately, the recreational golf industry continues to suffer declining play and revenues in recent years, resulting in an account deficit in the District's Enterprise Fund. The District's Series 1999 Recreational Revenue Bonds (Bonds) are true "revenue bonds," solely payable from and secured by the "Pledged Revenues" for the Bonds, effectively defined in the Bond Indenture as the net operating revenues from the golf course and the Restaurant. Therefore, if the golf course and the Restaurant fail to generate net operating profits, the bondholders do not receive payment. The District's Board of Supervisors (Board) has diligently worked to reduce the operational expenses and maximize profitability of the golf course related operations; however, such operations have not generated sufficient net operating revenues to make further payments on the Bonds for FY 2012-13 through current. The financial conditions of the Golf Course Facilities (Facilities) over the past 8+ years remains unchanged, in that the operating revenues fall short of funding all of the annual costs and expenses associated with the Facilities. The District previously used reserve funds to tender payments to certain bondholders for the Bonds. In recent years, the Board made reserve funds available to support both the golf course and the Restaurant operations to ensure that both of these recreational facilities could remain viable and continue to operate.	Yes

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Heritage Isles Community Development District (Continued)	Hillsborough County (Continued)	<u>2009-01 - Debt Administration</u> (Continued)			<u>Most recent status:</u> As of May 2021, the operations of the Facilities and Restaurant have not made a profit for the District to: (1) pay back any remaining principal and interest outstanding as to the subject recreational bonds, or (2) refund the District's reserve account. Accordingly, full corrective action has not been taken by the District to make the required debt service on the remaining portion of the outstanding principal and interest associated with the Bonds because these funds are being used to maintain the operations and viability of the Facilities and Restaurant. However, most importantly, even though the District is not able to make debt service payments on the Bonds, the District's FY 2019-20 audit indicates that the District has sufficient funds on hand to pay its general operations and maintenance expenses. The Board has no plans to close either the Facilities or the Restaurant, primarily due to the detrimental effect such a closure might have on the property owners in the District, and will continue making diligent efforts to maximize and improve operational revenue from both the Facilities and the Restaurant.	

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Heritage Isles Community Development District (Continued)	Hillsborough County (Continued)	<u>2014-01 - Financial Condition</u> : The Restaurant and Golf Course operated at a deficit for the fiscal years ended September 30, 2014 through 2019. The Restaurant and Golf Course operated at a small profit for the 2019-20 fiscal year. (See PDF Page 43)	N/A	2021 (FY 2018-19)	Prior years' correspondence described a brief history and status of the District, stating that the District owns and operates an 18-hole golf course and supporting restaurant and, unfortunately, the recreational golf industry continues to suffer declining play and revenues in recent years, resulting in an account deficit in the District's Enterprise Fund. The District's Series 1999 Recreational Revenue Bonds (Bonds) are true "revenue bonds," solely payable from and secured by the "Pledged Revenues" for the Bonds, effectively defined in the Bond Indenture as the net operating revenues from the golf course and the Restaurant. Therefore, if the golf course and the Restaurant fail to generate net operating profits, the bondholders do not receive payment. The District's Board of Supervisors (Board) has diligently worked to reduce the operational expenses and maximize profitability of the golf course related operations; however, such operations have not generated sufficient net operating revenues to make further payments on the Bonds for FY 2012-13 through current. The financial condition of the Golf Course Facilities (Facilities) over the past 8+ years remains unchanged, in that the operating revenues fall short of funding all of the annual costs and expenses associated with the Facilities. No material changes or events have occurred to the Facilities, and the financial performance of the Facilities remains relatively static due to market conditions and the age of the Facilities. The Board is very attentive to the financial condition issue and continues to take corrective action to favorably address the audit finding. For example, during FY 2015-16, the District incurred significant expense renovating the "greens" to ensure the golf course remains competitive and attractive in the market place. In addition, a renovation of the Restaurant was also completed, which appears to have improved food service operations. The District entered into a new three-year commercial lease for the Restaurant and golf course concessions in November 2017.	Yes

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

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Heritage Isles Community Development District (Continued)	Hillsborough County (Continued)	<u>2014-01 - Financial Condition</u> (Continued)			<u>Most recent status:</u> In September 2020, the District entered into a three-year extension of the lease for the Restaurant, and more recently restructured the golf program and hired a new golf manager to manage the Facilities and golf programing. Further, like most businesses dependent upon physically present customers, both the Facilities and the Restaurant recently suffered impacts directly associated with the COVID-19 pandemic. The Board has no plans to close either the Facilities or the Restaurant, primarily due to the detrimental effect such a closure might have on the property owners in the District, and will continue making diligent efforts to maximize and improve operational revenue from both the Facilities and the Restaurant. The Board continues to make efforts to stabilize the Restaurant operations and improve revenues of the Facilities. This is an ongoing effort, and the Board believes it is in the best interest of the District and its residents to continue to operate in this manner.	
Highlands Soil and Water Conservation District	Highlands County	<u>2020-001 - Posting of Refundable Advances:</u> The refundable advances received for grant projects were incorrectly reported as revenue. Not posting advances received on contracts to a liability account resulted in overstating revenues and understating liabilities for the current year. The auditors recommend that, in addition to reconciling the activity of the grant project tracking sheets to the general ledger, the District also reconcile the corresponding balance sheet accounts. (See PDF Page 57)	SD	N/A	N/A	Yes

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Holley-Navarre Fire Protection District	Santa Rosa County	<u>2020-01 - Classification of Pensionable and Non-pensionable Wages</u> : Several inaccuracies with the classification of pensionable and non-pensionable wages in the payroll records were encountered during the testing of employee contributions. The State of Florida requires that wages be accurately classified between pensionable and non-pensionable when entered into the Plan's accounting software in order to determine required employee contributions. The auditors recommend that management implement internal controls to ensure wages are properly classified between pensionable and non-pensionable when entered into the accounting software. (See PDF Page 44)	SD	N/A	N/A	Yes
		<u>2020-02 - Incorrect Compensation</u> : During audit testing of a sample of approved employee pay rates, the auditors found that four employees were compensated using pay rates that were inconsistent with the pay rates in the revised collective bargaining agreement. The auditors recommend that management implement internal controls to ensure employees are paid in accordance with the most current collective bargaining agreement. (See PDF Page 44)	SD	N/A	N/A	Yes

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Holt Fire District	Okaloosa County	<u>2020-05 - Timely Completion of Bank Account Reconciliations:</u> During the 2014, 2017, 2018, and 2019 audits, the auditor made the District aware that bank account reconciliations in the District's accounting system (Quickbooks) were not prepared on a timely basis. The auditor noted that the District prepares a manual reconciliation for the cash activity that is reviewed during the regular monthly meetings. The District stated it would complete the reconciliations at a minimum on a quarterly basis. During audit testing for the 2020 audit, the auditor discovered that bank reconciliations in QuickBooks were not completed on at least a quarterly basis. The auditor recommends that the District prepare bank reconciliations in QuickBooks on a regular basis. (See PDF Page 37)	SD	N/A	N/A	Yes
		<u>2020-04 - Improper Account Coding:</u> During audit testing, the auditor discovered that credit card payments were entered into the general ledger but the individual purchase transactions were not coded to the proper expense account. This creates an understatement of expenses and overstatement of liabilities. The auditor recommends that the District enter credit card transactions individually and prepare a monthly reconciliation of the credit card statements. (See PDF Page 36)	SD	N/A	N/A	Yes

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Holt Fire District (Continued)	Okaloosa County (Continued)	<p><u>2020-03 - Compliance with the District's purchasing policy:</u> The District does not have a formal written purchase policy, but indicated that at a minimum it requires a source document (receipt) as proof of purchase which identifies the item purchased. The District also requires approval by the Board of Commissioners for all purchases \$500 or greater. During audit testing, multiple purchases were identified that did not have a proper source document. The auditor recommends that the District develop a formal written purchasing policy (to include debit card and credit card purchases) so that all purchasers are aware of the policy. (See PDF Page 36)</p>	SD	N/A	N/A	Yes
		<p><u>2020-06 - Requirement to Maintain an Official Website:</u> The Special District Handbook provided by the Florida Department of Economic Opportunity requires special districts to maintain an official website that complies with accessibility and minimum content requirements. During audit testing, the auditor identified that the District had established a website which contained more information than last year, but did not meet the minimum content required. The auditor recommends that the District complete the construction of its website in order to make it accessible to the public with the minimum content requirements. (See PDF Page 37)</p>	N/A	N/A	N/A	Yes

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Housing Finance Authority of Volusia County	Volusia County	<u>2020-001 - Preparation of Financial Statements</u> : The Authority's system of internal control over the objective of reliability of financial reporting contains certain deficiencies. Certain adjustments were required to be made to the accounting records prior to the start of the audit process and during the process of the audit related to accounts receivable, notes receivable, accounts payable, deferred revenue, operating revenue, operating expenses, and net position. Since these adjustments, if not recorded, would have resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness. (See PDF Page 18)	MW	N/A	N/A	Yes

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Immokalee Water and Sewer District	Collier County	<u>2018-1 - Financial Reporting</u> : Significant adjustments to the account balances for the 2017-18 fiscal year were required during the audit of financial statements. The initial trial balance provided for the audit contained incorrect balances for accounts payable, retainage payable, contributed capital, net assets and fixed asset additions. This was due to the turnover of administrative staff and the increase in the volume and complexity of financial transaction postings, which were beyond the experience and training of the District's staff. The auditors recommended that the District obtain or designate a qualified individual to provide assistance to review monthly account balances and prepare month-end closing adjustments. During the 2018-19 fiscal year, the District contracted with an accounting professional experienced in governmental accounting to assist in the monthly and annual closing and reconciliation process. As a result, significant improvements were made; however, not all areas were addressed due to the timing of the implementation. During the 2019-20 fiscal year, the District continued to experience turnover in administrative staff. A new Executive Director was hired during the fiscal year, and a Finance Director was hired subsequent to fiscal year-end. Efforts are being focused to systematically review the District's accounting and operations to improve the closing and reconciliation process. However, significant audit adjustments were proposed due to the timing of the implementation. (See PDF Page 65)	MW	N/A	N/A	Yes

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Indian Trail Improvement District	Palm Beach County	<p><u>2020-01 - Internal Control Policies and Procedures:</u> During the performance of current and prior year audit procedures, the auditors noted that the District's internal controls system could be improved. Conditions identified included: (1) Untimely reconciliation and posting of transactions, including bank reconciliations and payroll, which may contribute to errors and omissions not being identified and corrected in a timely manner. While timing improved in the current fiscal year, delays were still evident; (2) The qualified public depository annual report was not filed by the statutory deadline; and (3) Numerous adjusting journal entries were proposed during the audit to correctly state account balances. The auditors recommend that the District continue to improve its internal control policies and procedures to ensure that all transactions are timely and accurately reflected in the District's accounting records. In addition, the auditors recommend that the District improve procedures to ensure all permit documentation is properly filed and readily accessible and improve internal control policies and procedures to ensure compliance with all statutory requirements. (See PDF Page 70)</p>	SD	N/A	N/A	Yes

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Indigo Community Development District	Volusia County	<u>2020-01 - Financial Condition Assessment:</u> The District's financial conditions continue to deteriorate. The debt service fund had a negative fund balance of \$2,242,012 at fiscal year-end. In the prior, current, and subsequent fiscal years, major landowners in the District failed to pay significant portions of their assessments. As a result, certain debt service payments were not made, resulting in events of default. In addition, the District has not met the debt service reserve requirement. The District is economically dependent on the major landowners of the District. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31)	N/A	2021 (FY 2018-19)	Prior year correspondence described history and status of the District: Major landowners failed to pay their annual debt service assessments securing the Series 1999C and Series 2005 Bonds. As a result, the District had to utilize the funds in reserve accounts to make debt service payments and subsequently utilized the uniform collection method to ensure a more secure collection method of debt service assessments. Unlike other areas of the state, the real estate market for lands within the District has not recovered. Accordingly, the District has taken various actions in coordination with the major landowners, bondholders, and bond trustee in order to resolve the continued financial problems. The District has declared the project complete for economic reasons, allowing the District to redeem \$6.8 million of outstanding bonds and reduce its annual debt service payments. The District has executed two settlement agreements with major property owners that included payment of past due delinquent Operation and Maintenance and Debt assessments for the Series 1999C and 2005 Bonds. In addition, the District has commenced foreclosure proceedings on several parcels which have delinquent assessments. These actions don't result in the total correction of the continued finding; however, it represents significant progress towards that accomplishment. The District continues to pursue resolution to the continued repeat audit finding as expeditiously as possible. <u>Most recent status:</u> There has been no material additional corrective action taken by the District from what was provided in the prior year response. The District's operating revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the state.	Yes

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Lakeside Plantation Community Development District	Sarasota County	<u>2018-01 - Debt Administration</u> : The reserve balance at fiscal year-end was less than the reserve balance required by the Trust Indenture. The auditors recommend that the District take the necessary steps to restore the reserve balance to the required balance. (See PDF Page 34)	N/A	2021 (FY 2018-19)	Prior year correspondence described history and status of the District relating to the District's acceptance of a deed in lieu of foreclosure of certain land within its boundary due to the nonpayment of debt service assessments levied on such property. In relation to this transaction and as permitted by the District's trust indenture, a majority of the bondholders caused a distribution of 95% of the Reserve Account in June 2004, which distribution has resulted in this ongoing audit finding. <u>Most recent status</u> : There have been no material changes in relation to the amount of funding in the District's Reserve Account. Given the circumstances in which the Reserve Account was depleted, the District has not previously desired to assess landowners and residents in order to replenish the Reserve Account. As in prior years, the District does not presently intend to assess such landowners and residents and remains under no obligation to do so. Alternatively, the District has actively investigated the viability of refinancing its outstanding Bonds, the result of which would likely require the establishment and funding of a new reserve account. The District has continued to monitor the ongoing financial climate in order to determine whether a potential for refinancing may exist. However, despite the Board's ongoing interest, the District has yet to be presented with any viable refinancing options to date.	Yes
Legends Bay Community Development District	Manatee County	<u>2018-01 - Budget Administration</u> : The actual expenditures in the General Fund exceeded the budget which is a violation of Section 189.016, Florida Statutes. (See PDF Page 32)	N/A	N/A	N/A	Yes

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Leon County Educational Facilities Authority	Leon County	<u>2020-001 - Fixed Charges Coverage Ratio</u> : The loan agreement related to the financing of the Heritage Grove Project requires that the project be operated in such a manner that the Fixed Charges Coverage Ratio (Ratio) be at least 1.2. In the event that it falls below 1.2, the LCEFA Ocala Road, LLC (LLC) is required to engage a financial consultant to submit a report containing recommendations to remedy the Ratio noncompliance. In no event shall the Ratio fall below 1.00. The Ratio for the current fiscal year was (0.34). Since the Ratio is less than 1.00, an event of default is deemed to have occurred as defined in Section 1001 of the Trust Indenture. (See PDF Page 38)	N/A	2020 (FY 2017-18)	On 10/29/2019, LCEFA Ocala Road, LLC entered into a settlement agreement with the bond issuer. As such, compliance with these covenants is now the responsibility of the Receiver and not LCEFA Ocala Road, LLC.	Yes
		<u>2020-002 – Operating and Debt Service Reserve Requirements</u> : The Trust Indenture requires that LCEFA Ocala Road, LLC (LLC) maintain an "Operating reserve fund" of \$500,000. At fiscal year-end, the "Operating reserve fund" has not been funded. In addition, the Trust Indenture requires the balance of the debt service reserve fund be equal to or greater than the current debt service requirement for the bonds. At fiscal year-end, the amount deposited in the debt service reserve fund was \$66,128, which is less than the debt service requirement. (See PDF Page 39)	N/A	2020 (FY 2017-18)	On 10/29/2019, LCEFA Ocala Road, LLC, entered into a settlement agreement with the bond issuer. As such, compliance with these covenants is now the responsibility of the Receiver and not LCEFA Ocala Road LLC.	Yes

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Leon County Educational Facilities Authority (Continued)	Leon County (Continued)	<p><u>2020-003 - Deteriorating Financial Condition:</u> The results of the auditors' financial condition assessment procedures produced results indicating a deteriorating financial condition evidenced by unfavorable financial indicators, including income from operations that are insufficient to cover annual debt service, a deficit in the net position representing the Authority's investment in capital assets net of related debt, a deficit in the Authority's unrestricted net position, and current liabilities in excess of current assets in the LCEFA Ocala Road, LLC Fund resulting from the classification of long-term debt as current due to noncompliance with certain debt covenants. These conditions have resulted from a number of factors including: (1) structural damage from original construction of facilities at LCEFA Ocala Road, LLC including legal and maintenance fees incurred during the litigation proceedings against the contractors, (2) accrued interest on Southgate Series B Bonds, and (3) bonded debt in excess of the carrying value of the collateralized property. During the 2017-18 fiscal year, the Authority restructured the debt on the Southgate property and received funds from the settlement of litigation on the LCEFA Ocala Road, LLC property. During the 2019-20 fiscal year, the Authority and the LCEFA Ocala Road, LLC negotiated a settlement agreement that upon execution appointed a receiver as discussed in Note 8 to the Financial Statements. (See PDF Page 42)</p>	N/A	2021 (FY 2018-19)	<p>During 2020, LCEFA Ocala Road, LLC entered into a settlement agreement with the bond insurer. As such, compliance with debt covenants is now the responsibility of the court-appointed Receiver and not the LCEFA Ocala Road, LLC. The Authority believes the appointment of a receiver to be the best of a limited number of options for LCEFA Ocala Road, LLC. While the Authority prevailed in mediation for a settlement of the construction litigation, the proceeds were not enough to remediate the extensive deficiencies in the problems stemming from the original construction, make the needed upgrades, operate the property, and service the existing debt.</p> <p>The Authority believes the current low occupancy rate stems from a combination of factors, including poor aesthetics caused by the shoring systems in every building, the dated interiors of the apartment units, the ongoing developments in FSU's fraternity system, and the recent Covid-19 impact. The Authority's understanding is that the Receiver is working multiple paths simultaneously that include remediating and updating the property, as well as considering other strategic alternatives for the project.</p>	Yes

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Longleaf Community Development District	Pasco County	<u>2020-01 - Budget</u> : Actual expenditures exceeded appropriations in the general fund at fiscal year-end. The auditors recommend that the District amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted. (See PDF Page 31)	N/A	2021 (FY 2018-19)	For FYs 2016-17 through 2018-19, the Board simply failed to adopt a budget amendment as required by law. For FY 2019-20, the Board did adopt an amended budget in accordance with Section 189.016(6), Florida Statutes; however, the amount by which the expenditures exceeded appropriations were still higher than the amended budget. Management will work with the Board to ensure that, if an amended budget is needed, it accounts for all expenditures.	Yes
Madeira Community Development District	St. Johns County	<u>16-01 - Debt Administration</u> : The District had not made scheduled debt service payments on the Special Assessment Revenue Bonds, Series 2007, since 2010. The scheduled debt service payments for the current fiscal year were not made on time; however, the District has reduced the past due balances and no longer meets a financial emergency condition outlined in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 33)	N/A	2021 (FY 2018-19)	The District is pursuing delinquent assessments. Pursuant to the Bond's Trust Indenture, the Bondholders and the Trustee are authorized to direct remedial proceedings upon the failure of the District to make debt service payments on the Bonds. To date, the Bondholders have directed the District to refrain from remedial actions. Accordingly, the District is deferring to the direction of the Bondholders and the Trustee regarding such remedial proceedings, including the collection of debt assessments. Several lots have had the debt accelerated and prepaid. In April 2019, the Trustee redeemed \$705,000 of Series 2017A bonds and \$280,000 of Series 2007B bonds. The District's position is that corrective action, within the ability of the District, has been taken relating to the finding.	Yes
		<u>16-02 - Debt Administration</u> : The reserve balance was zero at fiscal year-end. The auditors recommend that the District use all available remedies to restore the reserve account to the required balance. (See PDF Page 33)	N/A	2021 (FY 2018-19)	As stated in the response for Finding #16-01 above, the Bondholders and the Trustee provide direction to the District, including whether to replenish the debt service reserve account. At this time, the Bondholders have not requested the account to be fully funded. Additionally, the reserve account cannot be fully replenished without collecting debt assessments, which are not presently being collected in full as a result of direction from the Bondholders and the Trustee.	Yes

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Madison County Health and Hospital District	Madison County	<u>2020-002 - Information Technology</u> : The Chief Financial Officer and the human resource officer have access to more system modules than necessary to complete job-related tasks, creating a lack of segregation of duties in various processes including the financial reporting, cash, payroll, and accounts payable functions. Due to the nature of operations, there are not enough personnel to adequately staff all functions, creating the need for key personnel to perform tasks outside their normal duties. The auditors recommend that a review process of system access be performed to determine which access is necessary to carry out day-to-day activities and limiting access, where possible. The auditors further recommend that an additional review process be implemented at the administrator or Board level for areas where segregation is not possible. (See PDF Page 36)	SD	2021 (FY 2018-19)	The Hospital has addressed the system modules' access of personnel by limiting access only needed to carry out day-to-day activities for several staff members. A quarterly review of user access is continuing to be performed to remove access not currently needed. Currently only the CFO and human resource officer have access to more system modules than recommended. However, due to staffing constraints and the multiple hats culture of critical access hospitals, there are not enough personnel to adequately staff all functions, creating the need for the CFO and human resource officer to perform tasks outside their normal duties. The Hospital has also implemented additional CEO reviews where possible. Unfortunately, for the CFO and human resource officer to properly perform their duties, they still have access that creates segregation of duties issues for audit purposes.	Yes
Magnolia Creek Community Development District	Walton County	<u>2019-01 – Fixed Assets</u> : No appraisal was performed on the land acquired by the Special Purpose Entity (SPE) through foreclosure proceedings. The financial statements of the SPE are not stated materially correct because of the omission of the value for the land held for resale. In prior years, the auditors recommended that an annual appraisal be performed on the property owned by the SPE to determine its value as of the end of each fiscal year. (See PDF Page 35)	MW	2021 (FY 2018-19)	Magnolia Creek CDD Holdings, LLC is a Florida limited liability company (LLC) established by the District to hold lands acquired by the District through the foreclosure of special assessment liens. No appraisal was performed on the land owned by the LLC due to lack of available funds by the District. The District's position is that corrective action, within the ability of the District, has been taken relating to the finding.	Yes

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Magnolia Creek Community Development District (Continued)	Walton County (Continued)	<u>2019-02 - Financial Condition, Meet Debt Service Reserves, Make Debt Service Payments:</u> The District's financial condition continues to deteriorate. The Developer failed to pay assessments in prior fiscal years. As a result, the District foreclosed on the related property which was acquired by the Special Purpose Entity (SPE). Certain scheduled debt service payments were not made in the prior and current fiscal years, which resulted in events of default. Further, the reserve requirements have not been met and the Debt Service Fund reported a negative fund balance of \$27,999,721 at fiscal year-end. The auditors recommend that the District take all legally available steps to remedy the deteriorating financial condition. (See PDF Page 35)	MW	2021 (FY 2018-19)	The District has taken all necessary and available actions in order to comply with the Trust Indenture. In November 2013, a final judgment of foreclosure conveyed the certificate of title on the property subject to the foreclosure to the successful bidder, Magnolia Creek CDD Holdings, LLC (LLC). The LLC's activities with respect to the Foreclosure Properties are governed by a tri-party agreement between the District, the LLC, and the Trustee pursuant to the Master Trust Indenture and First Supplemental Trust Indenture for the Series 2007 Bonds. Pursuant to the tri-party agreement, the LLC has agreed to own, maintain, sell, and/or dispose of the Foreclosure Properties for the benefit of the District, who, in turn, acts for the benefit of the owners of the Series 2007 Bonds in relation to maintenance and disposal of the Foreclosure Properties. The LLC has assumed responsibility for delinquent operating and maintenance assessments owed to the District and has agreed to pay future operating and maintenance assessments. At this time, it is uncertain as to when and if the reserve fund will be replenished. The District's position is that corrective action, within the ability of the District, has been taken relating to the finding.	Yes

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Majorca Isles Community Development District	Miami-Dade County	<p><u>2020-01 - Statute Compliance - Budget Adoption:</u> Florida Statutes require Districts to have: (1) a proposed budget prepared by the District Manager to be submitted to the Board for approval on or by June 15; (2) its Board approve the proposed budget by resolution and set a separate date for a public hearing on the adoption of a final budget which is advertised; (3) a notice of the hearing published in a newspaper of general circulation for at least 15 days before the public hearing; and (4) the final budget adopted by the Board prior to October 1. The District approved the final budget without having approved a proposed budget or approving a public hearing date to consider adoption of final budget. In addition, actual expenditures exceeded appropriations in the general fund for the 2019-20 fiscal year. The auditors recommend that the District take the necessary steps to comply with the Florida Statutes pertaining to the Board approving a proposed budget, setting the public hearing, and adopting the final budget. In addition, the auditors recommend that the District amend the budget during the fiscal year or within the statutory guidelines to ensure that all expenditures are properly budgeted. (See PDF Page 31)</p>	N/A	N/A	N/A	Yes

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Majorca Isles Community Development District (Continued)	Miami-Dade County (Continued)	<u>2020-02 - Statute Compliance - Audit Deadline:</u> Florida Statutes require governmental entities to file an annual financial report and a copy of the financial audit report with the State within 9 months of the end of the fiscal year. Both the annual financial report and the annual financial audit report for the fiscal year ended September 30, 2020 were not filed by June 30, 2021. The auditors recommend that the District take the necessary steps to comply with the Florida Statutes and file both reports within the statutory time frames. (See PDF Page 31)	N/A	2021 (FY 2018-19)	The District has hired a new District Manager whose management responsibilities, among other things, is to ensure that the District files its annual financial report and a copy of its financial audit report with the State within nine months of the end of the fiscal year.	Yes

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Meadow Pointe IV Community Development District	Pasco County	<u>13-01 - Failure to Make Debt Service Payment When Due:</u> The Special Assessment Revenue Bonds, Series 2004, 2005, 2007, and 2012, require semiannual interest and principal payments per the Bond Indenture. In the current and prior years, interest and principal were not paid on the bonds, respectively. In prior years, debt service assessments were not paid to the District due to landowner bankruptcies. Due to bond restructures in prior years, the special assessment liens on the unexchanged bonds have been extinguished. As of fiscal year-end, the District was not in compliance with the requirements of the bond indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to bring the debt service payments current. (See PDF Page 37)	N/A	2021 (FY 2018-19)	In a prior year, the Trustee, on behalf of the bondholders, created a Special Purpose Entity (SPE) to own, manage, and dispose of land taken in lieu of foreclosure from three significant landowners of the District. The District, the Trustee, and the SPE entered into a tri-party agreement whereby the SPE assumed responsibility for the prior year debt service assessments owed to the District related to the land owned by the SPE. Also, in a prior year, the bonds were restructured and portions of the Series 2004, 2005, and 2007 bonds were exchanged for Series 2012A-1 and A-2 bonds; the unexchanged portions are still outstanding. As part of the restructure, the debt assessment lien has been transferred from the Series 2004, 2005, and 2007 bonds to the Series 2012 bonds. During FY 2013-14, a portion of the Series 2012B-2 bonds were exchanged for Series 2014A bonds. Subsequently, the SPE sold all of the remaining lots to a developer to complete the development. As the developer sells lots, funds are remitted to the Trustee to pay principal and interest on the unexchanged bonds. The principal on the restructured bonds is in forbearance until the maturity date. In FY 2018-19, the District paid \$501,598 of the matured interest payable, and in FY 2019-20 \$897,830 of matured interest payable has been paid. The District's position is that corrective action, to the extent it can be at this time, has been taken relating to the finding.	Yes

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Meadow Pointe IV Community Development District (Continued)	Pasco County (Continued)	<u>13-03 - Failure to Include Component Unit Financial Statement in the Financial Report:</u> The Special Purpose Entity (SPE) is not included as a component unit in the District's financial report. Due to lack of control by the District and that the SPE's primary beneficiary is the Bondholders, the District's position is that the SPE is not a component unit of the District. The auditors could not audit the records or include the SPE as a discretely-presented component unit in the District's government-wide financial statements. The auditors recommend that the District include the SPE as a discretely-presented component unit in the District's government-wide financial statements. (See PDF Page 38)	N/A	2021 (FY 2018-19)	Management does not agree that the SPE should be included as a discretely-presented component unit on the government-wide financial statements. Management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit for the following reasons: (1) The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE; (2) The District has not benefitted from the activities of the SPE; (3) When the land held by the SPE was sold, the proceeds were paid to the Bondholders to satisfy the Bond debt; and (4) The District will not be responsible for any deficiency between the net proceeds of the sale of the land and the associated Bond debt. Additionally, the SPE has sold its remaining lots to a subsequent developer for the purposes of finishing the development. Therefore, the SPE is no longer a landowner within the boundaries of the District; however, it still remains active. The District's position is that corrective action, to the extent it can be at this time, has been taken relating to the finding.	Yes
Midtown Miami Community Development District	Miami-Dade County	<u>2012-01 - Fund Equity:</u> The District continues to report a net position deficit in the Enterprise Fund at fiscal year-end for which sufficient resources were not available to cover the deficit. (See PDF Page 41)	N/A	2021 (FY 2018-19)	As in prior years, the net position deficit is attributable to the fact that depreciation occurs at a faster rate than the current principal reduction payments on the bonds. As such, this finding will be repeated for many years to come. In other words, the magnitude of annual principal payments will increase year over year, and they will eventually overtake annual depreciation expense, thereby resolving the net deficit over time. It is also worth noting that the District has a strong cash position as revenues substantially exceed expenses less depreciation, which is a non-cash item. As well, from FY 2013-14 to FY 2018-19 the net position deficit has been reduced by 38%.	Yes

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Montecito Community Development District	Brevard County	<u>2017-01 - Financial Condition Assessment:</u> The District's financial conditions continue to deteriorate. The Developer and certain major landowners failed to pay a significant portion of the assessments in fiscal years 2009-2015, resulting in significant delinquent assessments. As a result, reserve funds were used to partially pay certain required debt service payments during the current and prior fiscal years. In addition, certain required debt service payments were not made during the prior, current, and subsequent fiscal years, resulting in events of default. The reserve requirement on the Series 2006A Bonds has not been met as a result of the financial condition of the District. Further, the debt service fund reported a deficit fund balance at fiscal year-end. The auditors recommend that the District continue taking the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 35)	N/A	2021 (FY 2018-19)	Prior years' correspondence stated that the District and Bondholders were working to alleviate this issue through efforts to collect delinquent assessments. The Trustee, on behalf of the Bondholder, created or caused to be created a Special Purpose Entity (SPE) to own, manage, and dispose of the property subject to the delinquent Series 2006 assessments. The District, Trustee, and SPE entered into a tri-party agreement whereby the District will bill the SPE for operations and maintenance assessments. However, the debt service assessments will be held in abeyance and continue to constitute a lien on the property. If the SPE is successful in selling the land, the amount of debt service assessments to be collected by the District is uncertain at this time. The District approved construction contracts for the necessary improvements to develop the final phase of the District's development that is the primary reason for the finding. The property was being sold to builders and homeowners, resulting in additional annual assessments being collected which is reducing the deteriorating financial condition. Once the final lot is sold on this project, the remaining unsecured debt will be cancelled, and the finding will be removed from future audit reports. <u>Most recent status:</u> There has been no material corrective action taken by the District other than what was reported in prior year responses. However, the SPE has sold all of the property securing the Series 2006 Bonds, which will require the holders of the District's Series 2006 Bonds to take various actions that should correct the repeat finding beginning with FY 2020-21. Also, it is important to note that the District is currently collecting sufficient annual assessments to fund its operating expenses and does not require any financial assistance from the State.	Yes

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Naturewalk Community Development District	Walton County	<u>12-01 - Failure to Meet Debt Service Reserve Requirements:</u> The Trust Indenture requires the District to maintain certain minimum amounts in the Debt Service Reserve Accounts. The District has not maintained the required reserve amounts for several years. The auditors recommend that the District utilize all legal remedies available to collect assessments and replenish the Debt Service Reserve Accounts. (See PDF Page 34)	N/A	2021 (FY 2018-19)	The District's lack of sufficient funds in the Reserve Accounts was due to certain landowners failing to pay their debt service special assessments securing the District's Special Assessment Bonds, Series 2007A and 2007B (the Bonds), when due. The District and the Bondholders have been working to alleviate these issues. In a prior year, the District had entered into a Forbearance Agreement with KLP Destin, LLC, KLP Destin II, LLC, and the successor Trustee for the Bonds, which stated that "so long as KLP and District comply with the terms of this Agreement, the District shall not be in default under the Indenture and any prior defaults shall be deemed to have been cured." The Forbearance Agreement expired in February 2013, at which time all installment payments were due to the District. All installment payments were received in full with the final installment being received in March 2014. Furthermore, certain property identified in the Forbearance Agreement was conveyed from KLP Destin, LLC, to New Naturewalk, LLC, a special purpose entity (SPE) established by the Trustee for purposes of owning, managing, and selling such property in an effort to minimize the adverse impacts resulting from nonpayment of a portion of the debt service assessments. It is uncertain as to when and if the reserve fund will be replenished with funds received either per the Forbearance Agreement or in connection with a sale of the property owned by the SPE. It is the District's position, nevertheless, that corrective action, within the ability of the District, has been taken relating to the finding.	Yes

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Naturewalk Community Development District (Continued)	Walton County (Continued)	<u>12-02 - Failure to Make Bond Debt Service Payments When Due:</u> The District has been unable to make the required debt service payments when due since November 2015. The auditors recommend that the District use all legal remedies available to collect delinquent assessments and bring debt service payments current. (See PDF Page 34)	N/A	2021 (FY 2018-19)	In January 2015, outstanding principal and interest payments on the Bonds were satisfied. However, findings #12-01 and #12-02 are repeated in the FY 2018-19 audit report as, subsequent to November 2015, principal and interest payments had not been made in full due to insufficient funds in the trust accounts because of SPE-related expenses being paid by the Trustee. The Trustee, on behalf of the Bondholders, has instructed the District to hold all debt service assessments in abeyance. It is the District's position, nevertheless, that corrective action, within the ability of the District, has been taken relating to the finding.	Yes
		<u>15-01 - Failure to Include Component Unit Financial Statements in the Financial Report:</u> The District failed to include the financial statements of the Special Purpose Entity (SPE) as a discretely presented component unit in its financial statements as required by governmental accounting standards. The auditors recommend that the District include the SPE financial statements in future annual reports. (See PDF Page 33)	N/A	2021 (FY 2018-19)	Management does not agree that the SPE should be included as a discretely-presented component unit on the government-wide financial statements. Management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit for the following reasons: (1) The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE; and (2) The District has not benefitted from the activities of the SPE.	Yes
Palm River Community Development District	Hillsborough County	<u>2020-01 - Failure to Make Debt Service Payments When Due:</u> In the current and prior years, the District did not pay the principal and interest due on the Series 2007A and 2007B Bonds because it did not receive sufficient debt service assessments due to a Developer's non-payment and the subsequent Special Purpose Entity's acquisition of the Developer's land within the District. The District is not in compliance with the Trust Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service current. (See PDF Page 31)	N/A	2021 (FY 2018-19)	For FYs 2016-17, 2017-18, and 2018-19, the District met the financial emergency condition. For FY 2018-19, the Special Purpose Entity was negotiating a real estate sale for over two years, and existing assessments abeyant was to remain in effect until a real estate deal was complete. Upon completion of the sale, the Bonds would have been brought current, the Debt Service Reserve amount would have been recalculated, and Debt Service payments would have been made based on an updated amortization schedule. In FY 2019-20, the Board decided to dissolve the District. In the meantime, the trust is managing the property and is currently supporting any deficit needs of the operations.	Yes

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

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Palm River Community Development District (Continued)	Hillsborough County (Continued)	<u>2020-02 - Failure to Meet Debt Service Reserve Account Requirements:</u> At fiscal year-end, the Debt Service Reserve account requirements exceeded the balances in the Debt Service Reserve accounts. The Debt Service Reserve accounts were used to make prior year debt service payments on the Series 2007A and 2007B Bonds and to provide funds to the Special Purpose Entity for its use. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Accounts. (See PDF Page 31)	N/A	2021 (FY 2018-19)	See response to Finding #2020-01 above.	Yes
Polk Soil and Water Conservation District	Polk County	<u>18-02 - Budgets:</u> The District did not prepare or operate a budget for the fiscal year. The District is required by Florida Statutes and best financial practices to adopt a budget and produce financial reports comparing operations to budget. The auditor recommends that in the future the Board adopt an annual budget based upon its goal for the upcoming year. (See PDF Page 25)	MW	N/A	N/A	Yes

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Polk Soil and Water Conservation District (Continued)	Polk County (Continued)	<u>18-01 - Financial Statement Preparation Knowledge:</u> District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. The auditor also noted that the District, as a small entity with limited funding, will continue to have this finding and the Board is involved in the review and management of the District's financials. (See PDF Page 24)	MW	N/A	N/A	Yes
Portofino Isles Community Development District	St. Lucie County	<u>2014-01, 2015-01, 2016-01 - Financial Condition:</u> The debt service fund continues to maintain a deficit fund balance at fiscal year-end. The special assessments associated with the Series 2005 Bonds have not been collected since 2010, and, therefore after the reserve fund was depleted, there have not been funds available to make the required debt service payments. The Series 2005 Bonds are considered in default, and in accordance with the bond indenture a Special Purpose Entity (SPE) was established in a prior year to own, manage, maintain, and dispose of certain property associated with the delinquent Series 2005 Bond special assessments. (See PDF Page 34)	N/A	2021 (FY 2018-19)	Prior years' correspondence described brief history and status of the District: A special purpose entity (SPE) was created and holds title to certain developer-owned property within the District in lieu of foreclosure. The SPE was funding its share of the operating cost of the District; however, the findings had not been corrected and would not be corrected until the property is sold. <u>Most recent status:</u> There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes

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Portofino Vista Community Development District	Osceola County	<u>2020-01 - Financial Condition Assessment</u> : The Developer owns almost all of the benefitted property associated with the Series 2006 Bonds and has not paid its share of assessments for prior, current, and subsequent fiscal years. As a result, the District did not have sufficient funds to make the Series 2006A and Series 2006B debt service payments due 5/1/2010, or during fiscal years 2011-2020, as applicable. The District's failures to make its scheduled debt service payments, when due, are considered events of default. The District also has deficits in the debt service reserve funds. Furthermore, the District reported a negative fund balance of \$4,974,883 in the debt service fund. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30)	N/A	2021 (FY 2018-19)	Prior years' correspondence described the history and status of the District: The developer stopped paying assessments in prior fiscal years, and the District filed a lawsuit seeking to foreclose on all property benefitted by Series 2006 Bonds for which there were delinquent assessments. The District dismissed the foreclosure lawsuit subject to negotiations of a settlement agreement between landowner, debt holders, and the District. The District entered into a settlement agreement in November 2014 and established a special purpose entity (SPE) to own, maintain, and market for resale the property within the District that has delinquent assessments. Once the property is sold, the outstanding delinquent assessments will be satisfied, and the bonds secured by the assessments on this property will be paid or cancelled. Unfortunately, the District is not able to correct the findings while this process continues. <u>Most recent status</u> : There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes

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Reunion East Community Development District	Osceola County	<u>2020-01 - Financial Condition Assessment</u> : The prior Developer failed to pay assessments on both the Series 2002 and Series 2005 Bonds, and there are currently no special assessment revenues pledged to the Series 2002 and Series 2005 Bonds. The District did not make any of the scheduled debt service payments on the Series 2002 and Series 2005 Bonds during the current fiscal year. Also, the District is not in compliance with the reserve requirements for the Series 2002, 2005, and 2015-3 Bonds. In addition, the debt service fund reported a negative fund balance of \$9,528,511 at fiscal year-end. The auditors recommend that the District continue to take the necessary steps to alleviate the situation. (See PDF Page 32)	N/A	2021 (FY 2018-19)	Prior years' correspondence stated that the District issued the Series 2015, Special Assessment Refunding Bonds, in order to refund the defaulted Special Assessment Bonds, Series 2002A-2 and Series 2005 Bonds (Prior Bonds). However, at the request of the debt holders of the Prior Bonds, the Series 2015 Bonds did not refund 100% of the Prior Bonds; a portion of the Prior Bonds remains outstanding and in a defaulted state. Therefore, the audit findings will continue until the full cancelation of the Prior Bonds is completed. The District is continuing to pursue resolution to this matter. A Bond exchange and the Series 2015 Bond issue provided the District with the opportunity for the orderly and continued development of a portion of the Reunion development within the District, permitted the District to resolve delinquencies related with the exchanged bonds, and provided the District additional time within which to retire the obligations originally evidence by exchanged bonds. <u>Most recent status</u> : There has been no material additional corrective action taken by the District from what was provided in the prior response. The District continues to work with all interested parties to provide a resolution to this matter. Also, it is important to note that the District continues to collect sufficient annual assessments to fully fund the operating expense and debt service payments on the Series 2015 Bonds and Series 2015A Bonds and does not require any financial assistance from the State.	Yes

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Riverwood Estates Community Development District	Pasco County	<u>12-01 - Failure to Make Debt Service Payment When Due:</u> In the current and prior years, interest and principal were not paid on the Series 2006 Bonds. The Trustee has directed the District not to collect debt service special assessments. The District, therefore, is not receiving debt service assessments due to the Developer's nonpayment and the Special Purpose Entity (SPE) purchase of the land within the District. As of fiscal year-end, the District was not in compliance with the requirements of the bond indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 32)	N/A	2021 (FY 2018-19)	The Trustee formed a SPE to hold, manage, and dispose of the property on behalf of the Bondholders. During a prior year, the SPE took title to the Developer property through a credit bid sale. Also in a prior year, the interests in the SPE were assigned to Riverwood Estates Management, LLC, and the SPE agreement was terminated. The Developer has assumed the responsibility of funding the Operation and Maintenance of the District. The past due and future debt service payments will be held in abeyance until the Trustee notifies the District to the contrary. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes
		<u>12-02 - Failure to Meet Debt Service Reserve Account Requirement:</u> The District was not in compliance with certain provisions of the Bond Indentures in that the District did not maintain the required reserve requirement. Reserve funds were utilized in a prior year to make certain debt service payments at the request of the bondholders. (See PDF Page 31)	N/A	2021 (FY 2018-19)	The Developer has assumed responsibility for the operations and maintenance assessments. In prior years the Trustee, on behalf of the Bondholders, was funding the SPE using bond proceeds, including amounts in the Debt Service Reserve Account, which in turn were used to fund the District. This has resulted in the deficiency in the Debt Service Reserve Account. The deficiency will remain until the Trustee instructs the District otherwise. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes

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Riverwood Estates Community Development District (Continued)	Pasco County (Continued)	<u>12-03 - Failure to Include Component Unit Financial Statement in the Financial Report:</u> The Special Purpose Entity (SPE) is not included as a component unit in the District's financial report as required by generally accepted accounting principles. Due to the lack of control by the District and that the SPE's primary beneficiary is the bondholders, the District's position is that the SPE is not a component unit of the District. The auditors could not audit the records or include the SPE as a discretely-presented component unit in the District's governmental-wide financial statements. The auditors recommend that the District include the SPE as a discretely-presented component unit in the District's governmental-wide financial statements. (See PDF Page 33)	N/A	2021 (FY 2018-19)	Management does not agree that the SPEs should be included as blended component units on the government-wide financial statements. [Committee staff note: The auditor recommended, in the 2016-17, 2017-18, and 2018-19 fiscal year audit reports, that the District include the SPE as a discretely presented component unit, not a blended component.] In summary, management feels that it would be misleading to the users of the financial statements to include the SPEs as component units for the following reasons: (1) The District has no ownership and/or control over the SPEs and in no way can it impose its will on the SPEs; (2) The District will not benefit from the activities of the SPEs; (3) When the land held by the SPEs is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt; and (4) The District will not be responsible for any deficiency between the net proceeds of the sale of the SPE-owned land and the associated Bond debt not satisfied or secured by assessments.	Yes
South Fork III Community Development District	Hillsborough County	<u>2020-01 - Budget:</u> The District's actual expenditures exceeded appropriations in the general fund for the 2019-20 fiscal year. The auditors recommend that the District amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted. (See PDF Page 31)	N/A	N/A	N/A	Yes
Southern Hills Plantation I Community Development District	Hernando County	<u>2018-01 - Debt Administration:</u> The District utilized the reserve fund to make part of the May 2018 payment due on the Series 2011 A-1 bonds. The balance had not been restored to the reserve fund by year end. The auditors recommend that the District take steps to restore the reserve fund balance to the required amount. (See PDF Page 32)	N/A	N/A	N/A	Yes

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Southern Hills Plantation II Community Development District	Hernando County	<u>2020-01 - Failure to Make Bond Debt Service Payments When Due</u> : In prior years, the District did not pay required debt service on the Series 2004 Bonds. The District was unable to make the required debt service payments due to the nonpayment of debt assessments owed to the District. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to bring debt service payments current. (See PDF Page 32)	N/A	2021 (FY 2018-19)	For FYs 2016-17, 2017-18, and FY 2018-19, the District met the financial emergency condition. For FY 2019-20, the District was able to pay creditors when due; however, the finding regarding the failure to make debt service payment when due and the finding regarding the failure to meet debt service reserve account requirements will still be in place. The trust is currently supporting any deficit needs of the District's operations. In addition, the District recently foreclosed on the property, and the trust is preparing a plan to restructure the property for long-term performance.	Yes
		<u>2020-02 - Failure to Meet Debt Service Reserve Requirements</u> : At fiscal year-end, the Series 2004 Debt Service Reserve Accounts were deficient. In prior years, debt service reserves were used to pay debt service on the Bonds due to the Developer's nonpayment of assessments owed. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to replenish the Debt Service Reserve Accounts. (See PDF Page 32)	N/A	2021 (FY 2018-19)	For FYs 2016-17, 2017-18, and FY 2018-19, the District met the financial emergency condition. For FY 2019-20, the District was able to pay creditors when due; however, the finding regarding the failure to make debt service payment when due and the finding regarding the failure to meet debt service reserve account requirements will still be in place. The trust is currently supporting any deficit needs of the District's operations. In addition, the District recently foreclosed on the property, and the trust is preparing a plan to restructure the property for long-term performance.	Yes

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Sterling Hill Community Development District	Hernando County	<u>12-03 - Failure to Meet Debt Service Reserve Account Requirement:</u> The Series 2003 Debt Service Reserve Account was deficient at fiscal year-end. The balance in the Debt Service Reserve Account was used to pay prior year debt service on the Bonds. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 32)	N/A	2021 (FY 2018-19)	<p>The District and the Bondholders have been working to alleviate this issue. During a prior year, the Trustee formed a Special Purpose Entity (SPE), SPE 1, to own and maintain the property subject to delinquent Series 2006 assessments. In addition, during prior years, the District filed foreclosure against three landowners for failure to pay assessments due on the Series 2003B Bonds, and the Trustee formed SPE 2 to own and maintain the property subject to delinquent Series 2003B assessments upon transfer of ownership to the SPE. Also, in a prior year one landowner conveyed land to the SPE by delivering an executed deed in lieu of foreclosure, and a third SPE was formed to own and control land taken through foreclosure of the assessment lien. The District was taking all necessary and available actions in order to collect both Operations & Maintenance assessments and Debt assessments. In October 2015, one of the SPEs entered into a lot purchase agreement with a builder for development of 52 lots; all outstanding liability for the Series 2003A and 2003B assessments allocated to these lots were satisfied by the SPE. In February 2017, a further lot purchase agreement was approved for 104 lots; likewise the outstanding liability for the Series 2003A and 2003B assessments on those lots were satisfied as part of the sale. In September 2018, one SPE (Sterling Hill CDD Holdings, LLC) was dissolved. Only one SPE remains active. One undeveloped parcel of land remained, and the SPE continues to search for a homebuilder to purchase this land. Once all of the outstanding assessments have been collected, the Trustee, on behalf of the Bondholders, and the District will need to discuss the status of the debt service reserve funds and determine if they will be replenished to an appropriate level based on the Bond Indenture.</p> <p><u>Most recent status:</u> Pursuant to the District's cooperation with the Trustee's efforts to sell lots owned by the SPE to a builder, on 11/6/2019, the Trustee provided notice of cancellation of the Series 2006A and Series 2006B Bonds as of 10/22/2019 in accordance with direction from 100% of the Bondholders. Therefore, there are no longer any debt service reserve account requirements for the Series 2006 Bonds. The District's position is that corrective action, to the extent it can be at this time, has been taken.</p>	Yes

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Sterling Hill Community Development District (Continued)	Hernando County (Continued)	<u>12-04 - Failure to Make Debt Service Payments When Due</u> : In current and prior years, the District did not pay all principal and/or interest due on the Series 2003 Special Assessment Revenue Bonds. The District is not receiving debt service assessments due to landowner nonpayment and Special Purpose Entity purchase of the land within the District. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 32)	N/A	2021 (FY 2018-19)	The explanation to Finding #12-03 above also applies to this finding. As the Series 2006 Bonds were cancelled in 2019, there are no longer any debt service payments owed for the Series 2006 Bonds. The District reached out to the Trustee to discuss the status of the outstanding delinquent Series 2003B Bonds. Since most of the debt service for the Series 2003 Bonds are being made, especially at an interest rate higher than current municipal market rates, the District has been informed it is unlikely that the Bondholders would entertain any discussion relating to cancelling the delinquent Series 2003B Bonds. The District has performed all of its obligations under the Indenture and has attempted in good faith to resolve the findings, but it cannot compel the Bondholders or the Trustee to take action to resolve this issue. Consequently, the District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes

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Stevens Plantation Community Development District	Osceola County	<u>2020-01 - Financial Condition Assessment:</u> The District's financial conditions continue to deteriorate. The debt service fund had a negative fund balance of \$7,548,310 at fiscal year-end. In prior and current fiscal years, the District has been unable to make its debt service payments on the Series 2003A and Series 2003B bonds since November 2012 due to lack of funds. In addition, the District has not met the debt service reserve requirement. The non-payment of interest and principal payments, when due, are considered events of default. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30)	N/A	2021 (FY 2018-19)	Prior years' correspondence described the history and status of the District and the Stevens Plantation Improvement Project Dependent Special District (DSD), a component unit of the City of St. Cloud (City): The DSD was created by the City as a dependent special district for the purpose of facilitating the development of a mixed use development called Stevens Plantation within the City originally planned to include residential units (for current and future development), commercial use property, and a corporate campus; the DSD served as the initial landowner and master planner of the development. The District was created in 2003 to facilitate the financing and operation of common public facilities and infrastructure in Stevens Plantation and issued two series of bonds (2003A and 2003B) and levied two series of special assessments on all of the lands within Stevens Plantation. In 2003, under a separate bond indenture, the DSD issued bonds, the proceeds of which were applied to pay a portion of the purchase price of the DSD Lands. By 2007, the DSD had sold all of the current residential units to area builders; however, none of the commercial property, the corporate campus, or future residential units were sold. Bond reserve funds were used to pay interest on the Series 2003B Bonds and the DSD bonds until November 2012. The proximate cause of the conditions noted was the failure of the owners of certain parcels of land within the District (Delinquent Land) to pay special assessments. The District, as directed by the bondholders, initiated foreclosure proceedings on several of the District's Series 2003B Bond assessments liens.	Yes

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Stevens Plantation Community Development District (Continued)	Osceola County (Continued)	<u>2020-01 - Financial Condition Assessment</u> (Continued)			<u>Most recent status:</u> The unsold commercial parcels of the Delinquent Lands are owned primarily by the City, and those properties are currently listed for sale. A small number of parcels of the Delinquent Lands are residential lots that are defaulted in their Series 2003B lump sum bond payment; foreclosure actions have been filed and a number have settled, others remain in litigation or a judgment has been granted. The Bond Trustee and bondholder representatives are actively working with the District and the City to negotiate a resolution to the issues, and sales of the Delinquent Lands have occurred and are expected in the next few years. The large multi-use parcel is under contract for sale as of October 2020. The District's operating budget is balanced, and District operations continue uninterrupted, without regard to the Series 2003 Bond default. The District's operating budget is anticipated to be fully funded through operating assessments of performing lands, as it has been in past years.	

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Tolomato Community Development District	Duval County, St. Johns County	<u>2020-01 - Reserve Requirement</u> : As a result of unscheduled draws on the Series 2007A-2 and 2007-3 debt service reserve accounts to make certain scheduled debt service payments, the reserve requirements were not met at fiscal year-end. The auditors recommend that the District take the necessary steps to replenish the reserve accounts. (See PDF Page 38)	N/A	2021 (FY 2018-19)	In prior fiscal years, there were significant delinquent assessments, and, as a result, certain scheduled debt service payments due during the prior fiscal years were made, in part, by draws on the debt service reserve accounts. The issuance of Series 2019 Special Assessment Refunding Bonds resulted in fully funding the Reserve Fund Accounts of two of the four bond issues referenced in the audit finding. The Series 2007A-1 and Series 2007-1 Bonds were refunded which includes fully funding the Reserve Fund Accounts. However, the remaining two bond issues, Series 2007A-2 and Series 2007-3, remain outstanding with unfunded Reserve Fund Accounts. While this action represents significant progress towards correcting the continued finding, the finding will not be removed from the District's FY 2019-20 audit. The District's general fund budget is fully funded, allowing the District to properly operate and maintain the infrastructure which it controls. Also, the District's operating revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the State.	Yes
Trails Community Development District	Duval County	<u>20-02 - Failure to Meet Debt Service Reserve Account Requirement</u> : The Debt Service Reserve Accounts were deficient at fiscal year-end. The balances in the Debt Service Reserve Accounts were used to pay prior year debt service on the Bonds. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 31)	N/A	2021 (FY 2018-19)	Concurrent with the re-issuance of the Bonds, the District executed the First Amendment to the First Supplement Trust Indenture which modified the Debt Service Reserve Requirement. The District currently meets the revised Debt Service Reserve Requirement. The District's position is that corrective action, to the extent it can be at this time, has been taken. [Committee staff note: Letter is referring to this as Finding #18-02.]	Yes

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Trails Community Development District (Continued)	Duval County (Continued)	<u>14-01 - Financial Condition Assessment</u> : The District's financial condition has deteriorated. In a prior year, the Developer failed to pay debt service assessments, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The Developer is now assessed on the property they own but the debt has not been restructured. The overall effect of these actions on the District financial condition cannot be determined at this time. (See PDF Page 32)	N/A	2021 (FY 2018-19)	The deterioration of the District's financial condition relates to the nonpayment of debt service assessments, which are secured by the land within the District. The District entered into a settlement agreement which required the developer to convey the property to a special purpose entity (SPE) established on behalf of the Trustee. Prior year responses stated that this was done in lieu of foreclosing on such lands, and in cooperation with the Trustee and the bondholders. The SPE has sold its remaining land to a developer to finish the development, and the SPE was dissolved on 5/22/2017. The Developer also purchased 100% of the outstanding principal amount of the Series 2007 Bonds. Rather than pay the delinquent debt service assessments, the District and the Developer negotiated an indenture agreement which allowed for the cancellation of outstanding bonds in instances where the bondholder was also a landowner. Subsequently, in April 2021, all delinquent assessments and corresponding bonds (including both principal and interest) were cancelled, and the Bonds were re-issued to match anticipated assessment collection. The District's position is that corrective action, to the extent it can be at this time, has been taken.	Yes

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Treeline Preserve Community Development District	Lee County	<u>2020-01 - Financial Condition Assessment</u> : The District did not have sufficient funds to make the Series 2007 debt service payments due during fiscal years 2010-2020, as applicable; consequently, the payments were not made. The District's failures to make its scheduled debt service payments, when due, are considered events of default. The District also has deficits in the debt service reserve fund. Furthermore, the District reported a negative fund of \$7,861,378 in the debt service fund. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31)	N/A	2021 (FY 2018-19)	Prior years' correspondence provided a history and status of the District: The Developer and owner of all the assessable land in the District failed to pay prior years' annual assessments to fund the operations of the District and make annual debt service payments. The District filed a lawsuit seeking to foreclose on all of the land for which there were delinquent assessments. In February 2016, the Court granted the District's Motion for Summary Judgment against the Defendant/Counter-Claimant, as to all claims, and the District obtained an order for summary judgment against all remaining parties. The District obtained an Amended Final Judgment in the foreclosure litigation in December 2017, and the Judgment was assigned to the SPE on 1/5/2018. The Judicial Sale of the property was conducted on 1/12/2018, the winning bid was issued to the SPE, and the Certificate of Title was issued on 1/23/2018, to the SPE. The SPE has clean title of the property and will operate, maintain, and market the property for sale to another developer. The development approvals, clearing permits, and traffic concurrency approvals from applicable parties have been obtained. City infrastructure approvals have also been obtained, but will require some revisions. As of 12/31/2018, the Planned Unit Development was underway, and the initial meeting with the City of Ft. Myers was positive. Certain items (as described in the prior year letter) needed to occur in order for the SPE to sell the property to a potential developer in order to collect past due assessments so the continued finding can be corrected. <u>Most recent status</u> : There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes

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Waterford Estates Community Development District	Charlotte County	<u>2020-01 - Financial Condition Assessment:</u> As a result of delinquent assessments for current and prior fiscal years, certain scheduled debt service payments were not made, resulting in events of default. In addition, the debt service funds reported a negative fund balance of \$4,514,850 at fiscal year-end, and the reserve requirement has not been met. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30)	N/A	2021 (FY 2018-19)	Prior years' correspondence described brief history and status of the District: A special purpose entity (SPE) was created and deeded the property formerly owned by the developer and major landowner in lieu of foreclosure. The SPE continues to own, maintain, manage and market the property for resale. As of 3/1/2016, the District had sold 97 lots to a builder. However, until all of the property owned by the SPE is sold, the findings will not be corrected. The current majority landowner continues to sell lots to a national homebuilder who is selling homes to future homeowners. The District's overall ending fund balance improved by approximately \$300,000 in FY 2015-16. Unfortunately, this improvement was not sufficient to correct the continued findings by the District's auditor. <u>Most recent status:</u> There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes
Westside Community Development District	Osceola County	<u>2011-01 - Debt Administration:</u> The District made all scheduled debt service payments for the Series 2005-2 and Series 2007-2 Bonds; however, the District was unable to make the current year debt service payments for the unexchanged Series 2005 and Series 2007 Bonds. Subsequent to fiscal year-end the balance outstanding, after a payment was made, on the unexchanged Series 2005 and 2007 Bonds was forgiven. (See PDF Page 37)	N/A	2021 (FY 2018-19)	The District continues to take corrective actions which includes the issuance of three separate bond issues and the sale of the property securing the non-performing bonds during calendar year 2020. The sale of the property securing the non-performing bonds should result in the partial payment of the outstanding bonds with the balance of the bonds being cancelled by the bondholders. Unfortunately, the partial payment and the cancellation of the remaining bonds has not occurred at this time; therefore, this finding will be repeated in the FY 2019-20 audit report. The District's operating revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the state.	Yes
Windemere Special Dependent District	Hillsborough County	<u>2020-01 - Required Website:</u> The District has no official website to post certain required reporting information, as required by Section 189.069, Florida Statutes. The auditors recommend that the District create and maintain a website to comply with this statute. (See PDF Page 24)	N/A	2021 (FY 2018-19)	A website was created for the District in 2020.	Yes

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Woodlands Community Development District, The	Sarasota County	<p><u>13-01 - Failure to Make Debt Service Payments When Due:</u> In the current and prior years, the District did not pay all of the principal and interest due on the Series 2004A Bonds because the District did not receive special assessments from certain landowners. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 32)</p>	N/A	2021 (FY 2018-19)	<p>Prior years' correspondence stated that, in a prior year, the developer defaulted on debt assessment payments owed to the District, and as a consequence the District's financial condition deteriorated because it was economically dependent on the developer who owned the majority of land in the District. Foreclosure of the delinquent operations and maintenance assessments was not financially feasible. With respect to the undeveloped parcels encumbered by the delinquent debt assessments, the developer landowners and the Bond Trustee entered into a Forbearance Agreement in July 2013, in which the Bond Trustee agreed to take no enforcement action and to maintain the status quo until 10/31/2017. Subsequently, the Bond Trustee and the delinquent landowners directed the District to take no enforcement action, and in late 2013 the District became a party to the First Amendment to Forbearance Agreement, in which the District agreed, as directed by the bondholders, not to take enforcement action. During the past several years, new or renewed development in this project had taken hold and continued to improve. The District had also received revenue from tax certificate sales, which significantly improved its financial position. The District's general fund no longer reports a deficit, and all outstanding accounts are current. Since mid-2018 the District has been engaged in litigation filed by certain tax deed holders who acquired approximately 50% of the undeveloped property located in the District. This case was recently resolved adversely to the District, by a judicial decision finding the District's outstanding debt assessments on the undeveloped property are no longer enforceable. In light of this judicial decision, the District was uncertain to what extent corrective action was available to or may be exercised by the District, and how the auditor would respond to the judicial decree.</p>	Yes

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Woodlands Community Development District, The (Continued)	Sarasota County (Continued)	<u>13-01 - Failure to Make Debt Service Payments When Due</u> (Continued)			<p>The sole source of funds for payment for the outstanding bond debt consists of the debt assessments to be collected by the District, 50% of which were judicially extinguished. On 11/12/2019, the Second District dismissed the District's appeal on grounds that the trial court order did not fully dispose of the case.</p> <p><u>Most recent status:</u> To date, there has been no material change in the status of the pending litigation for the Debt Assessments for four undeveloped parcels. In late 2020, the new tax deed holder filed a motion to intervene as a party and a motion to stay pending resolution of related cases. The two undeveloped parcels (not affiliated with the litigation) under contract for sale to a homebuilder did close and their associated Debt Assessments were brought current, thereby reducing the amount of delinquent debt service payments. The Board has worked diligently to resolve these financial conditions and is in full compliance with the obligations of the Trust Indenture and the Forbearance Agreement, as amended.</p>	
		<u>13-02 - Failure to Meet Debt Service Reserve Account Requirement:</u> The Series 2004A Debt Service Reserve Account was deficient at fiscal year-end. The balance in the Series 2004A Debt Service Reserve Account was used to pay debt service payments. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Accounts. (See PDF Page 32)	N/A	2021 (FY 2018-19)	See Response to Finding #13-01 above.	Yes

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Wylde Palms Community Development District	Citrus County	<u>2020-01 - Financial Condition Assessment:</u> The District's financial conditions continue to deteriorate. The Developer failed to pay assessments during prior fiscal years. As a result, the District foreclosed on the related property which was acquired by the Special Purpose Entity (SPE). Due to a lack of sufficient funds, certain scheduled debt service payments were not made in the prior, current, or subsequent fiscal years, resulting in events of default. In addition, the reserve requirements of the Series 2007 Bonds have not been met. Further, the debt service fund reported a negative fund balance of \$20,142,290 at fiscal year-end. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30)	N/A	2021 (FY 2018-19)	<p>The District issued Capital Improvement Revenue Bonds, Series 2007A and 2007B, to fund capital improvements benefitting the District's property owners. Unfortunately, during the economic downturn the former developer of the land within the District encountered financial difficulties and was not able to pay District bond debt service assessments assigned to the developer's property. The inability to collect the developer's bond debt service assessments caused the District to default on its bond debt service obligations. Several years ago, pursuant to the trust indenture the District initiated a foreclosure suit to gain ownership to all developer-owned property located within the District (which served as the sole security for the repayment of the bond debt). Eventually, the foreclosure suit was successful, and title to all developer-owned property within the District has now been obtained by a special purpose entity (SPE) controlled by the District for the benefit of the bondholders. The District continues to cooperate with the trustee and bondholders in the marketing of the sale of this property, with the net sale proceeds being provided to the bondholders to satisfy all outstanding bond indebtedness.</p> <p>On 10/13/2020, the SPE entered into a Purchase and Sale Agreement (Agreement) with a prospective buyer; the Agreement includes a diligence inspection period contingency which is currently in progress. Closing is anticipated to take place within the next couple of months. The audit finding will be mitigated by the sale of the property, once that occurs. District staff consider the District's financial problems to be substantially addressed as a result of the successful foreclosure. Upon the sale of the foreclosed property, the District's balance sheet will improve dramatically. The District has retained a real estate company to market the foreclosed property for sale. However, District staff are still unable to predict with certainty the date on which the relevant audit finding will be corrected.</p>	Yes

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Zephyr Ridge Community Development District	Pasco County	<u>09-01 - Failure to Make Bond Debt Service Payments When Due:</u> The District has not made the required debt service payments when due since 2009 and did not make the required payments in the current year. The Series 2006 Bonds are in default, and the District has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments and make the required debt service payments when due. (See PDF Page 32)	N/A	2021 (FY 2018-19)	The SPE is in the process of selling all the property in its ownership with a closing schedule for the third quarter of 2021 with a national builder. The sale of the property will enable the District to refinance or restructure the defaulted bond issue and dissolve the SPE, which will eliminate the repeat findings. The District is currently collecting sufficient annual assessments to fund its operating expenses, The District does not require any financial assistance from the State.	Yes
		<u>09-02 - Failure to Meet Debt Service Requirements:</u> The District had used certain reserve account amounts to make debt service payments in prior years, and the reserve balances on hand do not meet the balances required by the Trust Indenture. The auditors recommend that the District utilize all legal remedies available to collect past due assessments and restore the reserve account to the required balance. (See PDF Page 33)	N/A	2021 (FY 2018-19)	See Response to Finding #09-01 above.	Yes
		<u>12-01 - Failure to Include Component Unit in Financial Statements:</u> The District did not include the Special Purpose Entity (SPE) as a discretely presented component unit in its financial statements as required by generally accepted accounting principles. The auditors recommend that the District work with the SPE to ensure that its financial activity is included in future financial statements. (See PDF Page 32)	MW	2021 (FY 2018-19)	See Response to Finding #09-01 above.	Yes

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FOOTNOTE/LEGEND:

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

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

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

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

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+6 9Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Alligator Point Water Resources District	Franklin County	<p>2020-001 - Preparation of Financial Statements: A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). For the current fiscal year, the District had no employees that are able to prepare the financial statements in accordance with GAAP. The auditors recommend that management select and apply the appropriate accounting principles to prepare the financial statements in accordance with GAAP. (See PDF Page 19)</p>	MW	2017 (FY 2014-15)	While it has been the District's practice to have its Fiscal Administrator prepare monthly financial reports for the Board of Directors and financial reports in preparation of the annual audit, the District has relied on the audit firm to identify and draft the financial statements and related note disclosures. It would be cost prohibitive to engage another accounting firm to draft the financial statements and related disclosures in advance of the year-end audit procedures.	No
		<p>2020-002 - Segregation of Duties: Due to the size of the District's accounting and administrative staff, certain internal controls are not in place that would be preferred if staff were large enough to provide optimum segregation of duties. One employee is responsible for billing utility customers, collecting payments, entering deposits into the accounting system, preparing bank reconciliations, and making deposits at the financial institution. Also, the District is using pre-signed checks, provided by the Board, in order to facilitate daily operations and transactions. This situation dictates that the Board of Directors (Board) remains involved in the financial affairs of the District to provide oversight and independent review functions. The auditors recommend that the Board continue to be actively involved in the District's transactions through review of monthly Board packets and financials. The auditors further recommend that the District not use pre-signed checks in its operations and consider alternative methods for payments. (See PDF Page 19)</p>	MW	2017 (FY 2014-15)	The District is aware of this control problem, which is existent due to the lack of staff and funding for additional staff. The District's Board of Directors will remain involved in the financial affairs of the District as legally acceptable and to the benefit of the District's customers.	No

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Aucilla Area Solid Waste Administration	Dixie County, Jefferson County, Madison County, Taylor County	<u>2013-1 - Financial Statement Preparation:</u> The Administration is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 35)	SD	2017 (FY 2014-15)	The Administration is a small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. Both staff and the Governing Board review the annual financial reports prepared by the audit firm utilizing these records and have the opportunity to ask any questions regarding the reports prior to its formal presentation at a scheduled meeting of the Governing Board. At this time, the Administration does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Avalon Beach / Mulat Fire Protection District	Santa Rosa County	<u>2020-002 - Adjustments to Financial Statements:</u> Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to be materially correct and generally accepted accounting principles. While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, the auditors recommend that the District strive to reduce the number of adjustments needed as much as possible. (See PDF Page 43)	MW	2020 (FY 2017-18)	The District hired an outside bookkeeper in September 2019. The District expects this will help to continue to reduce the number of proposed audit entries required by the auditors each year. Additional oversight by the Board has been implemented in order to reduce the risk caused by this internal control weakness. The District requests that: (1) it not be required to acquire the resources necessary to completely eliminate this finding in future audits, and (2) the auditors be allowed to continue to assist in proposing certain adjusting journal entries when necessary. The District will continue to be vigilant in seeking to continue to reduce the number of required audit entries every year.	No

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Avalon Beach / Mulat Fire Protection District (Continued)	Santa Rosa County (Continued)	<u>2020-001 - Lack of Segregation of Duties:</u> Due to the limited number of District staff available, certain accounting and administrative duties were not segregated sufficiently to achieve an adequate internal control structure. This increases the possibility that errors or fraud could occur and not be detected and corrected in a timely manner. While the costs associated with achieving proper segregation of duties currently outweigh their benefits, the auditors recommend that the District separate duties as much as possible and continue to implement compensating controls when possible to reduce risk to an acceptable level. (See PDF Page 42)	MW	2019 (FY 2016-17)	The local CPA retired several years ago, and the District, after much effort, has hired a new CPA. The District has now switched to a newly required bookkeeping system and is currently looking to employ a bookkeeper skilled in the new bookkeeping system. Once this person is hired, the District Treasurer and the Commissioners will implement certain compensating controls (specified in the response letter). The District has five paid full-time firefighters, and the remainder of the employees are volunteers, including the Commissioners and Treasurer.	No
Baker County Development Commission	Baker County	<u>2020-002 - Financial Reporting:</u> As part of the audit process, the auditors proposed material adjustments to the Commission's financial statements and assisted with the preparation of the financial statements. The proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the Commission consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving this process, the Commission will have an enhanced ability to monitor its budget position on an ongoing basis. (See PDF Page 28)	MW	2017 (FY 2014-15)	Because of limited staff, no one on staff has the education, training, or experience to always prepare the financial statements perfectly. However, with 30 years of business experience, the executive director has the ability to discuss entries and approve corrections when they are suggested by the accounting firm conducting the audits.	No

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Baker County Development Commission (Continued)	Baker County (Continued)	<u>2020-001 - Separation of Duties:</u> Because of a limited number of personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or all phases of a transaction. The Commission has implemented compensating controls to the extent possible, given available staff, to mitigate the risk of unintentional or intentional errors occurring and not being detected. The auditors recommend that, to the extent possible given available personnel, steps be taken to segregate employee duties so that no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 28)	MW	2017 (FY 2014-15)	Staff is limited to one full-time employee (the executive director) and two part-time employees. Compensating controls have been implemented, to the extent possible, given the limited number of available staff. All checks require two signatures. An individual independent of the receipting process prepares bank reconciliations. Finally, the Board reviews and approves all expenses before checks are approved.	No
Baker County Hospital District	Baker County	<u>2020-002 - Financial Reporting:</u> As part of the audit process, the auditors proposed material adjustments to the District's financial statements and assisted with the preparation of the financial statements. The proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the District consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving this process, the District will have an enhanced ability to monitor its budget position on an ongoing basis. (See PDF Page 22)	MW	2017 (FY 2014-15)	Because of limited staff, no one on staff has the education, training, or experience to always prepare the financial statements perfectly. However, with 30 years of business experience, the executive director has the ability to discuss entries and approve corrections when they are suggested by the accounting firm conducting the audits.	No

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Baker County Hospital District (Continued)	Baker County (Continued)	<u>2020-001 - Separation of Duties</u> : Because of a limited number of personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or all phases of a transaction. The District has implemented compensating controls to the extent possible, given available staff, to mitigate the risk of unintentional or intentional errors occurring and not being detected. The auditors recommend that, to the extent possible given available personnel, steps be taken to segregate employee duties so that no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 22)	MW	2017 (FY 2014-15)	Staff is limited to one full-time employee (the executive director) and two part-time employees. Compensating controls have been implemented, to the extent possible, given the limited number of available staff. All checks require signatures of two Board members; administrative staff is not authorized to sign checks. An individual independent of the receipting process prepares bank reconciliations. Finally, the Board reviews and approves all expenses before checks are approved.	No
Baker Fire District	Okaloosa County	<u>2020-01 - Financial Statement Preparation, Knowledge and Audit Adjustments</u> : The District is required to prepare financial statements in accordance with generally accepted accounting principles (GAAP), which requires knowledge of the accounting principles affecting the entity, including financial statement disclosure requirements, the awareness of changes occurring in the accounting industry that could impact the entity's financial statements, and the knowledge of resources for researching accounting issues. Due to its size, the District has elected to rely on an external auditor to propose audit adjustments and prepare its annual financial statements in accordance with GAAP. (See PDF Page 33)	MW	2021 (FY 2018-19)	The District believes the cost in correcting the weakness outweighs the benefits derived from additional controls. The District understands its responsibility as management to review and approve the draft financial statements and audit adjustments.	No

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Beach Mosquito Control District	Bay County	<u>2020-1 - Separation of Duties:</u> The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff was large enough to provide optimum separation of duties. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. Oversight provided by the Board of Commissioners (Board) has been a mitigating factor which prevents this from being a material weakness. The Board of Commissioners and the Director review the deposits and expenditures on a monthly basis and include their approval and comments in the minutes of the Board meetings to help override the lack of segregation of duties. However, the auditors still recommend that the segregation of duties be continuously reviewed and adjusted where possible to strengthen the system of internal control each year. (See PDF Page 51)	SD	2017 (FY 2014-15)	This finding may never be fully resolved due to limited staff. The District is a small government with limited staff and limited funds, and the Board of Commissioners does not believe that it is practical to hire another employee to assist in the separation of duties. Certain procedures have been implemented to address the lack of segregation of duties, such as the Commissioners and the Director reviewing the monthly deposits and expenditures and including approval and comments in the minutes of the Board meetings.	No
Cedar Key Water and Sewer District	Levy County	<u>2020-001 – Limited Segregation of Duties:</u> The District employs a limited number of personnel, and may not be able to adequately segregate certain duties at all times. Consequently, the possibility exists that unintentional errors or irregularities could exist. The auditors recommend that, the District segregate certain duties whenever practical, and the Board continues its practice of ongoing oversight to mitigate the control deficiency. (See PDF Page 19)	SD	2017 (FY 2014-15)	The District is a small governmental entity, and all accounting responsibilities are performed primarily by a single individual. The District understands this situation creates an internal control weakness and has adopted review and control oversight procedures by management and the Board Members, where possible. At this time, the District does not believe it is cost beneficial to hire additional staff, which would be required, to eliminate this finding. Compensating controls have been adopted and are described in the response letter.	No

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Fellsmere Water Control District	Indian River County	<u>2020-001 - Segregation of Duties:</u> The limited size of the District's staff does not allow for proper segregation of duties in each phase of operations, which is not unusual in an organization of the District's size. Although segregation of duties is necessary for optimum efficiency in internal controls, management does not believe it is cost beneficial for the District. The high degree of involvement by the Board of Supervisors in the financial process provides a degree of compensating control for this weakness. (See PDF Page 36)	SD	2017 (FY 2014-15)	The District has an office staff consisting of two persons, and the limited size of the staff does not allow for segregation of duties in each phase of operations. After this finding by the auditors, the Board has had a higher degree of participation in the financial process because of the limited number of employees. The District operates on a very limited budget making it impossible to reorganize the accounting functions to separate incompatible tasks by hiring another accounting employee. The Board understands the need to consider this as a prudent expense given all of the circumstances, but at this time does not feel it can justify the raising of assessments to achieve this goal.	No
Flagler Estates Road and Water Control District	St. Johns County	<u>2020-001 - Separation of Duties:</u> Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that no one employee has access to both physical assets and the related accounting records, or all phases of a transaction. The manager receives cash receipts, prepares and is a signor on checks, reconciles bank accounts, and enters general ledger transactions. The auditors recommend that, to the extent possible given available personnel, steps be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 32)	MW	2017 (FY 2014-15)	The District has contracted with an accounting firm to serve as treasurer for the District and perform monthly oversight of financial records. The District feels that this contractual arrangement provides a measure of mitigation to this finding. The District has also employed part-time help in an effort to segregate certain duties. However, with limited staff, the District is unable to fully resolve this finding.	No

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Flagler Estates Road and Water Control District (Continued)	St. Johns County (Continued)	<u>2020-002 - General Accounting Records</u> : As part of the audit process, it was necessary for the auditors to propose material adjustments to the District's financial statements and assist with the preparation of the District's financial statements. The proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the District consider and evaluate the costs and benefits of improving controls relative to the financial reporting process. (See PDF Page 32)	MW	2017 (FY 2014-15)	In general, the proposed audit adjustments related to the presentation of prepaid expenses and inventory in conformity with generally accepted accounting principles. The District's Board, in conjunction with the contracted accounting firm serving as the District's treasurer, have reviewed the entries and discussed the ramifications of implementing procedures to correct this condition. The District will review the recurring adjustments with the auditor and the treasurer in an attempt to alleviate this portion of the finding. However, the District feels that it is in the best interest of the District financially to continue to have the auditor assist in the preparation of the financial statements.	No
Fred R. Wilson Memorial Law Library	Seminole County	<u>2011-1 - Improve Knowledge of Internal Control over Financial Reporting</u> : The person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles (GAAP) in recording the Library's financial transactions or preparing its financial statements. The basis for this control issue is that the auditor cannot be considered part of the Library's internal control (i.e., cannot be substituted for elements within the Library's internal control system). The auditors recognize that this condition requires the Library's assessment of a cost effective solution. The auditors state that alternative solutions might include training accounting staff, hiring additional staff, engaging outside consultants, or obtaining assistance from knowledgeable volunteers to prepare financial statements in accordance with GAAP. (See PDF Page 29)	N/A	2017 (FY 2014-15)	The Library is a small entity, has relatively limited financial resources, and has only two full-time employees, both librarians. The Library has a CPA firm that prepares quarterly financial statements, and receives the bank statements prior to preparing these financial statements. Each quarter, all three of the Library's trustees review the bank statements and quarterly reports generated by the CPA firm. Much of the day-to-day financial transactions are administered jointly by the two librarians, both of whom have substantial experience handling the Library's affairs. The training and experience of the two librarians, together with the oversight provided by the Library's trustees (described in the letter), provide a consistent and reliable degree of care in the internal reporting of the Library's finances on a quarterly and annual basis.	No

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Fred R. Wilson Memorial Law Library (Continued)	Seminole County (Continued)	<u>2011-2 - Internal Control</u> : The auditors noted that 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 segregation of duties are, for all practical purposes, missing in the Library. The auditors recognize that the Library is not large enough to make the employment of additional people cost effective for the purpose of segregating duties and that this condition is quite common in many small organizations. Increased involvement of the Board of Trustees, such as reviewing and signing all disbursement checks, compensates to a degree for the absence of adequate segregation of duties. The auditors also recommend that a Trustee open and review all bank statements, reconciliations, and unfavorable budget variances. (See PDF Page 29)	N/A	2017 (FY 2014-15)	The Library only has two employees, both librarians. Due to limited resources, the Library cannot afford to hire additional employees without incurring a dramatic reduction in services provided to patrons. The librarians do provide joint oversight of the Library's daily financial transactions, which are reported and reviewed by the three Library trustees on a quarterly basis. Given the modest resources, lack of known instances of misuses, and limited transactions of the Library, compensating controls involving Board trustees' oversight (described in the letter) are the most extensive and responsible internal controls available to the Library.	No

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Gadsden Soil and Water Conservation District	Gadsden County	<u>2017-003 - Financial Reporting</u> : The District has a small accounting staff necessitated by its overall small size. The District relies on the external auditors to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). The District does not consider it cost effective to develop and maintain a system of internal accounting control sufficient by itself to allow the preparation of financial statements in accordance with GAAP, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect, or correct misstatements in audited financial statements. The auditors recommend that the District continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that, due to the size of its accounting department, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 34)	MW	2021 (FY 2018-19)	The District is a small organization with one part-time receptionist performing basic secretarial duties, who is shared with another agency. This District does not have the resources to hire a full-time person or someone with the knowledge/experience needed to prepare the financial statements. Hiring an outside firm or additional staff is also not within the District's ability due to limited finances. The District will continue to utilize the services of the District's auditors to ensure compliance.	No

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Gadsden Soil and Water Conservation District (Continued)	Gadsden County (Continued)	<u>2017-001 - Separation of Duties:</u> Custody of assets, record keeping and recording of assets should have adequate separation. Due to the size of the District and its small one-person bookkeeping system, proper separation of duties may not be feasible. The auditors recommend that management remain very active and involved in the day-to-day operations, records be maintained current and up-to-date, and controls be established to provide checks and balances. (See PDF Page 33)	SD	2021 (FY 2018-19)	The District has a part-time employee who is shared with another agency. The District is fiscally unable to hire another person to allow for the requested separation of duties. These issues may never be fully resolved because of the limited staff and limited resources. In an effort to address the concerns of the lack of separation of duties, the District's Board of Supervisors (Board) has taken the following steps: (1) A check request form must be completed for every check requested, which requires Board member approval and supporting documentation; (2) A monthly financial report is provided to the Board along with a copy of the bank statements; and (3) Two signatures are required on all checks. The District will continue conversations with the auditors to ensure staff are as effective as possible.	No
Gilchrist Soil and Water Conservation District	Gilchrist County	<u>14-01 - Financial Statement Preparation Knowledge:</u> District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 24)	N/A	2018 (FY 2015-16)	This District is a small governmental unit and cannot afford to hire an accounting professional with specialized knowledge to prepare governmental accounting financial statements. As a result, the auditors are significantly involved in the preparation of the financial statements. The auditors are not involved in the management of the District or in the safeguarding of District assets. The procedures for the handling of these aspects are examined in the audit.	No

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Hendry-La Belle Recreation Board	Hendry County	<u>2011-1 - Internal Control Over Financial Reporting</u> : The Board does not currently have the skills and competencies necessary to prepare the financial statements and to prevent, detect, and correct a material misstatement in its financial statements. The auditors recommend that the Board develop a strategy to address the material weakness in internal control over financial reporting. (See PDF Page 29)	MW	2017 (FY 2014-15)	Due to limited financial resources and fiscal staffing, this finding may not be resolved in the near future. The District does practice separation of duties to the fullest extent possible to minimize the possibility of errors in recording and reporting. The auditors perform a detailed review of the records, District staff reviews all audit adjustments independently, and the auditors answer any and all questions arising from the review prior to the preparation of the financial statements. The District is a simple operation that performs very limited activities, and the governing body has the business and operational insight to detect any material misstatements in the financial records.	No

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Holmes Creek Soil and Water Conservation District	Holmes County	<u>2007-001 - Financial Reporting</u> : The District relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). Since the auditor cannot be a part of the system of internal accounting control, the District's system of internal accounting control over the financial reporting is not sufficient by itself to prevent, detect, or correct misstatements in the audited financial statements. The District has a small accounting staff necessitated by its overall small size. The District does not consider it cost effective to develop and maintain a system of internal accounting control sufficient by itself to allow the preparation of financial statements in accordance with GAAP, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect, or correct misstatements in audited financial statements. The auditors recommend that the District continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that, due to the size of its accounting department, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 35)	MW	2016 (FY 2013-14)	Due to the District's small size and limited resources, this issue may never be fully resolved. The District considers the cost to implement and maintain a system of internal control to be prohibitive.	No

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Holmes Creek Soil and Water Conservation District (Continued)	Holmes County (Continued)	<u>2003-002 - Separation of Duties</u> : Custody of assets, record keeping, and recording of assets should have adequate separation. Due to the size of the District and its small one-person bookkeeping system, proper separation of duties may not be feasible. The auditors recommend that management remain very active and involved in the day-to-day operations, records be maintained current and up-to-date, and controls be established to provide checks and balances. (See PDF Page 34)	SD	2016 (FY 2013-14)	Due to the District's small size and limited resources, this issue may never be fully resolved. In an effort to maintain the integrity of the District's assets, financial transactions require the signature of two Board members, and staff does not have signature authority on any of the accounts. All records are available for review at any time, and Board members review the financial statements at regularly scheduled meetings.	No
Holt Fire District	Okaloosa County	<u>2020-01 - Financial Statement Preparation, Knowledge and Audit Adjustments</u> : The District is required to prepare financial statements in accordance with generally accepted accounting principles (GAAP) which requires knowledge of the accounting principles affecting the District, including financial statement disclosure requirements, the awareness of changes occurring in the accounting industry that could impact the District's financial statements, and the knowledge of resources for researching accounting issues. Due to its size, the District has elected to rely on an external auditor to propose audit adjustments and prepare its annual financial statements in accordance with GAAP. (See PDF Page 35)	MW	2016 (FY 2013-14)	The District is very small, with less than 40 square miles and 2,500 parcels of land, with almost 1,100 vacant. The non-ad valorem budget for 2016 is approximately \$52,000, and all of the firemen are volunteers, as are all members of the Board of Commissioners. For these reasons, the District has elected to rely on an external auditor to propose audit adjustments and prepare for the annual financial statements in accordance with generally accepted accounting principles.	Yes

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Holt Fire District (Continued)	Okaloosa County (Continued)	<u>2020-02 - Lack of Segregation of Duties:</u> Because of the limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that no one employee has access to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. (See PDF Page 35)	MW	2019 (FY 2016-17)	The Commission believes that, because of the limited manpower and fiscal constraints that the District has, it will not be able to segregate certain incompatible duties so that no one employee has access to all phases of a transaction. Currently the Board of Commissioners (Board) reviews all monthly expenditures over \$500 and most expenditures below that amount to ensure that all expenses are valid and needed by the District. The District believes this procedure and the yearly audit will mitigate the shortfall in personnel and resources. Everyone in the Fire Department and the Board is a volunteer with only one part-time contractor working as a bookkeeper. The Board will continue to review this write-up yearly and, when possible, begin segregating incompatible duties.	No
Indian River Farms Water Control District	Indian River County	<u>2020-001 - Segregation of Duties:</u> The limited size of the District's staff does not allow for proper segregation of duties in each phase of operations, which is not unusual in an organization of this size. Although segregation of duties is necessary for optimum efficiency in internal controls, management does not believe it is cost beneficial for the District. The high degree of involvement by the Board of Supervisors in the financial process provides a degree of compensating control for this weakness. (See PDF Page 36)	SD	2017 (FY 2014-15)	The District acknowledges the weakness regarding the segregation of duties for optimum efficiency in internal control. The only action that would completely resolve this issue would be to hire an additional employee and reorganize as far as internal control of accounting tasks. Unfortunately, the District does not have the sustainable resources available to afford this additional expense, and it is unclear at this time when these resources will be available. The degree of involvement by the Board members has been increased to compensate for this weakness.	No

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Jackson Soil and Water Conservation District	Jackson County	<u>2007-001 - Financial Reporting</u> : The District relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). Since the auditor cannot be a part of the system of internal accounting control, the District's system of internal accounting control over the financial reporting is not sufficient by itself to prevent, detect, or correct misstatements in the audited financial statements. The District has a small accounting staff necessitated by its overall small size. The District does not consider it cost effective to develop and maintain a system of internal accounting control sufficient by itself to allow the preparation of financial statements in accordance with GAAP, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect, or correct misstatements in audited financial statements. The auditors recommend that the District continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that, due to the size of its accounting department, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 49)	MW	2017 (FY 2014-15)	The District considers the cost of maintaining a system of internal control to be prohibitive. The small size of the District, as well as the minimal number of staff, precludes the establishment of such a system. The District will make a concerted effort to identify and assess potential risks on a daily basis.	No

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Jackson Soil and Water Conservation District (Continued)	Jackson County (Continued)	<u>2006-001 - Separation of Duties:</u> Custody of assets, record keeping, and recording of assets should have adequate separation. The District has a small one-person bookkeeping system; as a result, proper separation of duties may not be feasible. The auditors recommend that management remain very active and involved in the day-to-day operations, records be maintained current and up-to-date, and controls be established to provide checks and balances. (See PDF Page 48)	SD	2017 (FY 2014-15)	Due to limited staff and resources, this issue may never be completely resolved. The District will make every effort to separate the record keeping duties from the custody of assets as much as possible with its small (one person) administrative staff. The District continues to maintain an active role in the day-to-day operations.	No
Lake Shore Hospital Authority	Columbia County	<u>2011-1 - Financial Statement Preparation:</u> The Authority is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 52)	SD	2017 (FY 2014-15)	The Authority is a very small government and has used its available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. Both staff and the Board of Trustees review the annual financial reports prepared by the audit firm utilizing these records and have the opportunity to ask any questions regarding the reports prior to its formal presentation at a scheduled meeting of the Board of Trustees. At this time, the Authority does not believe it would not be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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Levy Soil and Water Conservation District	Levy County	<u>13-01 - Financial Statement Preparation Knowledge:</u> District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 24)	MW	2017 (FY 2014-15)	As a small county it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The District appreciates the efforts of the auditors in preparing the financial statements and will continue to rely on their expertise in the future.	No
Madison County Soil and Water Conservation District	Madison County	<u>15-01 - Financial Statement Preparation Knowledge:</u> District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of the standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 24)	MW	2019 (FY 2016-17)	The size and budget of the District does not allow the employment of an experienced accountant. The financials and the audit are reviewed by the District's Board, which includes a local accountant.	No

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Marion County Law Library	Marion County	<u>2020-2 - Financial Reporting</u> : Several adjustments were needed to correct entries related to the reclassification of expenses, an incorrect payroll disbursement, revenue classifications, and liability adjustments, which could have been captured through routine review of financial reports throughout the year. Monthly system-generated "profit and loss" reports were provided to the Board of Trustees from January 2019 through December 2019, however, no cumulative year-to-date reports, budget to actual reports, or balance sheet reports were provided, and no reports were provided after December 2019. The auditors recommend that the Library develop procedures for timely and accurate financial reporting and a thorough documented supervisory review of the financial statements and related reconciliations and support data. In addition, the auditors recommend that the Library consider outsourcing components of the accounting functions to achieve the necessary level of internal control to ensure timely and accurate financial reporting. (See PDF Page 24)	N/A	2018 (FY 2015-16)	On 10/1/2017, the Library transferred all of its financial accounting to a single, uniform readily accessible and reviewable system of accounting software. Training in the use of the new accounting program was undertaken by the Library's Librarian. This procedure should eliminate needed corrective entries, requiring reclassification of expenses and revenue, enabling a consistent closeout of each fiscal year's accounting records. It is expected that the single, uniform system of accounting will facilitate external auditors in their review of the entire financial activities that are a part of the day-to-day operations of the Library, and in their presentation of reports to the Board of Trustees of the Library. Finally, the Library's Board of Trustees has under study and consideration the question of periodic, external reconciliation reviews of the new single accounting software records, with a concern for increasing both accuracy and timeliness of financial reporting for the Library.	No

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

+6 9Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Marion County Law Library (Continued)	Marion County (Continued)	2020-1 - Segregation of Duties: The accounting function is primarily handled by one employee of the Library, often handling complete accounting cycles and having access to the complete accounting system, including the handling of cash receipts and reporting of cash receipts without a system to reconcile collections to recorded amounts, processing cash disbursements, and reconciling bank and financial statement accounts. These matters lead to a risk that misstatement or fraudulent activity could occur and not be detected and corrected on a timely basis. The Library is typical of most small organizations wherein it is not economically feasible to hire all required staff needed to separate duties. The auditors recommend that the Library determine appropriate alternative procedures, for instance incorporating the Senior Circuit Judge and the Board of Trustees in the financial operations processes by providing continuous oversight and independent documented reviews of accounting and administrative staff functions, or contracting with individuals to supplement the needed level of safeguards. (See PDF Page 24)	MW	2017 (FY 2014-15)	The Library is a small entity and lacks the financial resources to hire an accounting or bookkeeping firm to manage or review, other than annually, the routine monetary transactions involved in the daily operations of the Law Library. The letter provides background information on the Library and describes compensating controls implemented.	No

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

+6 9Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Marion Soil and Water Conservation District	Marion County	<u>16-01 - Financial Statement Preparation Knowledge:</u> District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 24)	MW	2020 (FY 2017-18)	The District is a small governmental entity with no employees. This comment will continue to be repeated in future audits as the District does not have the resources to hire an accountant with expertise to prepare governmental financial statements. The District will continue to rely on its auditing firm to prepare the financial statements.	No
Moore Haven Mosquito Control District	Glades County	<u>2020-001 - Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP):</u> The District does not have an internal control policy in place over annual financial reporting that would enable management to ensure its annual financial statements and related footnote disclosures are complete and presented in accordance with GAAP. The District has contracted with the audit firm to prepare the annual financial statements and related note disclosures. However, the District has reviewed and approved the annual financial statements and the related note disclosures. The auditors recommend that management continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial. (See PDF Page 41)	MW	2016 (FY 2013-14)	The District has a staff of five part-time employees. The revenue and expenditures are less than \$100,000 per year. The District Commissioners have determined, as small as the District is, it is not feasible to hire more staff.	No

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

+6 9Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Moore Haven Mosquito Control District (Continued)	Glades County (Continued)	<u>2020-002 - Material Audit Adjustments:</u> The auditors proposed aydit adjustments to revise the District's financial statements at fiscal year-end. Adjustments involved the adjusting of inventory to actual balances at fiscal year-end, and adjustments to accrued payroll liability accounts, as well as fund balance adjustments and reclassifications. The District has a limited number of personnel, and some accounts do not get reconciled properly due to time constraints. The auditors understand that this material weakness is already known to management and represents a conscious decision by management and the Board to accept that degree of risk because of cost or other considerations. The auditors also acknowledge the fact that management is responsible for making decisions concerning costs and the related benefits. The auditors are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions to ensure that the Board is aware of this situation. (See PDF Page 42)	MW	2016 (FY 2013-14)	The District's inventory is kept monthly on separate spreadsheets. At year end an adjusting entry to true up the inventory was overlooked. All inventory adjustments have been made balancing with the spreadsheets.	No

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
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+6 9Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
North Okaloosa County Fire District	Okaloosa County	<u>2020-01 - Financial Statement Preparation, Knowledge and Audit Adjustments:</u> The District does not prepare its audited financial statements. Because of the limited number of available personnel, the District engages the auditor in non-attest services, including assistance with the preparation of the financial statements in accordance with generally accepted accounting principles. The District's Board of Commissioners reviews the draft audited financial statements during a monthly Board meeting with the auditor prior to approving the issuance of the financial statements. The District also signs a management representation letter acknowledging its responsibility for the financial statements. (See PDF Page 38)	MW	2015 (FY 2012-13)	The District believes the cost in fully correcting the weakness outweighs the benefits derived from additional controls. The District has implemented an internal control of having Board members with years of business experience review and approve the financial statements and all audit adjustments prior to issuance of the audit report.	Yes
North St. Lucie River Water Control District	St. Lucie County	<u>ML 2020-1 - Lack of Segregation of Duties:</u> The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum separation of duties. This situation dictates that the District implement a system to review and reconcile financial transactions on a regular basis and the Board of Supervisors remains involved in the financial affairs of the District to provide oversight and independent review functions. The auditors recognize that this condition requires staff assessment of a cost-effective solution and state that alternative solutions might include training accounting staff or hiring additional staff. (See PDF Page 32)	N/A	2017 (FY 2014-15)	The District is a very small independent special district with limited resources. Staff includes one Superintendent of Works, five board members, and one bookkeeper. The District feels it has implemented as many controls that are feasibly possible to address these issues. The District does not anticipate receiving any additional funding that would allow for an increase in the number of staff, but plans to continue in its diligence to mitigate as much lack of segregation of duties as possible.	No

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
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+6 9Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Palatka Gas Authority	Putnam County	<u>2019-001 - Financial Reporting:</u> As part of the audit process, the auditors proposed material adjustments to the Authority's financial statements and assisted with the preparation of the financial statements. The auditors recommend that the Authority consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process and fiscal year closeout process. (See PDF Page 33)	MW	2017 (FY 2014-15)	This Authority is a small organization with limited staff and finds it not financially feasible or responsible to add the level of staff necessary to enable financial statements to be prepared in-house or to outsource the same to another accounting firm. This finding will continue to be listed for the foreseeable future. The Authority has taken steps to alleviate some inherent risks by implementing controls that prohibit an employee from having access to both the physical assets and the related accounting records. Additionally, an employee who receives monies is prohibited from disbursing monies or persons receiving product inventory are prohibited from relieving product inventory. The Authority also requires two approvals on any monies disbursed, whether in cash, check, or wire transfer. The Authority believes it has implemented sufficient controls to prohibit any one employee from having access to all phases of a transaction.	No
Putnam Soil and Water Conservation District	Putnam County	<u>16-01 - Financial Statement Preparation Knowledge:</u> District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 24)	MW	2020 (FY 2017-18)	The District is a small governmental entity with no employees. This comment will continue to be repeated in future audits as the District does not have the resources to hire an accountant with expertise to prepare governmental financial statements. The District will continue to rely on its auditing firm to prepare the financial statements.	No

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
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+6 9Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Seminole County Port Authority	Seminole County	<p><u>2010-2 - Improve Knowledge of Internal Control over Financial Reporting:</u> The person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles (GAAP) in recording the Authority's financial transactions or preparing its financial statements and related disclosures. The basis for this control issue is that the auditor cannot be considered part of the Authority's internal control (i.e., cannot be substituted for elements within the Authority's internal control system). The auditors recognize that it requires the Authority's assessment of a cost-effective solution and state that alternative solutions might include training accounting staff, hiring additional staff or engaging outside consultants, or obtaining assistance from knowledgeable volunteers to prepare financial statements in accordance with GAAP. (See PDF Page 38)</p>	N/A	2017 (FY 2014-15)	The Authority's Board and management have decided from a cost/benefit analysis, it is not practical to expend funds to employ additional personnel to correct this deficiency. The Authority has engaged the auditors to assist in the preparation of the year-end financial statements and required notes and other information. The only benefit the Authority would realize from having the internal expertise to produce the financial statements would be to remove this finding.	No
		<p><u>2010-1 - Internal Control:</u> One person at the Authority has the primary responsibility for most of the accounting and financial duties. As a result, many of those aspects of internal control which rely adequate segregation of duties are, for all practical purposes, missing in the Authority. The auditors recognize that the Authority is not large enough to make the employment of additional people cost effective for the purpose of segregating duties and that this condition is quite common in many small organizations. Increased involvement of the Board of Directors mitigates, to a limited degree, for the absence of adequate segregation of duties. (See PDF Page 38)</p>	N/A	2017 (FY 2014-15)	The Authority has limited staff that consists of one executive secretary/assistant and one executive director. The Authority's Board and management have decided from a cost/benefit analysis, it is not practical to expend funds to employ additional personnel to correct this deficiency. Procedures implemented to mitigate the deficiency are described in the response.	No

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+6 9Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
South Seminole and North Orange County Wastewater Transmission Authority	Orange County, Seminole County	<u>2020-01 - Lack of Segregation of Duties:</u> The size of the Authority's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. The auditors recommend that management continue to exercise a high level of management review and supervision and the Board of Directors remains involved in the financial affairs of the Authority to provide oversight and independent review functions. (See PDF Page 49)	MW	2017 (FY 2014-15)	This finding relates to an area that may never be fully resolved due to limited staff and resources. The Authority's executive director is the only employee. All other controls/services, such as legal, bookkeeping, engineering, IT, auditing, capital improvements, and maintenance, are performed by private contractors or afforded by the municipal membership. Certain internal controls and procedures that have been implemented to compensate are described in the response.	No
St. Augustine Port, Waterway and Beach District	St. Johns County	<u>2020-001 - Separation of Duties:</u> Because the District has a limited number of available personnel, it is not always possible to adequately separate certain incompatible duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. The Treasurer handles all phases of the revenue transactions and receives and reconciles the monthly bank statements. The auditors recommend that, to the extent possible given available personnel, the District take steps to separate duties so that no individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 26)	MW	2017 (FY 2014-15)	The District's size does not require a full-time administrative staff. As a result, it is impossible to have effective internal controls using segregation of duties. Some procedures implemented to compensate are described in the response.	No

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+6 9Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Suwannee County Conservation District	Suwannee County	<u>12-01 - Financial Statement Preparation Knowledge:</u> District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 25)	MW	2017 (FY 2014-15)	As a small entity, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with generally accepted accounting principles. The District feels the limited funds it receives are better being used to serve its constituents.	No
Taylor Coastal Water and Sewer District	Taylor County	<u>2010-1 - Financial Statement Preparation:</u> The District is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 38)	SD	2017 (FY 2014-15)	The District is a very small government and has used available resources to employ a competent accountant who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on a cash basis. Both staff and the Board of Commissioners review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. At this time, the District believes it would not be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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Included in the FY 2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

+6 9Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Taylor County Development Authority	Taylor County	<u>2017-1 - Financial Statement Preparation</u> : The Authority is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 41)	SD	2021 (FY 2018-19)	The Authority runs all books, debits, credits, etc. through a third-party bookkeeping firm; however, this is apparently not enough for the audit firm to remove the finding.	No
Tri-County Airport Authority	Holmes County, Jackson County, Washington County	<u>2007-001 - Financial Reporting</u> : The Authority relies on the external auditors to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). The Authority has a small accounting staff necessitated by its overall small size and does not consider it cost effective to develop and maintain a system of internal accounting control sufficient by itself to prepare financial statements in accordance with GAAP, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect, or correct misstatements in audited financial statements. The auditors recommend that the Authority continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that, due to the size of its accounting department, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 29)	MW	2017 (FY 2014-15)	The Authority's Treasurer monitors the banking account on line, and all checks written on the account are required to be signed by both the Chairman and the Treasurer. A local accounting firm has been hired to assist with the preparation of the monthly statements and providing the required checks and balances needed.	No

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2019-20 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

FOOTNOTE/LEGEND:

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

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

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

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

From: [JAIME HOELSCHER](#)
To: [Dubose, Kathy](#)
Cc: [GREG CENTERS](#)
Subject: Notification pursuant to Section 11.45(7)(j) Florida Statutes
Date: Wednesday, June 30, 2021 1:52:35 PM
Attachments: [2021 State Universities and Colleges Recurring Findings Notification.docx](#)

Ms. Dubose,

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

This e-mail is to notify you that audit reports issued during the period July 1, 2020, through June 30, 2021, for the 12 State universities and 28 colleges disclosed 2 State colleges and 1 State university that failed to take full corrective action in response to one or more recommendations included in the two preceding financial or operational audit reports. Please see the attached document identifying the respective institutions, the applicable audit reports, and the recurring findings.

Sincerely,

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

AUDIT REPORTS ISSUED
 JULY 1, 2020, THROUGH JUNE 30, 2021, FOR
 UNIVERSITIES AND COLLEGES THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION
 INCLUDED IN THE TWO PRECEDING AUDIT REPORTS

<u>COLLEGE/UNIVERSITY</u>	<u>REPORT NUMBERS</u>	<u>FINDING NUMBERS</u>
Hillsborough Community College	<u>2021-087</u>	1,2,4
	<u>2018-160</u>	2,3,4
	<u>2016-183</u>	3,4,5
Northwest Florida State College	<u>2021-068</u>	8
	<u>2018-108</u>	4
	<u>2015-022</u>	2
Florida Polytechnic University	<u>2021-008</u>	1
	<u>2018-214</u>	1
	<u>2016-067</u>	3

From: [TED WALLER](#)
To: [Dubose, Kathy](#)
Cc: [GREG CENTERS](#)
Subject: Notification pursuant to Section 11.45(7)(j) Florida Statutes
Date: Wednesday, June 30, 2021 1:47:45 PM
Attachments: [01_2021_District_School_Boards_Recurring_Findings_Notification.docx](#)

Ms. Dubose,

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

This e-mail is to notify you that audit reports issued during the period July 1, 2020, through June 30, 2021, for the 67 district school boards disclosed 7 district school boards that failed to take full corrective action in response to one or more recommendations included in the two preceding financial or operational audit reports. Please see the attached document identifying the respective district school boards, the applicable audit reports, and the recurring findings.

Sincerely,

Ted Waller,
Audit Manager – District School Boards

AUDIT REPORTS ISSUED
 JULY 1, 2020, THROUGH JUNE 30, 2021, FOR
 DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION
 THAT WAS INCLUDED IN TWO PRECEDING AUDIT REPORTS

<u>DISTRICT SCHOOL BOARD</u>	<u>REPORT NUMBERS</u>	<u>FINDING NUMBERS</u>
1. Bay	2021-173	Financial: 2020-001
	CPA Firm FY 2018-19	Financial: 2019-001
	CPA Firm FY 2017-18	Financial: 2018-001
2. Hernando	CPA Firm FY 2019-20	Financial: 2017-1
	CPA Firm FY 2018-19	Financial: 2017-1
	2019-202	Operational: 4
3. Lake ¹	2021-049	Operational: 3
	2018-200	Operational: 4
	2015-160	Operational: 5
4. Polk	CPA Firm FY 2019-20	Financial: 2020-003
	CPA Firm FY 2018-19	Financial: 2019-001
	2019-204	Operational: 7
5. Pinellas ¹	2021-062	Operational: 2
	2018-156	Operational: 7
	2015-130	Operational: 8
6. St. Johns ¹	2021-145	Operational: 1
	2018-188	Operational: 6
	2015-175	Operational: 5
7. Walton	2021-122	Financial : 2020-001
	2020-153	Financial : 2019-001
	2019-123	Financial : 2018-001

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

From: DEREK NOONAN <DEREKNOONAN@AUD.STATE.FL.US>
Sent: Tuesday, May 18, 2021 3:36 PM
To: Zika, Ardian; Baxley, Dennis
Cc: White, Deborah; Dubose, Kathy
Subject: 2019-20 FY Notification Pursuant to Section 218.39(8), Florida Statutes
Attachments: 2020 PPY Findings Notification.xlsb

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

This email is to notify you of the 2019-20 fiscal year charter school and charter technical career center audit reports that indicate the audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.

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

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

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

Charter School	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
Academy of Environmental Science	Separation of Duties	2013-1	2013-1	2013-1	31	No
	Miscellaneous	2017-2	2017-2	2017-2	34	No
Arts Academy of Excellence	Miscellaneous	2020-01	2019-01	2018-01	36	No
Avant Garde Academy K8 of Osceola	Miscellaneous	2018-01	2018-01	2018-01	37	No
	Other Expenditures	2018-02	2018-02	2018-02	37	No
	Budget Administration	2018-03	2018-03	2018-03	38	No
	Miscellaneous	2018-04	2018-04	2018-04	38	No
	Miscellaneous	2019-01	2019-01	2018-05	39	No
Bay Haven Charter Academy	Separation of Duties	2020-001	2019-003	2018-003	56	No
Bay Haven Charter Academy Middle School	Separation of Duties	2020-001	2019-003	2018-003	56	No
Big Pine Elementary Academy	Other Expenditures	2020-01	2019-01	2018-01	25	No
	Cash Controls	2020-02	2019-02	2018-02	26	No
Bridgeprep Academy of Hollywood Hills	Miscellaneous	2020-1	2019-1	2018-1	33	No
Bridgeprep Academy of Palm Beach Charter School	Miscellaneous	2020-1	2019-1	2018-1	34	No
Byrneville Elementary School	Miscellaneous	2020-001	2019-001	2018-001	38	No
Cape Coral Charter School Authority	Payroll and Personnel	2020-002	2019-002	2018-002	70	No
Coral Reef Montessori Academy Charter School	Miscellaneous	2020-1	2019-1	2018-1	48	No
Francis Marion Military Academy	Miscellaneous	2020-2	2019-4	2018-4	27	No
Heritage Charter Academy, Inc	Payroll and Personnel	2020-01	2019-1	2018-1	35	No
	Miscellaneous	2020-02	2019-2	2018-2	35	No
Latin Builders Association Construction and Business Management Academy	Miscellaneous	2020-004	2019-001	2018-001	42	No
North Bay Haven Career Academy	Separation of Duties	2020-002	2019-003	2018-003	55	No
North Bay Haven Charter Academy Elementary School	Separation of Duties	2020-002	2019-003	2018-003	56	No
North Bay Haven Charter Academy Middle School	Separation of Duties	2020-002	2019-003	2018-003	55	No
Reading Edge Academy	Records Management	2020-1	2019-1	2018-1	22	No
Samsula Academy	Records Management	2020-1	2019-1	2018-1	21	No
True North Classical Academy Charter School	Miscellaneous	2020-1	2019-1	2018-1	33	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 2019-20 fiscal year audit report that should also be viewed.

Additional Information:

Arts Academy of Excellence has one finding (2020-01) that we identified as an uncorrected finding in the 2019-20 audit report. However, in the audit report, the auditor did not note that the finding was uncorrected in the two previous audit reports. We attempted to contact the auditor for clarification; however, as of the date of this notification, the auditor had not provided written or verbal clarification.

From: JACQUELINE BELL <JACQUELINEBELL@AUD.STATE.FL.US>
Sent: Thursday, October 07, 2021 10:35 AM
To: Zika, Ardian; Baxley, Dennis
Cc: Dubose, Kathy; White, Deborah
Subject: 2019-20 FY Notification Pursuant to Section 218.39(8), Florida Statutes
Attachments: 2019-20 PPY Findings Notification.xlsb

Good morning,

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

This e-mail is to notify you of the 2019-20 fiscal year local governmental entity audit reports that indicate the audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.

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

Thank you,

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

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

Local Governmental Entities That Failed To Take Full Corrective Action In Repose To A Recommendation Included In The 2019-20 Fiscal Year Audit Report And The Two Preceding Financial Audit Reports

Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
COUNTIES								
C00300	Bay County	Board of County Commissioners	General Accounting Records	2020-001	2019-001	2018-001	213	No
C00600	Broward County	Clerk of the Circuit Court	Revenues/Collections	2016-01	2016-01	2016-01	376	No
C00700	Calhoun County	Sheriff	Separation of Duties	2004-002	2004-002	2004-002	145	No
		Supervisor of Elections	Separation of Duties	SOE 2004-01	2004-01	2004-01	194	No
C02000	Gilchrist County	Sheriff	Cash	2020-001	2019-001	2018-003	89	No
C02400	Hardee County	Sheriff	General Accounting Records	2020-001	2019-001	2018-001	230	No
		Sheriff	Budget Administration	2020-003	2019-003	2018-002	232	No
C02900	Holmes County	Property Appraiser	Expenditures/Expenses	2012-02	2012-02	2012-02	162	No
		Sheriff	Separation of Duties	2010-01	2010-01	2010-01	222	No
		Tax Collector	Information Technology	2013-01	2013-01	2013-01	252	No
C03100	Jackson County	Sheriff	Separation of Duties	SH2006-001	SH2006-01	SH2006-01	193	No
C03600	Leon County	Board of County Commissioners	Fixed Assets	2020-002	2019-002	2018-002	177	No
C03700	Levy County	Board of County Commissioners	Separation of Duties	2020-001	2019-001	2018-001	71	No
C03800	Liberty County	Sheriff	Budget Administration	2016-IC-03	2016-IC-03	2016-IC-03	153	No
C05000	Pasco County	Board of County Commissioners	Financial Reporting	2020-004	2019-001	2018-001	384	No
C05300	Putnam County	Clerk of the Circuit Court	Other Control Deficiencies and Noncompliance	2020-001	2019-001	2018-001	200	No
		Supervisor of Elections	General Accounting Records	2020-001	2019-001	2018-001	282	No
C05900	Sumter County	Sheriff	Revenues/Collections	2020-001	2019-002	2018-002	187	No
C06600	Washington County	Board of County Commissioners	Fixed Assets	BCC1997-001	BCC1997-001	BCC1997-001	99	No
		Property Appraiser	Separation of Duties	PA2003-003	PA2003-003	PA2003-003	210	No
		Sheriff	Separation of Duties	SH2003-001	SH2003-001	SH2003-001	181	No
		Supervisor of Elections	Separation of Duties	SOE 2003-003	SOE 2003-003	SOE 2003-003	240	No
		Tax Collector	Separation of Duties	TC2003-003	TC2003-003	TC2003-003	273	No
SPECIAL DISTRICTS								
D01000	Alligator Point Water Resources District		Financial Reporting	2020-001	2019-001	2018-001	19	No
			Separation of Duties	2020-002	2019-002	2018-002	19	No
D01450	Amelia Concourse Community Development District		Debt Administration	2012-01/2013-01/2014-01	2012-01/2013-01/2014-01	2012-01/2013-01/2014-01	37	No
			Financial Condition	2012-02/2013-02/2014-02	2012-02/2013-02/2014-02	2012-02/2013-02/2014-02	38	No
D02700	Aucilla Area Solid Waste Administration		Financial Reporting	2013-1	2013-1	2013-1	35	No
D02800	Avalon Beach/ Mulat Fire Protection District		Separation of Duties	2020-001	2019-001	2018-001	42	No
			Financial Reporting	2020-002	2019-002	2018-002	43	No
D03000	Baker County Development Commission		Separation of Duties	2020-001	2019-01	2018-01	28	No
			Financial Reporting	2020-002	2019-02	2018-02	28	No
D03100	Baker County Hospital District		Separation of Duties	2020-001	2019-001	2018-001	22	No
			Financial Reporting	2020-002	2019-002	2018-002	22	No
D03200	Baker Fire District		Financial Reporting	2020-01	2019-01	2018-01	33	No
			Fixed Assets	2020-02	2019-07	2018-07	33	No
			Transparency Requirements	2020-03	2019-09	2018-09	34	No
D04300	Bay Medical Center		Separation of Duties	2020-002	AG1	AG1	45	Yes
D04900	Beach Mosquito Control District		Separation of Duties	2020-1	2019-1	2018-1	51	No
D08980	Buckeye Park Community Development District		Debt Administration	IC2015-03	IC2015-03	2015-03	33	No
			Expenditures/Expenses	IC2016-01/IC2015-01	IC2016-01/IC2015-01	IC2016-01/IC2015-01	34	No
D09200	CFM Community Development District		Debt Administration	IC2010-1	IC2010-1	IC2010-1	33	No
D11100	Cedar Key Water and Sewer District		Separation of Duties	2020-001	2019-001	2018-001	19	No
D11970	Chapel Creek Community Development District		Debt Administration	12-01	12-01	12-01	32	No
			Financial Reporting	12-03	12-03	12-03	31	No
D18370	Concorde Estates Community Development District		Financial Condition	13-01	13-01	13-01	32	No
D19630	Creekside Community Development District		Financial Condition	2020-01	2019-01	2018-01	30	No

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D19900	Crossings At Fleming Island Community Development District		Debt Administration	15-01	15-01	15-01	38	No
			Debt Administration	15-02	15-02	15-02	38	No
D22700	Doctors Memorial Hospital		General Accounting Records	2018-002	2018-002	2018-002	47	No
D27000	Fellsmere Water Control District		Separation of Duties	2020-001	2019-001	2018-001	36	No
D27400	Flagler Estates Road and Water Control District		Separation of Duties	2020-001	2019-001	2018-001	32	No
			General Accounting Records	2020-002	2019-002	2018-002	32	No
D29300	Fred R. Wilson Memorial Law Library		Financial Reporting	2011-1	ITEM-1	ITEM-1	29	No
			Separation of Duties	2011-2	ITEM-2	ITEM-2	29	No
			Expenditures/Expenses	2011-3	ITEM-3	ITEM-3	29	No
D29380	Fronterra Community Development District		General Accounting Records	2020-01	2019-01	2018-01	29	No
D29700	Gadsden Soil and Water Conservation District		Separation of Duties	2017-001	2017-001	2017-001	33	No
			Financial Reporting	2017-003	2017-003	2017-003	34	No
D30400	George E. Weems Memorial Hospital		Financial Reporting	2018-001	2018-001	2018-001	32	No
			Fixed Assets	2018-002	2018-002	2018-002	32	No
			Financial Reporting	2018-003	2018-003	2018-003	33	No
D30700	Gilchrist Soil and Water Conservation District		Financial Reporting	14-01	14-01	14-01	24	No
D31280	Gramercy Farms Community Development District		Financial Reporting	12-01	12-01	12-01	34	No
			Debt Administration	12-03	12-03	12-03	32	No
			Financial Condition	12-04	12-04	12-04	35	No
D33900	Hendry-LaBelle Recreation Board		Financial Reporting	2011-1	2011-1	2011-1	29	No
D34130	Heritage Isles Community Development District		Debt Administration	2009-01	2009-01	2009-01	42	No
			Financial Condition	2014-01	2014-01	2014-01	43	No
D35600	Highlands Soil and Water Conservation District		General Accounting Records	2020-001	2019-001	2018-001	57	No
D36800	Holley-Navarre Fire Protection District		Payroll and Personnel Administration	2020-01	2019-01	2018-01	44	No
			Payroll and Personnel Administration	2020-02	2019-02	2018-03	44	No
D37100	Holmes Creek Soil and Water Conservation District		Separation of Duties	2003-002	2003-002	2003-002	34	No
			Financial Reporting	2007-001	2007-001	2007-001	35	No
D37200	Holt Fire District		Financial Reporting	2020-01	2019-01	2018-02	35	No
			Separation of Duties	2020-02	2019-02	2018-01	35	No
			Purchasing/Contract Management	2020-03	2019-03	2018-03	36	No
			General Accounting Records	2020-04	2019-04	2018-04	36	No
			Cash	2020-05	2019-05	2018-05	37	No
			Transparency Requirements	2020-06	2019-06	2018-06	37	No
D86300	Housing Finance Authority of Volusia County		General Accounting Records	2020-001	2018-001	2014-001	18	No
D38400	Immokalee Water and Sewer District		Financial Reporting	2018-1	2018-1	2018-1	65	No
D38800	Indian River Farms Water Control District		Separation of Duties	2020-001	2019-001	2018-001	36	No
D39400	Indian Trail Improvement District		Policies and Procedures	2020-01	2019-01	2018-03	70	No
D39600	Indigo Community Development District		Financial Condition	2020-01	2019-01	2018-01	31	No
D40400	Jackson Soil and Water Conservation District		Separation of Duties	2006-001	2006-001	2006-001	48	No
			Financial Reporting	2007-001	2007-001	2007-001	49	No
D44000	Lake Shore Hospital Authority		Financial Reporting	2011-1	2011-1	2011-1	52	No
D44810	Lakeside Plantation Community Development District		Debt Administration	2018-01	2018-01	2018-01	34	No
D46350	Legends Bay Community Development District		Budget Administration	2018-01	2018-01	2018-01	32	No
D46600	Leon County Educational Facilities Authority		Debt Administration	2020-001	2019-001	2018-003	38	No
			Debt Administration	2020-002	2019-002	2018-004	39	No
			Financial Condition	2020-003	2019-006	2018-008	42	No
D47100	Levy Soil and Water Conservation District		Financial Reporting	13-01	13-01	13-01	24	No
D47510	Longleaf Community Development District		Budget Administration	2020-01	2019-01	2018-01	31	No
D47880	Madeira Community Development District		Debt Administration	16-01	16-01	16-01	33	No

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			Debt Administration	16-02	16-02	16-02	33	No
D48000	Madison County Health and Hospital District		Information Technology	2020-002	2019-002	2018-001	36	No
D48100	Madison County Soil and Water Conservation District		Financial Reporting	15-01	15-01	15-01	24	No
D48155	Magnolia Creek Community Development District		Fixed Assets	2019-01	2019-01	2018-01	35	No
			Debt Administration	2019-02	2019-02	2018-02	35	Yes
D48250	Majorca Isles Community Development District		Budget Administration	2020-01	2019-03	2018-05	31	No
			Financial Reporting	2020-02	2019-01	2018-01	31	No
D49500	Marion County Law Library		Separation of Duties	2020-1	2019-1	2018-1	24	No
			General Accounting Records	2020-2	2019-3	2018-2	24	No
D49700	Marion Soil and Water Conservation District		Financial Reporting	16-01	16-01	16-01	24	No
D50407	Meadow Pointe IV Community Development District		Debt Administration	13-01	13-01	13-01	37	No
			Financial Reporting	13-03	13-03	13-03	38	No
D51980	Midtown Miami Community Development District		Fund Equity	2012-01	2012-01	2012-01	41	No
D52675	Montecito Community Development District		Financial Condition	2017-01	2017-01	2017-01	35	No
D52900	Moore Haven Mosquito Control District		Financial Reporting	2020-001	2011-001	2011-001	41	No
			General Accounting Records	2020-002	2011-002	2011-002	42	No
D53630	Naturewalk Community Development District		Debt Administration	12-01	12-01	12-01	34	No
			Debt Administration	12-02	12-02	12-02	34	No
			Financial Reporting	15-01	15-01	15-01	33	No
D55400	North Okaloosa County Fire District		Financial Reporting	2020-01	2019-01	2018-01	38	No
D56100	North St. Lucie River Water Control District		Separation of Duties	ML 2020-1	ML 2019-1	ML 2018-1	32	No
D61300	Palatka Gas Authority		Financial Reporting	2019-001	2018-001	2017-001	33	No
D62070	Palm River Community Development District		Debt Administration	2020-01	19-01	18-01	31	No
			Debt Administration	2020-02	19-02	18-02	31	No
D66500	Polk Soil and Water Conservation District		Financial Reporting	18-01	18-01	18-01	24	No
			Budget Administration	18-02	18-02	18-02	25	No
D67825	Portofino Isles Community Development District		Financial Condition	2014-01, 2015-01, 2016-01	2014-01, 2015-01, 2016-01	2014-01, 2015-01, 2016-01	34	No
D67835	Portofino Vista Community Development District		Financial Condition	2020-01	2019-01	2018-01	30	No
D68600	Putnam Soil and Water Conservation District		Financial Reporting	16-01	16-01	16-01	24	No
D69450	Reunion East Community Development District		Debt Administration	2020-01	2019-01	13-01/13-02	32	No
D70010	Riverwood Estates Community Development District		Debt Administration	12-01	12-01	12-01	32	No
			Debt Administration	12-02	12-02	12-02	31	No
			Financial Reporting	12-03	12-03	12-03	33	No
D72900	Seminole County Port Authority		Separation of Duties	2010-1	2010-1	ITEM 1	38	No
			Financial Reporting	2010-2	2010-2	ITEM 2	38	No
D74363	South Fork III Community Development District		Budget Administration	2020-01	2019-01	2018-01	31	No
D74900	South Seminole and North Orange County Wastewater Transmission Authority		Separation of Duties	2020-01	2019-01	2018-01	49	No
D75475	Southern Hills Plantation I Community Development District		Debt Administration	2018-01	2018-01	2018-01	32	No
D75480	Southern Hills Plantation II Community Development District		Debt Administration	2020-01	2019-01	2017-01	32	No
			Debt Administration	2020-02	2019-02	2017-02	32	No
D76200	St. Augustine Port, Waterway and Beach District		Separation of Duties	2020-001	2019-001	2018-001	26	No
D78210	Sterling Hill Community Development District		Debt Administration	12-03	12-03	12-03	32	No
			Debt Administration	12-04	12-04	12-04	32	No
D78220	Stevens Plantation Community Development District		Debt Administration	2020-01	2019-01	2018-01	30	No
D79650	Suwannee County Conservation District		Financial Reporting	12-01	12-01	12-01	25	No
D81610	Taylor Coastal Water and Sewer District		Financial Reporting	2010-1	2010-1	2010-1	38	No
D81700	Taylor County Development Authority		Financial Reporting	2017-1	2017-1	2017-1	41	No
D82604	Tolomato Community Development District		Debt Administration	2020-01	2019-01	2018-01	38	No

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D82955	Trails Community Development District		Financial Condition	14-01	14-01	14-01	32	No
			Debt Administration	20-02	19-02	18-02	31	No
D82975	Treeline Preserve Community Development District		Debt Administration	2020-01	15-01 / 15-02	15-01 / 15-02	31	Yes
D83000	Tri-County Airport Authority		Financial Reporting	2007-001	2007-001	2007-001	29	No
D87280	Waterford Estates Community Development District		Financial Condition	2020-01	2019-01	2018-01	30	No
D89050	Westside Community Development District		Debt Administration	2011-01	2011-01	2011-01	37	No
D89500	Windemere Special Dependent District		Transparency Requirements	2020-01	2019-01	2018-01	24	No
D89820	Woodlands Community Development District, The		Debt Administration	13-01	13-01	13-01	32	No
			Financial Condition	13-02	13-02	13-02	32	No
D89840	Wyld Palms Community Development District		Debt Administration	2020-01	2019-01	2018-01	30	No
D90210	Zephyr Ridge Community Development District		Debt Administration	09-01	09-01	09-01	32	No
			Debt Administration	09-02	09-02	09-02	33	No
			Financial Reporting	12-01	12-01	12-01	32	No
MUNICIPALITIES								
M00700	Apopka, City of		General Accounting Records	2020-001	2018-001	2018-001	137	No
			Cash	2020-002	2018-003	2018-003	137	No
			General Accounting Records	2020-003	2018-004	2018-004	138	No
M00800	Arcadia, City of		Cash	2020-001	2019-001	2018-001	93	No
			General Accounting Records	2020-002	2019-002	2018-002	94	No
			Budget Administration	2019-003	2019-004	2018-004	98	No
M00900	Archer, City of		Financial Reporting	2012-1	2012-1	2012-1	60	No
M01200	Atlantis, City of		Policies and Procedures	2018-01	2018-01	2018-01	64	No
			General Accounting Records	2018-02	2018-02	2018-02	65	No
			Payroll and Personnel Administration	2018-03	2018-03	2018-03	65	No
			Fixed Assets	2018-04	2018-04	2018-04	66	No
			Cash	2018-05	2018-05	2018-05	67	No
M02200	Bell, Town of		Financial Reporting	2009-1	2009-1	2009-1	37	No
M02400	Belle Isle, City of		Separation of Duties	ML 20-01	ML 19-01	ML 18-01	80	No
M03400	Bonifay, City of		Financial Reporting	2010-001	2010-001	2010-001	62	No
			Financial Reporting	2020-001	2016-001	2016-001	63	No
M03900	Branford, Town of		Financial Reporting	2010-1	2010-1	2010-1	49	No
M04200	Bronson, Town of		Separation of Duties	2020-1	2019-1	2009-1	33	No
			General Accounting Records	2020-3	2019-4	2016-1	34	No
			Cash	2020-4	2019-2	2017-2	37	No
M04400	Brooksville, City of		General Accounting Records	2020-001	2019-001	2018-001	159	No
M04600	Bushnell, City of		Separation of Duties	2008-2	2008-2	2008-2	115	No
			Financial Condition	2011-1	2011-1	2011-1	118	No
			Debt Administration	2014-1	2014-1	2014-1	119	No
			Fraud and Other Illegal Acts	2018-2	2018-2	2018-2	118	No
M04700	Callahan, Town of		Separation of Duties	2020-001	2019-001	2018-001	48	No
			Financial Reporting	2020-002	2019-002	2018-002	48	No
M05200	Carrabelle, City of		Financial Reporting	2020-001	2019-001	2018-001	54	No
			Separation of Duties	2020-002	2019-002	2018-002	54	No
			Distribution of Funds	2020-003	2019-005	2018-005	55	No
			Budget Administration	2020-005	2019-008	2018-006	58	No
M05600	Cedar Key, City of		Debt Administration	ML 2020-1	ML 2019-1	ML2015-1	43	No
M05900	Chattahoochee, City of		Financial Reporting	2020-001	2019-001	2018-001	61	No
M07000	Coleman, City of		Financial Reporting	2020-1	2019-1	2018-1	61	No
			Separation of Duties	2020-2	2019-2	2018-2	61	No

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M07500	Crescent City, City of		General Accounting Records	2020-001	2019-001	2018-001	56	No
			Separation of Duties	2020-002	2019-003	2018-003	57	No
			Revenues/Collections	2020-003	2019-004	2018-005	57	No
			Revenues/Collections	2020-004	2019-005	2018-006	57	No
			Cash	2020-005	2019-006	2018-007	57	No
M07700	Cross City, Town of		Separation of Duties	2020-001	2019-001	2018-001	39	No
M07900	Dade City, City of		Information Technology	2015-2	2015-2	2015-2	90	No
M08000	Dania Beach, City of		Payroll and Personnel Administration	2018-MLC-01	18-MLC-01	18-MLC-01	166	No
			Purchasing/Contract Management	2018-MLC-08	18-MLC-08	18-MLC-08	166	No
M08300	Daytona Beach, City of		Separation of Duties	IC 2018-001	IC 2018-001	IC 2018-001	219	No
			Policies and Procedures	IC 2018-002	IC 2018-002	IC 2018-002	220	No
M08600	Deerfield Beach, City of		General Accounting Records	SD 2018-002	SD 2018-002	SD 2018-002	159	No
M10400	Fanning Springs, City of		Financial Reporting	2013-1	2013-1	2013-1	60	No
M11800	Fruitland Park, City of		Payroll and Personnel Administration	ML20-1	ML19-1	ML18-2	105	No
M11900	Gainesville, City of		Cash	2020-01	2018-01	2018-01	287	No
			General Accounting Records	2020-02	2018-02	2018-02	288	No
			Separation of Duties	2020-05	2018-04	2018-04	291	No
M12100	Glen Saint Mary, Town of		Separation of Duties	2020-001	2019-001	2018-001	47	No
			Financial Reporting	2020-002	2019-002	2018-002	47	No
M12500	Graceville, City of		Separation of Duties	2006-001	2006-001	2006-001	58	No
			Financial Reporting	2007-001	2007-001	2007-001	58	No
M12900	Greensboro, Town of		Separation of Duties	2020-001	2019-001	2018-001	54	No
M13000	Greenville, Town of		Financial Reporting	2020-001	2019-001	2018-001	53	No
			Separation of Duties	2020-002	2019-002	2018-002	53	No
M14500	Hialeah, City of		Financial Condition	2015-02	2015-02	2015-02	186	No
M15000	Hilliard, Town of		Financial Reporting	2009-1	2009-01	2009-01	77	No
M15600	Horseshoe Beach, Town of		Financial Reporting	2011-1	2011-1	2011-1	46	No
M16600	Interlachen, Town of		Financial Reporting	2020-001	2019-001	2018-001	35	No
M17200	Jasper, City of		Revenues/Collections	2016-002	2016-002	2016-002	72	No
M17300	Jay, Town of		General Accounting Records	2020-1	19-1	18-3	50	No
M18400	Kissimmee, City of		Financial Condition	2018-1	2018-1	2018-1	191	No
M18500	LaBelle, City of		Financial Reporting	2009-1	2009-1	2009-1	99	No
M19100	Lake City, City of		Information Technology	2020-001	2019-001	2018-002	86	No
M21600	Lynn Haven, City of		General Accounting Records	2020-002	2019-003	2018-005	73	No
M21700	Macclenny, City of		Separation of Duties	2020-001	2019-001	2018-001	63	No
M21900	Madison, City of		Financial Reporting	2012-1	2012-1	2012-1	77	No
M22200	Malone, Town of		Separation of Duties	2004-001	2004-001	2004-001	44	No
			Financial Reporting	2007-001	2007-001	2007-001	44	No
M23000	Mayo, Town of		Financial Reporting	2011-1	2011-1	2011-1	62	No
			Payroll and Personnel Administration	2016-1	2016-1	2016-1	64	No
			Revenues/Collections	2016-2	2016-2	2016-2	64	No
M23200	Medley, Town of		Separation of Duties	2020-01	2019-01	2018-01	99	No
			Fixed Assets	2020-02	2019-02	2018-02	99	No
			Purchasing/Contract Management	2020-03	2019-03	2018-03	100	No
			Expenditures/Expenses	2020-05	2019-05	2018-05	101	No
M23400	Melbourne Beach, Town of		General Accounting Records	2020-001	2019-001	2018-001	57	No
			Budget Administration	2020-003	2019-002	2018-002	59	No
M23500	Melbourne Village, Town of		Financial Reporting	F2020-1	Comment 001	Comment 001	43	No
			Revenues/Collections	2020-03	Comment 003	Comment 003	51	No

Local Governmental Entities That Failed To Take Full Corrective Action In Reposeponse To A Recommendation Included In The 2019-20 Fiscal Year Audit Report And The Two Preceding Financial Audit Reports

Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
M24400	Minneola, City of		Cash	ML20-1	ML19-1	ML18-1	59	No
M24700	Montverde, Town of		Financial Reporting	ML 2020-01	ML 19-1	ML 19-1	52	No
M25400	New Smyrna Beach, City of		General Accounting Records	2020-001	2019-001	2018-001	141	No
M26000	North Miami, City of		Fund Equity	ML 2020-01	ML 2019-01	ML 2018-01	257	No
M26200	North Palm Beach, Village of		Debt Administration	2018-1	2018-1	2018-1	153	No
M26500	Oak Hill, City of		Separation of Duties	SD01 (2009)	SD01 (2009)	SD01 (2009)	69	No
M26600	Oakland, Town of		General Accounting Records	10-05	10-05	10-05	60	No
			Revenues/Collections	10-06	10-06	10-06	60	No
M29500	Paxton, City of		Financial Reporting	2020-01	2019-01	2018-01	49	No
			Separation of Duties	2020-02	2019-2	2018-2	49	No
M29600	Pembroke Park, Town of		Payroll and Personnel Administration	2020-02	2019-01	2018-01,2018-03	76	Yes
M29800	Penney Farms, Town of		Financial Reporting	2011-1	2011-1	2011-1	47	No
M30100	Pierson, Town of		Financial Reporting	2009-01	2009-01	2009-01	40	No
			Separation of Duties	2009-02	2009-02	2009-02	41	No
			Budget Administration	2018-01	2018-01	2018-01	44	No
M30700	Pomona Park, Town of		Separation of Duties	2009-IC-1	2009-IC-1	2009-IC-1	54	No
			Fixed Assets	2018-002	2018-002	2018-002	56	No
M31800	Reddick, Town of		Financial Reporting	IC2009-1	IC2009-1	IC2009-1	26	No
			Financial Reporting	ML2009-1	ML2009-1	ML2009-1	26	No
M32900	Satellite Beach, City of		Revenues/Collections	IC2017-001	IC2017-001	IC2017-001	148	No
M33900	South Daytona, City of		Fund Equity	2020-001	2019-003	2013-1	144	No
			Cash	2020-002	2019-004	2018-6	144	No
M34100	South Palm Beach, Town of		Policies and Procedures	2020-01	2019-01	2018-02	101	No
			Purchasing/Contract Management	2020-02	2019-02	2018-03	101	No
M34300	Springfield, City of		General Accounting Records	2020-001	2019-001	2018-001	88	No
			Financial Reporting	2020-002	2019-002	2018-002	88	No
			Cash	2020-003	2019-003	2018-003	89	No
			Separation of Duties	2020-004	2019-005	2018-005	89	No
			General Accounting Records	2020-005	2019-007	2018-007	90	No
			General Accounting Records	2020-006	2019-010	2018-012	91	No
			Budget Administration	2020-007	2019-011	2018-013	92	No
			Financial Condition	2020-008	2019-013	2018-015	92	No
M34500	St. Augustine Beach, City of		Fund Equity	2020-004	2019-003	2018-001	47	No
M34600	St. Cloud, City of		Debt Administration	2020-1	2019-1	2018-1	159	No
			Revenues/Collections	2020-2	2019-3	2018-2	165	No
M34900	St. Marks, City of		Separation of Duties	2020-001	2019-001	2018-001	38	No
M35900	Tampa, City of		State Financial Assistance	2020-001	2019-001	2018-001	362	No
M36600	Trenton, City of		Financial Reporting	2009-1	2009-1	2009-1	62	No
M37500	Wausau, Town of		Separation of Duties	2010-01	2010-01	2010-01	61	No
			Revenues/Collections	2017-01	2017-01	2017-01	62	No
M37800	Welaka, Town of		Financial Reporting	2020-001	2019-001	2018-001	36	No
M38500	Wewahitchka, City of		Financial Reporting	2011-1	2011-1	2011-1	55	No
M39000	Windermere, Town of		Financial Reporting	20-01	19-01	18-01	40	No
M39200	Winter Haven, City of		General Accounting Records	2020-001	2019-001	2018-001	236	No
M39500	Worthington Springs, Town of		Financial Reporting	2014-1	2014-1	2014-1	37	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 2019-20 fiscal year audit report that should be viewed.

**Local Governmental Entities That Failed To Take Full Corrective Action In Reponse To A Recommendation
Included In The 2019-20 Fiscal Year Audit Report And The Two Preceding Financial Audit Reports**

Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
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4 Lobbying Firm
Quarterly Compensation
Reports (2020)

Lobbying Firm Compensation Report Audits – Materials Provided

- 1. Overview:** Audits of Lobbying Firm Compensation Reports
- 2. Results of Audits of 2020 Compensation:** Packet presented to the President and the Speaker

(Note: The packet to the Chair of the Commission on Ethics was identical except for the cover letter)

- 3. Draft Revisions to Guidelines:** For the Committee's consideration

Audits of Lobbying Firm Compensation Reports Joint Legislative Auditing Committee

Summary

The Joint Legislative Auditing Committee (Committee) has statutorily assigned responsibilities related to the audits of lobbying firm compensation reports. Lobbying firms are required to file quarterly compensation reports, and a specified percentage of these firms are required to be audited annually to determine the accuracy of their reporting. The audits are required to be conducted by independent contract auditors¹ selected by the lobbying firms from a list of qualified auditors maintained by the Committee. The auditors are required to follow procedures specified by the Committee during the course of the audit. The implementation efforts in 2007 and 2008 were not resolved, and no audits were conducted initially. During late 2013 and early 2014, the Committee proceeded with the statutory requirements to ensure that audits of compensation reports filed for the 2014 calendar year could begin in 2015. Audits have now been performed on randomly selected executive branch and legislative branch lobbying firms for compensation reported in the 2014 through 2020 calendar years.

Overview

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2018, a RFP process was used, for the second time, to solicit CPAs / CPA firms who were qualified and interested in conducting the audits. Six audit firms responded to the RFP and were approved to conduct the audits. The contracts were renewable for up to three additional years. In 2020, four of the audit firms were available to perform the audits.

For each year, a random number generator was used to determine the lobbying firms that were selected for an audit. In 2021, 23 lobbying firms (11 executive branch firms; 12 legislative branch firms) were selected for an audit of their 2020 compensation. For each audit, a maximum number of billable hours was authorized, based on the number of principals the lobbying firm was registered to represent. In addition, a shipping allowance was authorized for audits in which the audit firm and lobbying firm were not located in the same vicinity. Audit firms were authorized to request an increase in either or both of these amounts if they determined the authorized amounts were insufficient to complete the engagement.

All audits of 2020 compensation were completed by September 9, 2021. The audit firms billed the Legislature a total of \$115,316.29 for all 23 audits.

Statutory Language

Section 11.40, *Florida Statutes*

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

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

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

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

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

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

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

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

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

WILTON SIMPSON
President of the Senate



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

THE FLORIDA LEGISLATURE
JOINT LEGISLATIVE AUDITING COMMITTEE



Representative Ardian Zika, Chair
Senator Dennis Baxley, Vice Chair

CHRIS SPROWLS
Speaker of the House



Representative Webster Barnaby
Representative Tracie Davis
Representative Anna Eskamani
Representative Jenna Persons-Mulicka
Representative Keith L. Truenow

October 29, 2021

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

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

Dear President Simpson and Speaker Sprowls:

As required by s. 11.40(3), *Florida Statutes*, the Joint Legislative Auditing Committee (Committee) is pleased to provide you with the results of the agreed-upon procedures (AUP) engagements performed on the 2020 Quarterly Lobbying Firm Compensation Reports filed by randomly selected lobbying firms.

Enclosed for your review are bound copies of the AUP reports for the 12 engagements performed related to legislative branch compensation reporting. Although the Commission on Ethics is responsible for enforcing any non-compliance related to executive branch compensation reporting, copies of the AUP reports related to executive branch compensation reporting are also provided for your review. In addition, all reports are provided in an electronic format.

For your convenience, the following summary information is provided:

- A one-page summary of all 23 AUP engagements, listed in order by the size of the lobbying firm, which includes the type of compensation audited (executive or legislative branch), the audit firm selected, the cost of each engagement, and whether any findings were reported.
- A one-page summary of the 11 executive branch AUP engagements, listed in alphabetical order.
- A one-page summary of the 12 legislative branch AUP engagements, listed in alphabetical order.
- A summary, with the findings reported in 10 of the AUP reports.

The Honorable Wilton Simpson, President
The Honorable Chris Sprowls, Speaker
October 29, 2021
Page 2

Excluding Legislative member and staff time, the total cost of this year's AUP engagements was \$115,316.29. Of this amount, \$47,382.60 will be paid by the Executive Branch Lobbyist Registration Trust Fund for the audits of executive branch compensation, and \$67,933.69 will be paid by the Legislative Branch Lobbyist Registration Trust Fund for audits of legislative branch compensation.

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

Best regards,



Representative Ardian Zika
Chair



Senator Dennis Baxley
Vice Chair

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

Enclosures: Bound Agreed-Upon Procedures Reports for Legislative Branch Engagements
Copies of Agreed-Upon Procedures Reports for Executive Branch Engagements (Binder)
Electronic Copy (CD) of Agreed-Upon Procedures Reports for Legislative and Executive
Branch Engagements
Summary of All 23 Engagements; Sorted by Size of Lobbying Firm
Summary of Executive Branch Engagements; Listed in Alphabetical Order
Summary of Legislative Branch Engagements; Listed in Alphabetical Order
Summary of Agreed-Upon Procedures (AUP) Findings Reported

2020 Lobbying Firm Compensation Audits

Summary of All 23 Engagements

Sorted by Size of Lobbying Firm

	Lobbying Firm	Number of Lobbyists	Number of Principals													Compensation Audited	Audit Firm Selected	Cost of Engagement	Exceptions (Findings) Reported?	
			1	2	3	5	7	8	9	10	22	26	27	42						
1	Acclaim Strategies Inc	1	X													Executive	CALAS Group	\$ 1,333.99	No	
2	Mang & Santurri PA		X														Legislative	Carroll & Company	\$ 1,780.00	No
3	McConaughay, Coonrod, Pope, Weaver & Stern, PA		X														Legislative	Carroll & Company	\$ 1,880.00	Yes
4	People Who Think		X														Executive	Carroll & Company	\$ 1,840.00	Yes
5	Thomas L. Singleton Consulting Inc		X														Legislative	Carroll & Company	\$ 1,380.00	No
6	The Arnold Law Firm			X													Legislative	CliftonLarsonAllen	\$ 2,375.00	No
7	Deborah Lawson Governmental Affairs (Retired)				X												Executive	Warren Averett	\$ 2,065.50	No
8	Fraser Solutions				X												Legislative	Carroll & Company	\$ 3,940.00	Yes
9	Marin and Sons Inc				X												Executive	CALAS Group	\$ 4,383.11	No
10	Smith & Associates				X												Executive	Carroll & Company	\$ 1,960.00	No
11	Paul W. Wharton, Ph.D. Consulting Inc					X											Legislative	Carroll & Company	\$ 3,340.00	Yes
12	CLD & Associates LLC						X										Executive	Carroll & Company	\$ 2,380.00	No
13	The Peeples Group						X										Executive	Carroll & Company	\$ 2,200.00	No
14	Wexford Strategies							X									Legislative	Warren Averett	\$ 5,111.90	Yes
15	Capitol Strategy Group								X								Executive	Carroll & Company	\$ 9,240.00	Yes
16	ML Bowen Advisors LLC									X							Executive	Carroll & Company	\$ 1,620.00	No
17	Mike Haridopolos										X						Legislative	Carroll & Company	\$ 9,931.79	No
18	Black Consulting, LLC											X					Legislative	Carroll & Company	\$ 5,340.00	No
19	Kurkin Forehand Brandes LLP	2		X												Executive	Carroll & Company	\$ 2,120.00	No	
20	Nabors Giblin & Nickerson PA			X													Legislative	Carroll & Company	\$ 2,280.00	Yes
21	Meenan PA	4											X			Legislative	CliftonLarsonAllen	\$ 14,875.00	Yes	
22	Strategos Public Affairs LLC	6									X					Legislative	Carroll & Company	\$ 15,700.00	Yes	
23	Buchanan Ingersoll & Rooney PC													X			Executive	Carroll & Company	\$ 18,240.00	Yes
Total																		\$ 115,316.29	10	

**2020 Lobbying Firm Compensation Audits
Summary of Executive Branch Engagements**

Listed in Alphabetical Order

	Lobbying Firm (Location)	Audit Firm Selected	Location of Audit Firm	Cost of Engagement	Exceptions (Findings) Reported?
1	Acclaim Strategies Inc (Tallahassee)	CALAS Group	Miami	\$ 1,333.99	No
2	Buchanan Ingersoll & Rooney PC (Tallahassee)	Carroll & Company	Tallahassee	\$ 18,240.00	Yes
3	Capitol Strategy Group (Tallahassee)	Carroll & Company	Tallahassee	\$ 9,240.00	Yes
4	CLD & Associates LLC (Tallahassee)	Carroll & Company	Tallahassee	\$ 2,380.00	No
5	Deborah Lawson Governmental Affairs (Retired) (Tallahassee)	Warren Averett	Destin	\$ 2,065.50	No
6	Kurkin Forehand Brandes LLP (Tallahassee)	Carroll & Company	Tallahassee	\$ 2,120.00	No
7	Marin and Sons Inc (Marin)	CALAS Group	Miami	\$ 4,383.11	No
8	ML Bowen Advisors LLC (Tallahassee)	Carroll & Company	Tallahassee	\$ 1,620.00	No
9	People Who Think (Mandeville, LA / Sarasota, FL)	Carroll & Company	Tallahassee	\$ 1,840.00	Yes
10	Smith & Associates (Tallahassee)	Carroll & Company	Tallahassee	\$ 1,960.00	No
11	The Peoples Group (Tallahassee)	Carroll & Company	Tallahassee	\$ 2,200.00	No
	Total			\$ 47,382.60	3

**2020 Lobbying Firm Compensation Audits
Summary of Legislative Branch Engagements**

Listed in Alphabetical Order

	Lobbying Firm (Location)	Audit Firm Selected	Location of Audit Firm	Cost of Engagement	Exceptions (Findings) Reported?
1	Black Consulting, LLC (Tallahassee)	Carroll & Company	Tallahassee	\$ 5,340.00	No
2	Fraser Solutions (Tallahassee)	Carroll & Company	Tallahassee	\$ 3,940.00	Yes
3	Mang & Santurri PA (Tallahassee)	Carroll & Company	Tallahassee	\$ 1,780.00	No
4	McConnaughay, Coonrod, Pope, Weaver & Stern, PA (Tallahassee)	Carroll & Company	Tallahassee	\$ 1,880.00	Yes
5	Meenan PA (Tallahassee)	CliftonLarsenAllen	Lakeland	\$ 14,875.00	Yes
6	Mike Haridopolos (Indian Harbour Beach)	Carroll & Company	Tallahassee	\$ 9,931.79	No
7	Nabors Giblin & Nickerson PA (Tallahassee)	Carroll & Company	Tallahassee	\$ 2,280.00	Yes
8	Paul W. Wharton, Ph.D. Consulting Inc (Jacksonville)	Carroll & Company	Tallahassee	\$ 3,340.00	Yes
9	Strategos Public Affairs LLC (Tampa)	Carroll & Company	Tallahassee	\$ 15,700.00	Yes
10	The Arnold Law Firm (Jacksonville)	CliftonLarsenAllen	Lakeland	\$ 2,375.00	No
11	Thomas L. Singleton Consulting Inc (Monticello)	Carroll & Company	Tallahassee	\$ 1,380.00	No
12	Wexford Strategies (Jacksonville)	Warren Averett	Destin	\$ 5,111.90	Yes
	Total			\$ 67,933.69	7

Summary of Agreed-Upon Procedures (AUP) Findings Reported

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

Executive Summary

In November 2013, the Joint Legislative Auditing Committee (Committee) adopted *Guidelines for Attestation Services Relating to Quarterly Lobbying Firm Compensation Reports (Guidelines)*. The *Guidelines* were most recently revised in December 2019. In February 2021, Committee staff, following procedures approved by the Committee, and with assistance from the Auditor General's Office, randomly selected 3% of the executive branch lobbying firms and 3% of the legislative branch lobbying firms for an audit.¹ The 11 and 12 lobbying firms selected, respectively, were provided 30 days from the date of the Committee's notification of their selection to choose one of six audit firms approved to perform the AUP engagements.

The *Guidelines* provided the CPA firms with specific steps (procedures) to follow during each AUP engagement. These procedures include comparisons of documents filed with the Legislature's Division of Law Revision and Information, comparisons of documents filed with lobbying firm records, and the receipt of a representation letter from the lobbying firm. Instances in which any discrepancies were noted were required to be reported as a finding or exception by the CPA firm. Engagements were performed between May and August 2021 on the 2020 Quarterly Lobbying Firm Compensation Reports filed.

Of the 23 AUP engagements performed, exceptions (findings) were reported for 10 lobbying firms (43%). Findings were reported for 3 of the 11 AUP engagements (27%) performed related to executive branch compensation and for 7 of the 12 AUP engagements (58%) performed related to legislative branch compensation.

Compensation was overstated by eight lobbying firms for one or more quarters for one or more principals. Compensation was understated by four lobbying firms for one or more quarters for one or more principals. Of these, four lobbying firms both overstated and understated compensation for one or more quarters for one or more principals.

Exceptions noted that did not relate to the compensation amounts reported during 2020 include:

- Two lobbying firms each failed to list the Prime Contractor Firm for one principal during two quarters.
- The compensation reports filed by one lobbying firm do not reflect the actual relationships between certain principals, the lobbying firm, and a third-party lobbying firm; also, no documentation was provided related to certain transactions.
- One lobbying firm's quarterly compensation reports listed a sole lobbyist for each quarter; however, the lobbyist did not register to lobby the executive branch in 2020.
- One lobbying firm reported a principal with \$0.00 compensation on all quarterly compensation reports; however, the firm's sole lobbyist did not register to lobby the legislative branch on behalf of this principal in 2020.

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

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

Reports on 2020 Executive Branch Compensation

(Listed in alphabetical order)

1. Buchanan Ingersoll & Rooney PC

Compensation for the following principals was incorrectly reported for 2020, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Fidelity Information Services, LLC	\$20,000.00 - \$29,999.00	\$10,000.00-\$19,999.00	Overstated
University Medical Service Association, Inc.	\$0.00	\$1.00-\$9,999.00	Understated
Vertical Bridge Holdings, LLC	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
2nd Quarter			
University Medical Service Association, Inc.	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
3rd Quarter			
Tableau Software	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
4th Quarter			
Hope HealthCare Services	\$0.00	\$1.00-\$9,999.00	Understated
Lee Memorial Health System	\$0.00	\$1.00-\$9,999.00	Understated
Marsy's Law for All	\$1.00-\$9,999.00	\$10,000.00-\$19,999.00	Understated
MUNIREvs, Inc.	\$0.00	\$1.00-\$9,999.00	Understated
Park Royal Hospital	\$0.00	\$1.00-\$9,999.00	Understated

On August 27, 2021, the lobbying firm filed amended compensation reports for all quarters reflecting the correct ranges of compensation for these principals.

Per the lobbying firm, the explanation for each of the above exceptions/findings is as follows:

Time Period / Principal	Explanation of Exception
1st Quarter	
Fidelity Information Services, LLC	Timing in payments from the client
University Medical Service Association, Inc.	Timing in billing the client
Vertical Bridge Holdings, LLC	Unintentional error
2nd Quarter	
University Medical Service Association, Inc.	Timing in billing the client
3rd Quarter	
Tableau Software	Unintentional error
4th Quarter	
Hope HealthCare Services	A lobbyist leaving during the fourth quarter
Lee Memorial Health System	
Marsy's Law for All	Timing in billing the client
MUNIREvs, Inc.	A lobbyist leaving during the fourth quarter
Park Royal Hospital	

Number of Registered Lobbyists: 6; Number of Registered Principals: 42
 CPA Firm: Carroll and Company, CPAs

2. Capitol Strategy Group

Compensation for two principals was incorrectly reported for 2020, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
2nd Quarter			
Florida Off Road Foundation	\$0.00	\$1.00-\$9,999.00	Understated
3rd Quarter			
Florida Off Road Foundation	\$0.00	\$1.00-\$9,999.00	Understated
Ubicquia LLC	\$10,000.00-\$19,999.00	\$0.00	Overstated

In addition, for the second and third quarters, the Prime Contractor Firm for the principal, Florida Off Road Foundation, was not reported.

Per the lobbying firm: “In going through the process of the executive branch audit for 2020 lobbyist compensation, the audit firm identified three deficiencies in my reporting. I agree with their findings and have adjusted my reports accordingly. I appreciate the audit firm’s efforts and their guidance through this process. As a one person company, I acted as my own book keeper and compliance manager, and have learned a great deal during this exercise that will improve any future reporting. All identified issues were unintentional errors and not in any way intended to misrepresent the company’s compensation.”

On July 28, 2021, the lobbying firm filed amended compensation reports for the second and third quarters reflecting the correct ranges of compensation for these principals and the omitted Prime Contractor Firm.

Number of Registered Lobbyists: 1; Number of Registered Principals: 9
 CPA Firm: Carroll and Company, CPAs

3. People Who Think

Per the CPA firm: “James A. Miller is listed as the Firm Lobbyist on each of the quarterly lobbying firm compensation reports for 2020. Mr. Miller did not register to lobby the executive branch in 2020.”

“As a result, the principal Bay Park Conservancy listed on each of the quarterly lobbying firm compensation reports, was not associated with the lobbying firm for 2020. The executive branch lobbying compensation reports submitted on June 9, 2021 for each quarter reflect \$0.00 compensation for this principal.” The originally filed compensation reports reflected a range of \$10,000.00 - \$19,999.00 for this principal for each quarter.

Per the lobbying firm: “People Who Think (PWT) is a nationally recognized advertising firm that is headquartered in Mandeville, LA. In 2019, PWT hired Jamie Miller to serve as the Florida Director...Bay Park Conservancy (BPC)...retained [Mr.] Miller and PWT to provide strategic advice to secure an appropriation from the State Legislature...[Mr.] Miller registered as a lobbyist for the legislative branch

and, out of an abundance of caution, also registered to lobby the executive branch...In our quest to provide excellent service and value to our client and to meet the legal requirements of a Florida Lobbying firm, it appears we over-reported our compensation for lobbying the legislative and executive branches of Florida government. Through discussions with employees at the State of Florida Division of Lobbying and the auditor...[Mr.] Miller learned that the over-reporting of compensation included erroneously registering and reporting activities lobbying the executive branch...Compensation reports in 2020 showed the full amount of the contract with BPC in both Legislative and Executive reports and did not take into account the amount of effort that was local for the BPC effort. On the advice of the auditor, [Mr.] Miller amended both the legislative and executive branch lobbying reports to accurately reflect the work that was done before each government body.”

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

Reports on 2020 Legislative Branch Compensation

(Listed in alphabetical order)

1. Fraser Solutions

Compensation for one principal was incorrectly reported for one quarter of 2020, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Sero Action Fund, Inc.	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated

Per the lobbying firm: “For the quarter ended March 31, 2020, I initially chose the wrong range of compensation for SERO Action Fund. Due to a misunderstanding of the proper way to divide compensation between the executive and legislative branches, I reported this client in the next higher range than I should have. I have since revised that report to reflect the correct range of compensation.”

On July 14 2021, the lobbying firm filed an amended compensation report for the first quarter reflecting the correct range of compensation for this principal.

*Number of Registered Lobbyists: 1; Number of Registered Principals: 3
CPA Firm: Carroll and Company, CPAs*

2. McConnaughay, Coonrod, Pope, Weaver & Stern, PA

For all four quarters of 2020, the lobbying firm reported \$0.00 compensation for Associated Industries of Florida Service Corporation; however, the lobbying firm’s sole legislative branch lobbyist did not register to lobby the legislative branch on behalf of this principal in 2020.

Per the lobbying firm: “Our records reflect that at no time has the firm represented Associated Industries of Florida Service Corporation as a Lobbyist. Tammy Perdue represented Associated Industries of Florida for lobbying purposes in 2016 and this is reflected in a contract agreement. Additional services were to be provided to the Foundation of Associated Industries of Florida. No other contracts for lobbying were noted, including any other contract with the principals in this case including Associated Industries of Florida Service Corporation. Services provided by Ms. Perdue were for lobbying services, services provided to the Foundation of Associated Industries and for lobbying for Associated Industries of Florida. The salary paid by the firm to Ms. Perdue was based on these contractual entitlements that she brought to the firm as revenue. Ms. Perdue left the law firm on August 1, 2016. When she left the firm, the contract with Associated Industries of Florida with the firm changed to \$5,000 per month. The bill was sent to Associated Industries of Florida as a consulting fee. Payments included payments for business development. The last bill for services rendered to Associated Industries of Florida (and not the questioned principal in this matter) was on February 16, 2018. Because the firm never got paid by Associated Industries of Florida Service Corporation, no income to this entity was ever reported on the quarterly Lobbying Firm Compensation Report because we never received any compensation being received either before or after Ms. Perdue worked for the firm for services provided to the Associated Industries of Florida Service Corporation. The last payment from Associated Industries of Florida was received by the firm on March 5, 2018 for services ending February 16, 2018.”

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

3. Meenan PA

Compensation for the following principals was incorrectly reported for 2020, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Florida Insurance Guaranty Association	\$0.00	\$1.00-\$9,999.00	Understated
Florida Life & Health Insurance Guaranty Association	\$0.00	\$1.00-\$9,999.00	Understated
2nd Quarter			
AFLAC	\$1.00-\$9,999.00	\$0.00	Overstated
Florida Insurance Guaranty Association			
3rd Quarter			
Florida Insurance Guaranty Association	\$1.00-\$9,999.00	\$0.00	Overstated
NAIFA-Florida, Inc or National Association of Insurance & Financial Advisors - Florida <i>(this is the same organization and reported twice this quarter; one instance is correct, the second instance should have been reported as \$0)</i>	\$1.00-\$9,999.00	\$0.00	Overstated
4th Quarter			
Florida Life & Health Insurance Guaranty Association	\$1.00-\$9,999.00	\$0.00	Overstated

The lobbying firm filed amended compensation reports reflecting the correct range of compensation for these principals on August 12, 2021 (first, third, and fourth quarters) and August 13, 2021 (second quarter).

*Number of Registered Lobbyists: 4; Number of Registered Principals: 27
CPA Firm: CliftonLarsonAllen LLP*

4. Nabors Giblin & Nickerson PA

Compensation for the following principals was incorrectly reported for 2020, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
2nd Quarter			
Tri-County Airport Authority	\$1.00-\$9,999.00	\$0.00	Overstated
Wakulla County	\$1.00-\$9,999.00	\$0.00	Overstated

In addition, total legislative branch compensation was incorrectly reported for one quarter of 2020, as noted below:

Time Period	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
2nd Quarter			
Total Compensation	\$1.00-\$49,999.00	\$0.00	Overstated

Per the lobbying firm: “After a review, NGN [Nabors Giblin & Nickerson PA] noted that the firm erroneously provided information based on the actual compensation received rather than the amount that was billed, as required. Therefore, in response to the error noted by Carroll & Company..., on June 3, 2021, NGN filed an Amended April 01, 2020 – June 30, 2020 Legislative and Executive Branch Compensation Reports providing the correct information for that quarter. NGN maintains that all other information included in the quarterly reports [is] true and accurate.”

On June 3, 2021, the lobbying firm filed an amended compensation report for the second quarter reflecting the correct ranges of compensation for these principals and the total legislative branch lobbying compensation.

*Number of Registered Lobbyists: 2; Number of Registered Principals: 2
CPA Firm: Carroll and Company, CPAs*

5. Paul W. Wharton, Ph.D. Consulting Inc

Compensation for one principal was overstated for 2020, as noted below:

Time Period	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
2nd Quarter			
Verbatim Candle Co	\$1.00-\$9,999.00	\$0.00	Overstated
3rd Quarter			
Verbatim Candle Co	\$1.00-\$9,999.00	\$0.00	Overstated
4th Quarter			
Verbatim Candle Co	\$1.00-\$9,999.00	\$0.00	Overstated

In addition, for the first and second quarters of 2020, the lobbying firm did not report the Prime Contractor Firm for the principal Florida Certification Board.

On May 26, 2021, the lobbying firm filed amended compensation reports for the: (1) second, third, and fourth quarters reflecting \$0.00 compensation for Verbatim Candle Co; and (2) first and second quarters reflecting Jim DeBeaugrine as the Prime Contractor for principal Florida Certification Board.

*Number of Registered Lobbyists: 1; Number of Registered Principals: 5
CPA Firm: Carroll and Company, CPAs*

6. Strategos Public Affairs LLC

Compensation for the following principals was incorrectly reported for 2020, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Committee for Children	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Flagler Hospital	\$20,000.00-\$29,999.00	\$10,000.00-\$19,999.00	Overstated
Florida Freedog, LLC	\$75,000.00	\$30,000.00-\$39,999.00	Overstated
Girls Who Code	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
K12 Insight	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Kleo, Inc. d/b/a ClassWallet	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
ScanStat Technologies, LLC	\$20,000.00-\$29,999.00	\$50,000.00	Understated
Teachers of Tomorrow	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
UMA Education Inc d/b/a Ultimate Medical Academy	\$20,000.00-\$29,999.00	\$1.00-\$9,999.00	Overstated
2nd Quarter			
Alliance for Patient Access	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
ChanceLight Behavioral Health & Education	\$20,000.00-\$29,999.00	\$10,000.00-\$19,999.00	Overstated
Florida Freedog, LLC	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
K12 Insight	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
ScanStat Technologies, LLC	\$30,000.00-\$39,999.00	\$0.00	Overstated
Teachers of Tomorrow	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
The Lung Health Institute	\$1.00-\$9,999.00	\$0.00	Overstated
3rd Quarter			
Alliance for Patient Access	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Flagler Hospital	\$30,000.00-\$39,999.00	\$10,000.00-\$19,999.00	Overstated
Florida Freedog, LLC	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Homecare Software Solutions LLC	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Raptor Technologies LLC	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
ScanStat Technologies, LLC	\$30,000.00-\$39,999.00	\$0.00	Overstated
Teachers of Tomorrow	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
UMA Education Inc d/b/a Ultimate Medical Academy	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
4th Quarter			
Alliance for Patient Access	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Flagler Hospital	\$20,000.00-\$29,999.00	\$1.00-\$9,999.00	Overstated
Florida Freedog, LLC	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Homecare Software Solutions LLC	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
Kleo, Inc. d/b/a ClassWallet	\$1.00-\$9,999.00	\$10,000.00-\$19,999.00	Understated
Raptor Technologies LLC	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
ScanStat Technologies, LLC	\$20,000.00-\$29,999.00	\$0.00	Overstated
Teachers of Tomorrow	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated
UMA Education Inc d/b/a Ultimate Medical Academy	\$1.00-\$9,999.00	\$0.00	Overstated

The lobbying firm filed amended compensation reports reflecting the correct ranges of compensation for these principals on August 25, 2021 (second quarter), August 27, 2021 (third quarter), and August 30, 2021 (first and fourth quarters).

*Number of Registered Lobbyists: 6; Number of Registered Principals: 26
CPA Firm: Carroll and Company, CPAs*

7. Wexford Strategies

Per the CPA firm: The compensation reports filed by the lobbying firm do not reflect the actual relationships between certain principals, the lobbying firm, and a third-party lobbying firm, HBW Resources, LLC (HBW). The lobbying firm's sole lobbyist is also an employee of HBW. For three of the lobbying firm's eight principals, HBW performs the invoicing and receipting of compensation. No documentation was provided that indicated that the lobbying firm received compensation for these three principals; documentation was provided that indicated that compensation was received by the lobbyist, as an employee of HBW via HBW's payroll processor.

During the CPA firm's comparison of compensation reported as provided or owed from each principal to the applicable client (principal) payment records and original receipts documentation, it was unable to see any payments between one of the principals and HBW for the compensation that HBW paid to the

lobbying firm through the lobbyist's base salary as an employee of HBW. This principal is a related party to HBW.

Number of Registered Lobbyists: 1; Number of Registered Principals: 8
CPA Firm: Warren Averett

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BILL GALVANO
President



JOSE OLIVA
Speaker



Commented [DK1]: Leadership names to be updated when the Committee approves a revision to these Guidelines.

**GUIDELINES
FOR
ATTESTATION SERVICES
RELATING TO
QUARTERLY LOBBYING FIRM
COMPENSATION REPORTS**

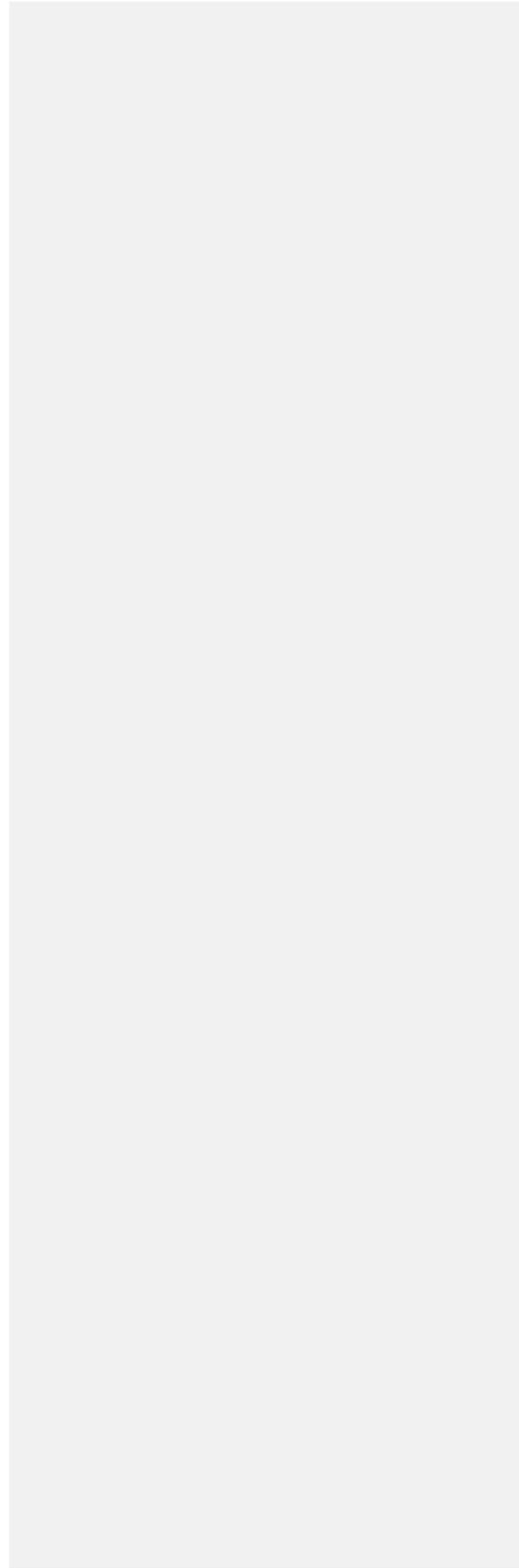
**Joint Legislative Auditing Committee
As adopted on November 4, 2013
and subsequently revised on November 2, 2015, and December 12, 2019**

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Joint Legislative Auditing Committee

Representative Jason Fischer, Chair
Senator Jeff Brandes, Vice Chair

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

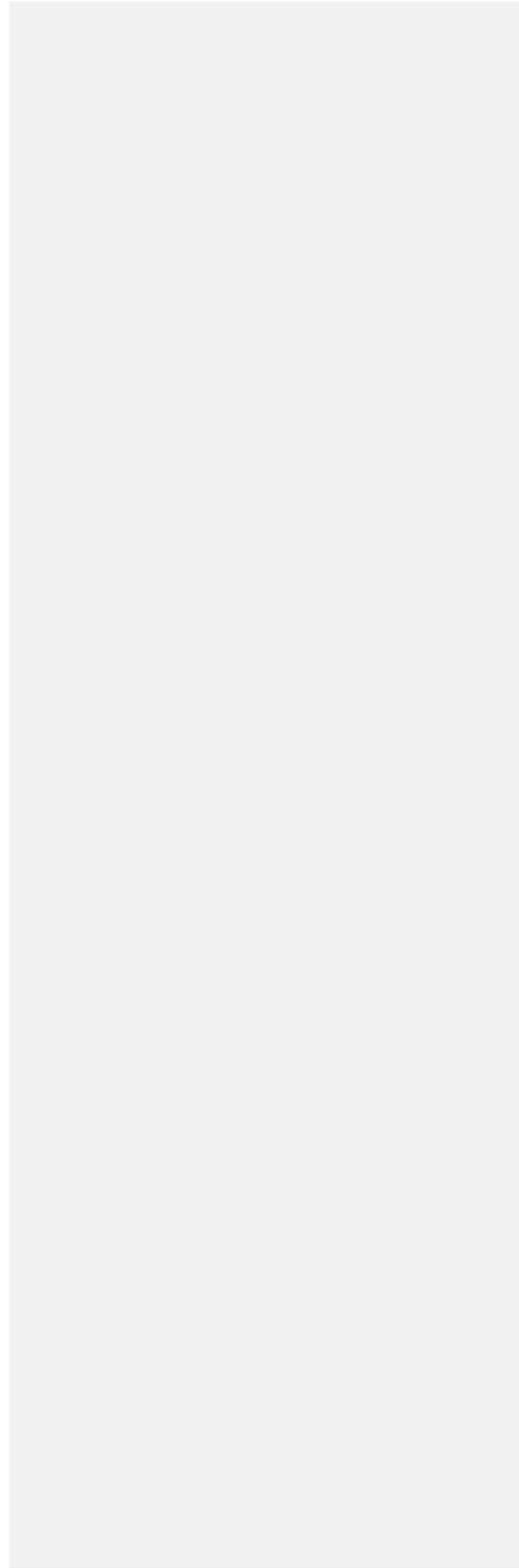
Representative Michael Caruso
Representative Chip LaMarca
Representative Sharon Pritchett
Representative Bob Rommel
Representative Jackie Toledo
Representative Patricia Williams

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Substantive Changes PROPOSED to the Guidelines on December 2, 2021

- Requires CPA firms to include a finding if compensation for lobbying appears to have been received from a third party neither identified as a principal in a registration and applicable compensation report(s) nor identified as a prime contractor firm in applicable compensation report(s). (Page 9)
- Clarifies the definition of original and amended quarterly lobbying firm compensation reports. (Page 15)
- Revises Appendices A-C (Sample Representation Letter for Lobbying Firm; Sample Representation Letter for Committee; Sample Agreed-Upon Procedures Report) to comply with revisions to professional audit and attest standards that apply to agreed-upon procedures reports dated on or after July 15, 2021. CPA firms must comply with these standards. (Pages 17-26)
- Adds Appendix D, a checklist for CPA firms that includes a compilation of selected engagement details that are included in several documents. No new requirements are added. (Pages 35-36)

Substantive Changes Made to the Guidelines on December 12, 2019

- ~~Updates obsolete language related to the Lobbyist Registration Office and registration-related documents. (Pages 2 and 8 (I.B. and VI.C.1.))~~
 - ~~Clarifies the documentation the lobbying firms must provide for verbal agreements or contracts. (Page 4 (III.A. B.))~~
 - ~~Provides three situations in which an observation, rather than a finding, should be reported:
 - ~~Minor typographical differences when more than one lobbyist with a firm registers for a principal;~~
 - ~~A contract does not include minor expenses for which the lobbying firm may be reimbursed, but the lobbying firm correctly reports these expenses when received; and~~
 - ~~A lobbying firm is paid by a third party vendor providing bill paying services under contract, rather than by the principal.~~For any of the above noted situations, the lobbying firm must correctly report compensation.~~
- ~~In addition, if questions arise during the course of an AUP engagement as to whether an unusual item noted should be included as a finding in the AUP report, the audit firm is to contact the Committee Coordinator for assistance. (Page 11 (VI.C.3.))~~
- ~~Requires lobbying firms to provide the audit firms with a Representation Letter within seven (7) days of the request. Requires audit firms to report a finding in the AUP report and contact the Committee Coordinator for assistance if a signed representation letter is not provided within the timeframe requested. (Page 13 (VI.C.5.a))~~
 - ~~Requires audit firms to obtain a Representation Letter from the Joint Legislative Auditing Committee. (Page 13 (VI.C.5.b))~~
 - ~~Revises the sample Agreed Upon Procedures Report. (Pages 19-22 (Appendix C))~~

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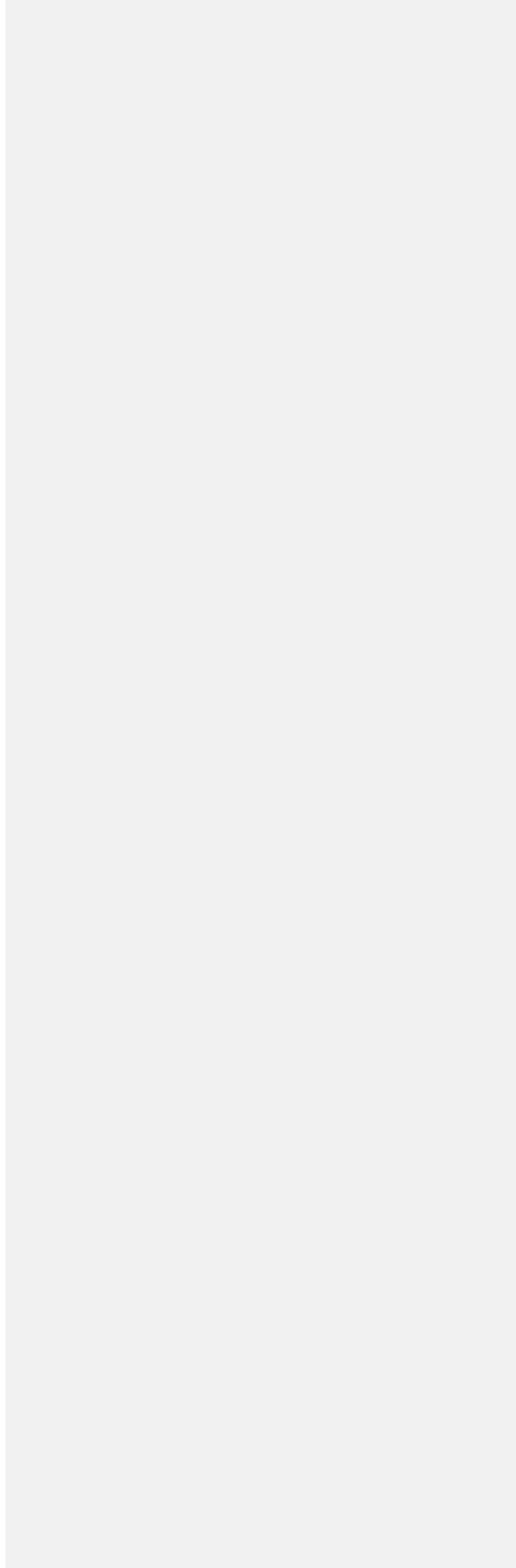
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**JOINT LEGISLATIVE AUDITING COMMITTEE
GUIDELINES FOR ATTESTATION SERVICES RELATING TO
LOBBYING FIRM COMPENSATION REPORTS**

I. Introduction

A. Purpose

Chapter 2005-359, *Laws of Florida*, mandates the filing of quarterly lobbying firm compensation reports that must be prepared and filed by both legislative branch and executive branch lobbying firms as defined in law.¹ The law also requires the Joint Legislative Auditing Committee (Committee) to adopt guidelines to govern random audits and field investigations of the quarterly compensation reports filed by lobbying firms in accordance with Sections 11.045 and 112.3215, *Florida Statutes*.

The purpose of these Guidelines is to provide direction to the lobbying firms and ~~to the Florida-licensed~~ certified public accountants (CPAs) in Florida-licensed public accounting and CPA firms (CPA firms) selected to perform the attestation services specified herein relating to the compensation reports filed by lobbying firms in accordance with Sections 11.045 and 112.3215, *Florida Statutes*. The Guidelines also describe the types of compensation-related records that should be maintained by the lobbying firms and made available to the CPAs ~~or CPA firm~~ during the performance of the attestation services. These Guidelines are intended to supplement, rather than replace, the judgment of the independent CPAs performing the attestation services.

In all cases, decisions and judgments by the CPAs should be made based upon applicable attestation standards established by the American Institute of Certified Public Accountants, provisions of *Florida Statutes*, and direction given in these Guidelines. Also, for background purposes, the CPAs should become familiarize themselves with Joint Rule One of the *Joint Rules of the Florida Legislature* and Chapter 34-12, *Florida Administrative Code* (Rules of the Florida Commission on Ethics), as they relate to lobbying and compensation reporting requirements for the legislative branch and executive branch, respectively. Further guidance, including a frequently-asked questions document, will address issues and questions that may arise during the performance of the attestation services or from lobbying firms complying with the reporting requirements.

These guidelines govern attestation services relating to quarterly compensation reports. The procedures described in section VI.C. below will be performed on each quarterly compensation report filed by the randomly selected lobbying firm for the preceding calendar year.

¹ Sections 11.045, 11.40, and 112.3215, *Florida Statutes*

**JOINT LEGISLATIVE AUDITING COMMITTEE
GUIDELINES FOR ATTESTATION SERVICES RELATING TO
LOBBYING FIRM COMPENSATION REPORTS**

B. Responsible Parties

The Lobbyist Registration Office (Office) within the Office of Legislative Services administers lobbyist registrations for the legislative branch. The Commission on Ethics (Commission) administers lobbyist registrations for the executive branch. The Commission has co-located Commission employees in the Office. The Office maintains and provides this information to legislators, staff, public agencies, and the public. The lobbying firms are required to file quarterly lobbying firm compensation reports electronically with the Office. The Office is responsible for maintaining the electronic filing system and ensuring that all of the lobbyist registration and authorization documentation and compensation reports are available for public inspection and duplication, if requested. The Office is also responsible for ensuring that the documentation and reports filed with the Office are reasonably available on the Internet in an easily understandable and accessible format.

The Legislative committee charged with administrative responsibility for the process mandated in Chapter 2005-359, *Laws of Florida* (now Section 11.40(3), *Florida Statutes*), is the Joint Legislative Auditing Committee (Committee).

C. Committee Contact

The Committee Coordinator is assigned to act as liaison to the CPAs ~~and CPA firms~~ performing the attestation services relating to the quarterly lobbying firm compensation reports and can be contacted as follows:

Telephone: (850) 487-4110
Email: jlac@leg.state.fl.us

D. Questions

Questions concerning the attestation services specified in these Guidelines, report formats, or special situations or circumstances encountered during the performance of the attestation services are encouraged from ~~any the CPAs firm staff member~~. All such questions should be directed to the Committee contact at the telephone number or email listed above.

All other questions should be directed to the Committee contact, preferably in writing at the email listed above.

**JOINT LEGISLATIVE AUDITING COMMITTEE
GUIDELINES FOR ATTESTATION SERVICES RELATING TO
LOBBYING FIRM COMPENSATION REPORTS**

II. Definitions

The following are definitions of terms used throughout these guidelines:

Committee - the Joint Legislative Auditing Committee established by Joint Rule 4.1, *Joint Rules of the Florida Legislature*, or its successor committee.

Compensation² - a payment, distribution, loan, advance, reimbursement, deposit, salary, fee, retainer, or anything of value provided or owed to a lobbying firm, directly or indirectly, by a principal for any lobbying activity. [Sections 11.045(1)(b), and 112.3215(1)(c), *Florida Statutes*]

Independent contract auditor - a state-licensed certified public accountant or firm with which a state-licensed certified public accountant is currently employed or associated who is actively engaged in the accounting profession. [Section 11.40(3)(a), *Florida Statutes*]

Lobbies/Lobbying - seeking, on behalf of another person, to influence an agency with respect to a decision of the agency in the area of policy or procurement or an attempt to obtain the goodwill of an agency official or employee. [Section 112.3215(1)(f), *Florida Statutes*]; influencing or attempting to influence legislative action or nonaction through oral or written communication or an attempt to obtain the goodwill of a member or employee of the Legislature. [Section 11.045(1)(e), *Florida Statutes*]

Lobbying firm - any business entity, including an individual contract lobbyist, ~~which that~~ receives or becomes entitled to receive any compensation for the purpose of lobbying, where any partner, owner, officer, or employee of the business entity is a lobbyist. [Sections 11.045(1)(f) and 112.3215(1)(g), *Florida Statutes*]

Lobbyist - a person who is employed and receives payment, or who contracts for economic consideration, for the purpose of lobbying, or a person who is principally employed for governmental affairs by another person or governmental entity to lobby on behalf of that other person or governmental entity. [Sections 11.045(1)(g) and 112.3215(1)(h), *Florida Statutes*]

Principal - the person, firm, corporation, or other entity which has employed or retained a lobbyist. [Sections 11.045(1)(i) and 112.3215(1)(i), *Florida Statutes*]

Workpapers - documentation developed or obtained by the CPAs during the course of the attestation engagement as a basis for, and in support of, the agreed-upon procedures report. Such documentation is the record of procedures performed, relevant evidence

² It should only include compensation for lobbying before the Florida Legislature and state officials. It should not include compensation for lobbying local (i.e., counties, municipalities, special districts, universities, colleges, district school boards, etc.), or federal officials or officials of other states.

**JOINT LEGISLATIVE AUDITING COMMITTEE
GUIDELINES FOR ATTESTATION SERVICES RELATING TO
LOBBYING FIRM COMPENSATION REPORTS**

obtained, and conclusions reached by the CPAs. It may include letters of confirmation and representation, schedules, copies of relevant documents, and correspondence concerning issues and questions that arise during the engagement. The workpapers are governed by standards adopted by the Florida Board of Accountancy. Ownership of such workpapers and the CPAs's responsibilities related to communications with clients³ and confidential client information are set forth in Sections 473.316 and 473.318, *Florida Statutes*, and Chapter 61H1-23, *Florida Administrative Code* (Rules of the Florida Board of Accountancy). Additionally, such workpapers are confidential and exempt from disclosure pursuant to Sections 112.3215(8)(d) and 11.0431(2)(a) and (i), *Florida Statutes*.

III. Compensation-Related Records to be Maintained

Each lobbying firm and each principal shall preserve for a period of 4 years all accounts, bills, receipts, computer records, books, papers and other documents and records necessary to substantiate compensation. [Sections 11.045(2)(e) and 112.3215(5)(e), *Florida Statutes*] The lobbying firm's bookkeeping and accounting system need not be sophisticated; however, the lobbying firm should be using a reasonably systematic method of accounting for its financial transactions.

Records that should be maintained by the lobbying firm to document compensation received from or owed by a principal may include, but are not limited to, the following:

- A. Agreements and/or contracts for lobbying (however termed) between the lobbying firm and each principal by calendar year, including any amendments to such agreements or contracts. If any of the agreements and/or contracts are verbal, a written statement or other form of documentation which outline the payment terms should be maintained.
- B. Agreements and/or contracts between the lobbying firm and other lobbying firms or lobbyists that are working on a subcontractor basis with the lobbying firm for the purpose of lobbying (however termed), including any amendments to such agreements or contracts. If any of the agreements and/or contracts are verbal, a written statement or other form of documentation which outline the payment terms should be maintained.
- C. A schedule of contracted compensation by principal that indicates the payment schedule for such compensation (i.e., as services are rendered and billed, monthly, quarterly, lump sum at beginning of contract period, lump sum at end of contract period, etc.).

³ For purposes of these guidelines, client is defined as both the Legislature and the lobbying firms.

**JOINT LEGISLATIVE AUDITING COMMITTEE
GUIDELINES FOR ATTESTATION SERVICES RELATING TO
LOBBYING FIRM COMPENSATION REPORTS**

- D. Payment records by principal, including original receipts documentation. Such payment records should include: principal name, date of each payment, amount of each payment, and any amounts billed but not yet received. Original receipts documentation should include: receipts, invoices, or copies of the payment check; and deposit slips or other bank records that indicate that payments received from principals were deposited.
- E. If the compensation reported includes any reimbursements received, then documentation to substantiate the reimbursement must be maintained. Such documentation could include receipts or invoices describing the goods or services for which reimbursement was requested, cancelled checks, and credit card receipts.
- F. Records to document any allocation of compensation from a principal.

The Committee recognizes that a reasonable, common sense approach is necessary when any allocation is required. Therefore, in calculating such allocated amounts, any reasonable, fact-based method of calculation is acceptable.

One method that could be utilized is allocating the compensation based on percentage of time spent on activities. For example, actual time spent (hours or minutes) multiplied by the hourly rate of pay (for each lobbyist or support staff working on each activity).

It is imperative, however, that documentation be maintained to support both the method and any percentages used to determine amounts allocated to the following areas:

1. Lobbying services versus non-lobbying services
2. Florida legislative branch lobbying versus executive branch lobbying
3. Florida legislative or executive branch lobbying versus lobbying any level or branch of a local, other state, or federal government.

The lobbying firm may choose to keep records of all Florida legislative or executive branch lobbying activities separate from the records of all other such lobbying and non-lobbying activities. If this is the case, then the lobbying firm is not required to make any documents related to any other lobbying or non-lobbying activities available as part of the attestation engagement. However, if the lobbying firm has chosen to keep records and accounts which ordinarily and customarily integrate both Florida legislative and/or executive branch lobbying activities and all other such lobbying and non-lobbying activities, then such integrated records must be made available during the attestation engagement if they are necessary to document all or a portion of the compensation amounts included on the quarterly compensation reports.

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The types of documentation that may be used to support an allocation of compensation include, but are not limited to, the following:

- 1) Signed time sheets or other records for each lobbying firm staff member that reflect the actual time spent (in hours or minutes) on lobbying activities for a principal, including reports generated by a time-reporting system using a coding or other system to identify time spent on lobbying activities with respect to a principal for purposes of billing for lobbying services;
- 2) Salary information that indicates the hourly rate of pay for each lobbying firm staff member who worked on lobbying activities for a principal;
- 3) Written contract or agreement for lobbying services signed by the parties specifying a fixed amount for lobbying services or providing for an agreed-upon allocation of compensation using specified percentages or other agreed-upon allocation;
- 4) Written statement(s), signed by a management-level employee of either or both the lobbying firm and the principal, that describes the specific reasons for allocating compensation using specified percentages (i.e., 60% legislative branch and 40% executive branch or 70% lobbying services and 30% non-lobbying services).

An allocation method may be adjusted if the lobbying firm determines that such adjustments need to be made to accurately reflect current activity. Documentation as discussed above should be maintained to support any such adjustments.

IV. Record Redaction

The Committee recognizes that records maintained by a lobbying firm and used to substantiate compensation may contain privileged or confidential information, the disclosure of which is not necessary for the CPAs ~~or CPA firm~~ to perform the attestation procedures specified herein. A lobbying firm may redact information that is privileged or confidential so long as such redaction does not prevent the CPAs ~~or CPA firm~~ from using the records to substantiate the accuracy of the compensation reported, the principal owing or providing the compensation, and the related time period.

If a lobbying firm refuses to provide documentation or if the lobbying firm provides redacted documentation that prevents the CPAs ~~or CPA firm~~ from substantiating the compensation reported, the CPAs ~~or CPA firm~~ should contact the Committee Coordinator for assistance.

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V. Records Retention

The records retention requirements are established in Sections 11.045(2)(e) and 112.3215(5)(e), *Florida Statutes*. Each lobbying firm and each principal is required to preserve for a period of **4 years** “all accounts, bills, receipts, computer records, books, papers, and other documents and records necessary to substantiate compensation.”

VI. Objectives and Requirements for Attestation Services

A. Objectives

The legislative objective of the process mandated in Section 11.40(3), *Florida Statutes*, is to obtain a timely attestation report from ~~a CPAs or CPA firm~~, licensed by the Florida Board of Accountancy. The attestation engagement is to be conducted and the attestation report is to be prepared in accordance with the applicable attestation standards ~~promulgated~~ established by the American Institute of Certified Public Accountants as adopted by the Florida Board of Accountancy in Chapter ~~473, Florida Statutes~~ 61H1-20, Florida Administrative Code. The specific procedures performed on the randomly selected lobbying firm’s quarterly compensation reports will be as agreed upon between the Legislature and the CPAs ~~or CPA firm~~ selected to perform such procedures. Such procedures are described in section VI.C. below and have been adopted by the Committee as authorized by Section 11.40(3)(h), *Florida Statutes*.

B. Confidentiality of Records and Other Matters

Workpapers developed by the CPAs ~~or CPA firm~~ during the course of the attestation engagement as a basis for, and in support of, the agreed-upon procedures (AUP) report, are governed by standards adopted by the Florida Board of Accountancy. Ownership of such workpapers and the CPA’s responsibilities related to communications with clients and confidential client information are set forth in Sections 473.316 and 473.318, *Florida Statutes*, and Chapter 61H1-23, *Florida Administrative Code* (Rules of the Florida Board of Accountancy).⁴ Such workpapers and draft reports of ~~the CPAs or CPA firm~~ are confidential, but a final report submitted by ~~the CPAs or CPA firm~~ to a client is not. Therefore, the AUP report is confidential until it is issued.

Records of a lobbying firm that are associated with the attestation engagements relating to the quarterly compensation reports are confidential and exempt from public record disclosure requirements, unless there is a finding of probable cause

⁴ A CPA may not disclose any confidential information in the course of a professional engagement, except with the consent of the client.

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that the audit reflects as a violation of the reporting laws. (See Sections 112.3215(8)(d) and 11.0431(2)(a) and (i), *Florida Statutes*)

The CPAs ~~or CPA firm~~ contracted to perform the attestation engagement may be required to appear before various committees of the Legislature or the Florida Commission on Ethics, as applicable, to make oral presentations of the completed AUP report. If such appearance is required, the individuals involved will be paid based on the fee schedule that will be included in the contract with the CPAs ~~or CPA firm~~.

C. Agreed-Upon Procedures to be Performed

The agreed-upon procedures (AUP) to be performed by the CPAs ~~or CPA firm~~ selected to perform the attestation engagement are described below. Revisions to such procedures may be made if determined to be necessary by the Committee or by joint agreement of the presiding officers. Such revisions must be agreed upon in writing by the Committee or joint agreement of the presiding officers and the CPAs ~~or CPA firm~~ contracted to perform such services. No oral agreements shall be valid or binding.

1. Documentation to be Obtained

a) Obtain the following documentation from the Committee office:

- a)1) all of the quarterly lobbying firm compensation reports for the calendar year that the lobbying firm filed with the Office;⁵
- a)2) documentation to support the lobbyists registered and associated with the lobbying firm; and
- a)3) documentation to support the lobbying firm's authorization to represent each principal.

~~Note: If the lobbying firm filed an amended compensation report subsequent to the time the Committee office obtained the above noted compensation reports, but prior to the start of audit fieldwork, then such amended compensation reports must be obtained directly from the Office's website to verify that the amended compensation report was properly filed.~~

b) Inquire of the lobbying firm whether it filed any amended compensation reports for the calendar year with the Office subsequent to the time the Committee office obtained the compensation reports noted in VI.C.1.a above, but prior to the start of audit fieldwork. If the lobbying firm indicates that it did file an amended compensation report for one or more quarters,

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⁵ The quarterly compensation reports are also available on the Office's website: <https://www.floridalobbyist.gov/CompensationReportSearch/>.

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obtain a copy of the amended compensation report(s) directly from the Office's website to verify that such amended compensation report(s) were properly filed.

2. Comparison of Documents Filed with the Office

- a) Compare the lobbyist(s) registered for the lobbying firm per the registration documentation obtained in VI.C.1.b above to the lobbyists listed on the quarterly lobbying firm compensation reports, noting any differences. Obtain a detailed explanation from the lobbying firm for any differences and document the explanation in the workpapers.
- b) Compare the principal(s) listed for each lobbyist of the lobbying firm per the authorization documentation obtained in VI.C.1.c above to the principal(s) listed on the quarterly lobbying firm compensation reports, noting any differences. Obtain a detailed explanation from the lobbying firm for any differences and document the explanation(s) in the workpapers.

A finding must be included in the AUP report if:

- the explanations are not sufficiently documented,
- or if a lobbyist or a principal was included on a compensation report but the lobbyist was not registered or the authorization was not obtained from the principal, or
- compensation appears to have been received from a third party neither identified as a principal in a registration and applicable compensation report(s) nor identified as a prime contractor firm in applicable compensation report(s).

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In addition, a statement should be included in the AUP report if the lobbying firm filed an amended compensation report as a result of a finding.

3. Comparison of Documents Filed with Lobbying Firm Records

Request access from the lobbying firm to the documentation that supports all of the compensation amounts reported on the quarterly lobbying firm compensation reports, including \$0 amounts (i.e., applicable agreements and/or contracts for lobbying services, payment records, and original receipts). If agreeable to the lobbying firm, such original documentation may be shipped to/from the CPAs' ~~or CPA firm's~~ office. In addition, if preferred by the lobbying firm, a review of such documentation may be performed on site at the lobbying firm's office(s). If problems relating to access of such records and documentation are encountered, contact the Committee Coordinator for assistance.

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- a) Review all agreements and/or contracts for lobbying (however termed) between the lobbying firm and each principal that cover the calendar year, including any amendments, including the notes or other documentation provided by the lobbying firm which outline the payment terms of any verbal agreement(s)/contract(s). Also request and review all agreements and/or contracts between the lobbying firm and other lobbying firms or lobbyists that are working on a subcontractor basis with the lobbying firm for the purpose of lobbying, including any amendments, including the notes or other documentation provided by the lobbying firm which outline the payment terms of any verbal agreement(s)/contract(s).
- b) Review the agreements/contracts obtained in section VI.C.3.a above and verify that none are contingency fee based,⁶ unless an exception is provided in law (i.e., related to a claim bill (both legislative and executive); compensation or commission of a salesperson as part of a bona fide contractual relationship with company paying the compensation or commission (executive only)). A finding must be included in the AUP report if it is determined that an agreement or contract was based on a contingency fee in violation of law.
- c) Using the above-noted agreements and/or contracts and notes or other documentation provided for verbal agreement(s)/contract(s), prepare (or obtain from the lobbying firm, if available) a schedule of the contracted compensation by principal, noting the payment schedule for such compensation (i.e., as services are rendered and billed, monthly, quarterly, lump sum at beginning of contract period, lump sum at end of contract period, etc.).
If the schedule is prepared by the lobbying firm, compare all compensation amounts per the schedule to the agreements and/or contracts. Resolve any differences, documenting the explanations provided by the lobbying firm in the workpapers.
- d) Compare the principals per the schedule in section VI.C.3.c above to the principals noted in VI.C.2. above. Resolve any differences, documenting the explanations provided by the lobbying firm in the workpapers.
- e) Compare all of the compensation reported as provided or owed to the lobbying firm from each principal per the quarterly lobbying firm compensation reports to the schedule in section VI.C.3.c above. Resolve any differences, documenting the explanations provided by the lobbying firm (e.g., timing, etc.) in the workpapers.

⁶ See Sections 11.047 and 112.3217, *Florida Statutes*, relating to contingency fees.

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- f) In order to verify the reported amounts, compare all of the compensation amounts provided or owed to the lobbying firm by each principal to the applicable client (principal) payment records and original receipts documentation, as described in section III.D. above. Prepare a schedule to document the results and notes to describe the procedures performed and the records utilized.

Any differences noted while performing the procedures specified in this section (VI.C.3.) must be discussed with the lobbying firm, and explanations obtained and documented. A finding must be included in the AUP report if the explanations are not sufficiently documented, unless an exception noted below applies. In addition, a statement should be included in the AUP report if the lobbying firm filed an amended compensation report as a result of a finding. [Note: If, during the course of the AUP engagement, questions arise as to whether an unusual item noted should be included as a finding in the AUP report, please contact the Committee Coordinator for assistance.]

Exceptions:

- More than one lobbyist in a lobbying firm registers for the same principal; however, there are inconsistencies in how each lobbyist entered the principal's name in the Lobbyist Registration System (i.e., one lobbyist entered "Inc." in association with the principal's name and another lobbyist did not). Providing that all compensation was correctly reported under only one occurrence of the principal's name, and any other occurrences of the principal's name report \$0 compensation, this will be reported as an observation rather than a finding. The observation must explain what occurred.
- A lobbying firm receives and accurately reports as compensation an amount of \$250 or less for reimbursement-type expenses; however, the contract does not contemplate such expenses. This will be reported as an observation rather than a finding. The observation must provide the amount and purpose of the reimbursement.
- A lobbying firm receives payment from a third-party vendor that the principal has contracted with to provide bill-paying services rather than directly from the principal. As long as the lobbying firm has a contract or other documentation that adequately supports this contractual arrangement, [neither a finding nor an observation needs to be included in the AUP report this will be reported as an observation rather than a finding.](#)

4. Allocation of Compensation

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Documentation, as discussed in section III.F. above, must be maintained to support both the method and any percentages used to determine any amounts allocated.

If any compensation amounts have been allocated between any of the following categories of services: (1) lobbying services versus non-lobbying services, (2) Florida legislative branch lobbying versus executive branch lobbying, (3) Florida legislative or executive branch lobbying versus lobbying any level or branch of a local, other state, or federal government, then:

- a) Verify that the explanation(s) and documentation provided by the lobbying firm for each allocation is in accordance with either the allocation determined and documented by the lobbying firm or the default methodology described below for each applicable category.
- b) Using the schedule in section VI.C.3.c above, verify that the allocated compensation amounts were correctly included or omitted from the quarterly lobbying firm compensation reports in order to verify the reported amounts.
- c) Prepare a schedule to document the results and include any documentation provided by the lobbying firm in the workpapers. As described below, certain findings must be included in the AUP report. Any finding must include a description of the amount allocated and any explanation provided by the lobbying firm as to why the allocation method was not documented.

- **Lobbying services versus non-lobbying services**

If the lobbying firm provided non-lobbying services to the principal, the compensation for the non-lobbying services must be excluded from the compensation report.

If the lobbying firm has not utilized and documented a reasonable allocation method between compensation from a principal for lobbying versus non-lobbying services, then the CPAs will probably need to look at additional records maintained by the lobbying firm in order to determine that only compensation for lobbying services was included on the quarterly compensation reports.

If there is not sufficient documentation to determine that the amounts reported on the quarterly compensation reports are only for lobbying services rendered, then a finding must be included in the AUP report.

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- **Florida legislative branch lobbying versus executive branch lobbying**

If the lobbying firm is providing both Florida legislative branch and executive branch lobbying services, there must be no double reporting of compensation on the legislative branch and the executive branch quarterly compensation reports.

If the lobbying firm has not utilized and documented a reasonable allocation method between compensation for such legislative branch versus executive branch lobbying services rendered, then the assumption will be that the compensation should be equally split (50-50) between the two categories of lobbying services.

A finding must be included in the AUP report if the compensation reported on the quarterly compensation reports is not accurate based on either the allocation records maintained by the lobbying firm or the assumption applied, in the case where no allocation method was utilized and sufficiently documented by the lobbying firm.

- **Florida legislative or executive branch lobbying versus lobbying any level or branch of a local, other state, or federal government**

If the lobbying firm lobbied any level or branch of a local, other state, or federal government, the compensation for these lobbying services must be excluded from the compensation report.

If the lobbying firm has not utilized and documented a reasonable allocation method between compensation received for Florida legislative branch lobbying or executive branch lobbying services versus lobbying any level or branch of a local, municipal, other state, or federal government, then the assumption will be that the compensation should be equally proportioned between the categories of lobbying services described in the contract, agreement or other document that denotes the lobbying services to be provided by the lobbying firm.

A finding must be included in the AUP report if the compensation reported on the quarterly compensation reports is not accurate based on either the allocation records maintained by the lobbying firm or the assumption applied, in the case where no allocation method was utilized and sufficiently documented by the lobbying firm.

5. Representation Letters from Lobbying Firm

Commented [DK4]: Title change only. The representation letter from the Committee was added as a new requirement during the previous revision of the Guidelines in 2019.

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- a) Obtain a representation letter from the lobbying firm as the responsible party, indicating that the lobbying firm has provided full and complete records to the CPAs ~~or CPA firm~~, including all pertinent contracts and/or agreements for lobbying services provided during the calendar year and related supporting documentation. A sample representation letter is included as Appendix A. Request that the lobbying firm provide the signed representation letter within seven (7) days of ~~audit~~the request date. If the signed representation letter is not received within the timeframe requested, include a finding in the AUP report regarding such and contact the Committee Coordinator for assistance.
 - b) Obtain a representation letter from the Committee as the engaging party. An example of the representation letter is included as Appendix B.
6. Written Statement of Explanation or Rebuttal from the Lobbying Firm
- Inquire if the lobbying firm would like to provide a written statement of explanation or rebuttal concerning any or all of the auditor's findings for inclusion in the AUP report. Request that the lobbying firm provide such written statement(s) within seven (7) days of the date requested~~audit inquiry~~. Include any such written statement of explanation or rebuttal for a finding in the AUP report, as either a paragraph below the applicable finding or an appendix to the AUP report.
7. Preparation of Agreed-Upon Procedures (AUP) Report
- Prepare an AUP report in accordance with attestation standards promulgated by the American Institute of Certified Public Accountants as adopted by the Florida Board of Accountancy. A sample report shell is included as Appendix C. Copies of the quarterly lobbying firm compensation reports (original and amended, if any) must be included as an appendix of the AUP report.
- Pursuant to the requirements of Section 11.40(3)(f), *Florida Statutes*, a schedule must be prepared and included as an appendix to the AUP report that states the name, address, and title, if any, of any individual in the lobbying firm who failed to fully, voluntarily, and promptly participate in the attestation engagement process, or to provide any reasonably relevant documentation requested by the CPAs ~~or CPA firm~~ in the course of conducting the attestation engagement.
8. Distribution of Agreed-Upon Procedures (AUP) Report

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The AUP report, which includes copies of the quarterly lobbying firm compensation reports (original and amended, if any)⁷ as an appendix, and the schedule prepared in VI.C.7. above must be distributed as follows:

- a) If the AUP report is of a legislative branch lobbying firm, as soon as the engagement is completed, provide an electronic copy of the report to the Committee and to the lobbying firm. In addition, once all engagements have been completed, provide three bound copies of each AUP report to the Committee. The Committee will provide the AUP reports to the President of the Florida Senate and to the Speaker of the Florida House of Representatives.
- b) If the AUP report is of an executive branch lobbying firm, as soon as the engagement is completed, provide an electronic copy of the AUP report to the Committee and to the lobbying firm. In addition, once all engagements have been completed, provide two bound copies of each AUP report to the Committee. The Committee will provide the AUP reports to the Florida Commission on Ethics.

⁷ The “original” quarterly lobbying firm compensation reports refers to the versions that were used by the CPA firm for the agreed-upon procedures. In most cases, it will be the versions provided to the CPA firm by Committee staff. However, if the lobbying firm amended any of the applicable quarterly lobbying firm compensation reports after the date Committee staff printed the reports, but prior to the beginning of the field work by the CPA firm, this version must be used for the engagement and is considered the original report. An “amended” quarterly lobbying firm compensation reports refers to the version that was submitted to the Office by the lobbying firm to correct reporting errors found by the CPA firm.

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APPENDIX A – SAMPLE REPRESENTATION
LETTER FROM LOBBYING FIRM

Commented [DK5]: Appendices A-C are being replaced in their entirety due to a revision to the attestation standards promulgated by the American Institute of Certified Public Accountants. The new standards became effective for Agreed-Upon Procedures reports issued after July 15, 2021.

[Date]

To [CPA Firm’s Name and Address]

In connection with your engagement to apply agreed-upon procedures to the [legislative branch/executive branch] Quarterly Compensation Reports of [Name of Lobbying Firm] for the [20] calendar year, we confirm, to the best of our knowledge and belief, the following representation made to you during your engagement.

1. We acknowledge that we are responsible for our [20] calendar year [legislative branch/executive branch] Quarterly Compensation Reports.
2. We have provided you with all:
 - a) Contracts and/or agreements with principals for lobbying services provided during the [20] calendar year.
 - b) Contracts and/or agreements with other lobbying firms or lobbyists that are working on a subcontractor basis with [me/us] for the purpose of lobbying during the [20] calendar year.
 - c) All related documentation necessary to support the total amount of compensation for lobbying activities on each quarterly compensation report and all allocations of compensation received from principals for lobbying activities, including payment records and original receipts documentation.
3. We have disclosed to you all known matters contradicting any information on our [20] calendar year [legislative branch/executive branch] Quarterly Compensation Reports.
4. We have disclosed to you any communications from the Florida Legislature affecting our [20] calendar year [legislative branch/executive branch] Quarterly Compensation Reports, including communications received between the date of these [20] Quarterly Compensation Reports and the date of your report, [Date of CPA Firm’s Report].
5. We are not aware of any material misstatements in our [20] calendar year [legislative branch/executive branch] Quarterly Compensation Reports.

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6. We have disclosed to you all known events occurring subsequent to December 31, [20__] to the date of this letter and the date of your report, [add Date of CPA Firm's Report], that would have a material effect on our [20__] calendar year [legislative branch/executive branch] Quarterly Compensation Reports.

(Signature of Lobbying Firm Executive Officer)

(Printed Name of Lobbying Firm Executive Officer)

(Title of Lobbying Firm Executive Officer)

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**APPENDIX B – SAMPLE REPRESENTATION
LETTER FROM COMMITTEE**

[Date]

To [CPA Firm’s Name and Address]

In connection with your engagement to apply agreed-upon procedures to the [legislative branch/executive branch] Quarterly Compensation Reports of [Name of Lobbying Firm] for the [20] calendar year, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We acknowledge that [Name of Lobbying Firm] is responsible for the information included in its Quarterly Compensation Reports for the [20] calendar year in accordance with [if legislative branch compensation: Section 11.045, Florida Statutes, Lobbying before the Legislature; registration and reporting; exemptions; penalties] or [if executive branch compensation: Section 112.3215, Florida Statutes, Lobbying before the executive branch or the Constitution Revision Commission; registration and reporting; investigation by commission].
2. We are responsible for selecting the procedures and for determining that such procedures are appropriate for our purposes.
3. We have provided you with all relevant information and access under the terms of our agreement.
4. We are not aware of any material misstatements in the [20] calendar year [legislative branch/executive branch] Quarterly Compensation Reports of the lobbying firm identified above.
5. We have disclosed to you all known matters contradicting the [20] calendar year [legislative branch/executive branch] Quarterly Compensation Reports of the lobbying firm identified above.
6. We have disclosed to you all known communications from the Florida Legislature to the identified lobbying firm affecting the lobbying firm’s [20] calendar year [legislative branch/executive branch] Quarterly Compensation Reports, including communications received between the date of these [20] Quarterly Compensation Reports and the date of your report, [Date of CPA Firm’s Report].

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7. We have disclosed to you all information of which we are aware, including all known events occurring subsequent to December 31, [20__], that would have a material effect on the Joint Legislative Auditing Committee's Guidelines for Attestation Services Relating to Quarterly Lobbying Firm Compensation Reports.

(Signature of Legislature's Contract Manager)

(Printed Name of Legislature's Contract Manager)

(Title of Legislature's Contract Manager)

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APPENDIX C – SAMPLE AGREED-UPON PROCEDURES REPORT

**INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the President of the Senate and the Speaker of the House of Representatives
(For legislative branch compensation reports)

or

To the Florida Commission on Ethics
(For executive branch compensation reports)

[Introductory Paragraphs]

We have performed the procedures enumerated below on the [legislative branch/executive branch] Quarterly Compensation Reports of the lobbying firm, [Name of Lobbying Firm], for the [20] calendar year. Management of [Name of Lobbying Firm] is responsible for compliance with those requirements.

The Florida Legislature, Joint Legislative Auditing Committee, has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating [Name of Lobbying Firm]’s compliance with the requirements set forth in the Florida Statutes relating to the [legislative branch/executive branch] lobbying firm Quarterly Compensation Reports for the [20] calendar year. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and any associated findings and observations are included in the table on pages [xx-xx].

We were engaged by the Florida Legislature, Joint Legislative Auditing Committee, to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on [Name of Lobbying Firm]’s compliance with the requirements set forth in the Florida Statutes relating to the [legislative branch/executive

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branch] lobbying firm Quarterly Compensation Reports for the [20] calendar year. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of [Name of Lobbying Firm] and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

[Add only if applicable] Pursuant to the requirements of Section 11.40(3)(f), Florida Statutes, we were required to prepare a schedule and include such as an appendix to this report that states the name, address, and title, if any, of any individual in the lobbying firm or associated with a principal of the lobbying firm who failed to fully, voluntarily, and promptly participate in the attestation engagement process, or to provide any reasonably relevant documentation requested by our CPA firm in the course of conducting the agreed-upon procedures engagement. Such schedule is included as Appendix 1 to this report.

[Signature of CPA Firm]

[Location of CPA Firm (City, State)]

[Report Date]

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LOBBYING FIRM COMPENSATION REPORTS**

<u>PROCEDURE PERFORMED</u>	<u>RESULT</u>
<p><u>1. Documentation to be Obtained</u></p> <p>a) <u>Obtain the following documentation from the Committee office:</u></p> <ol style="list-style-type: none"> <u>1) all of the quarterly lobbying firm compensation reports for the calendar year that the lobbying firm filed with the Office;</u> <u>2) documentation to support the lobbyists registered and associated with the lobbying firm; and</u> <u>3) documentation to support the lobbying firm's authorization to represent each principal.</u> <p>b) <u>Inquire of the lobbying firm whether it filed any amended compensation reports for the calendar year with the Office subsequent to the time the Committee office obtained the compensation reports noted in V.I.C.1.a above, but prior to the start of audit fieldwork. If the lobbying firm indicates that it did file an amended compensation report for one or more quarters, obtain a copy of the amended compensation report(s) directly from the Office's website to verify that such amended compensation report(s) were properly filed.</u></p>	<p><u>We noted no exceptions as a result of performing this procedure (or add description of exceptions and any written statement of explanation or rebuttal from the lobbying firm regarding such (or reference the appendix containing the written statement)).</u></p> <p><u>We noted no exceptions as a result of performing this procedure (or add description of exceptions and any written statement of explanation or rebuttal from the lobbying firm regarding such (or reference the appendix containing the written statement)).</u></p>
<p><u>2. Comparison of Documents Filed with the Office:</u></p> <p>a) <u>Compare the lobbyist(s) registered for the lobbying firm per the registration documentation obtained in 1.b above to the lobbyists listed on the quarterly lobbying firm compensation reports, noting any differences. Obtain a detailed explanation from the lobbying</u></p>	<p><u>We noted no exceptions as a result of performing this procedure (or add description of exceptions and any written statement of explanation or rebuttal from the lobbying firm regarding such (or reference the appendix containing the written statement)).</u></p>

**JOINT LEGISLATIVE AUDITING COMMITTEE
GUIDELINES FOR ATTESTATION SERVICES RELATING TO
LOBBYING FIRM COMPENSATION REPORTS**

<u>PROCEDURE PERFORMED</u>	<u>RESULT</u>
<p><u>firm for any differences and document the explanation in the workpapers.</u></p> <p>b) <u>Compare the principal(s) listed for each lobbyist of the lobbying firm per the authorization documentation obtained in 1.c above to the principal(s) listed on the quarterly lobbying firm compensation reports, noting any differences. Obtain a detailed explanation from the lobbying firm for any differences and document the explanation(s) in the workpapers.</u></p>	<p><u>We noted no exceptions as a result of performing this procedure (or add description of exceptions and any written statement of explanation or rebuttal from the lobbying firm regarding such (or reference the appendix containing the written statement)).</u></p>
<p><u>Continue to list each procedure and provide the result for each procedure [V.I.C.3. - 6.of the Guidelines]</u></p>	

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**JOINT LEGISLATIVE AUDITING COMMITTEE
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APPENDIX A – SAMPLE REPRESENTATION LETTER

Commented [DK6]: Appendices A-C are being replaced in their entirety due to a change in professional auditing standards that became effective for Agreed-Upon Procedures reports issued after July 15, 2021. The revised appendices may be found on the preceding pages.

~~{Date}~~

To ~~{CPA/CPA Firm Name}~~

~~We are providing this letter in connection with your attestation engagement relating to the {20__} calendar year {legislative branch/executive branch} quarterly compensation reports of the {Name of Lobbying Firm}. We confirm that we are responsible for the accuracy of the information included in these quarterly compensation reports.~~

~~We confirm, to the best of our knowledge and belief, as of {date of CPA's report} the following representation made to you during your attestation engagement.~~

~~We have made available to you all—~~

- ~~1. Contracts and/or agreements with principals for lobbying services provided during the {20__} calendar year.~~
- ~~2. Contracts and/or agreements with other lobbying firms or lobbyists that are working on a subcontractor basis with {me/us} for the purpose of lobbying during the {20__} calendar year.~~
- ~~3. All related documentation necessary to support the total amount of compensation for lobbying activities on each quarterly compensation report and all allocations of compensation received from principals for lobbying activities, including payment records and original receipts documentation.~~

~~{Name of Lobbying Firm Executive Officer and Title}~~

**JOINT LEGISLATIVE AUDITING COMMITTEE
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**JOINT LEGISLATIVE AUDITING COMMITTEE
GUIDELINES FOR ATTESTATION SERVICES RELATING TO
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**~~APPENDIX B — SAMPLE REPRESENTATION
LETTER FROM COMMITTEE~~**

~~{Date}~~

~~To {CPA/CPA Firm Name}~~

~~In connection with your engagement to apply agreed upon procedures to the **[legislative branch/executive branch]** Quarterly Compensation Reports of **[Name of Lobbying Firm]** for the **[20__]** calendar year, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement:~~

- ~~1. We acknowledge that **[Name of Lobbying Firm]** is responsible for the presentation of the Quarterly Compensation Reports in accordance with **[if legislative branch compensation: Section 11.045, Florida Statutes, Lobbying before the Legislature; registration and reporting; exemptions; penalties] or if executive branch compensation: Section 112.3215, Florida Statutes, Lobbying before the executive branch or the Constitution Revision Commission; registration and reporting; investigation by commission**.~~
- ~~2. We are responsible for selecting the criteria and for determining that such criteria are appropriate for our purposes.~~
- ~~3. We have disclosed to you all information of which we are aware, including events occurring subsequent to December 31, **[20__]**, that would have a material effect on the Joint Legislative Auditing Committee's *Guidelines for Attestation Services Relating to Quarterly Lobbying Firm Compensation Reports*.~~
- ~~4. We have responded fully to all inquiries made to us by you during the engagement.~~
- ~~5. We understand that your report is intended solely for the information and use of the Legislature (or **the Commission on Ethics** for executive branch compensation) and is not intended to be, and should not be, used by anyone other than these specified parties.~~

~~Signature: _____ Title: _____~~

**JOINT LEGISLATIVE AUDITING COMMITTEE
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**JOINT LEGISLATIVE AUDITING COMMITTEE
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~~APPENDIX C — SAMPLE AGREED-UPON PROCEDURES REPORT~~

**~~INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES~~**

~~To the President of the Senate and the Speaker of the House of Representatives
(For legislative branch compensation reports)~~

~~or~~

~~To the Florida Commission on Ethics
(For executive branch compensation reports)~~

~~[Introductory Paragraphs]~~

~~We have performed the procedures enumerated below, which were agreed to by the Joint Legislative Auditing Committee, solely to assist in evaluating the [Name of Lobbying Firm]'s compliance with the requirements set forth in the Florida Statutes relating to the [20__] calendar year [legislative branch/executive branch] quarterly lobbying firm compensation reports. Management of the [Name of Lobbying Firm] is responsible for compliance with those requirements.~~

~~This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.~~

~~We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.~~

~~This report is intended solely for the information and use of the Legislature (or the Commission on Ethics for executive branch compensation) and is not intended to be, and should not be, used by anyone other than these specified parties.~~

**JOINT LEGISLATIVE AUDITING COMMITTEE
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~~1. [Add if applicable] Pursuant to the requirements of Section 11.40(3)(f), *Florida Statutes*, we were required to prepare a schedule and include such as an appendix to this report that states the name, address, and title, if any, of any individual in the lobbying firm or associated with a principal of the lobbying firm who failed to fully, voluntarily, and promptly participate in the attestation engagement process, or to provide any reasonably relevant documentation requested by the CPA or CPA firm in the course of conducting the attestation engagement. Such schedule is included as Appendix 1 to this report.~~

~~*[Signature of CPA or CPA Firm]*~~

~~*[Date]*~~

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**JOINT LEGISLATIVE AUDITING COMMITTEE
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LOBBYING FIRM COMPENSATION REPORTS**

PROCEDURE PERFORMED	RESULT
<p>1. Documentation to be Obtained</p> <p>Obtain the following documentation from the Committee office:</p> <p>1) all of the quarterly lobbying firm compensation reports for the calendar year that the lobbying firm filed with the Office;</p> <p>2) documentation to support the lobbyists registered and associated with the lobbying firm; and</p> <p>3) documentation to support the lobbying firm's authorization to represent each principal.</p>	<p>We noted no exceptions as a result of performing this procedure (or add description of exceptions and any written statement of explanation or rebuttal from the lobbying firm regarding such (or reference the appendix containing the written statement)).</p>
<p>2. Comparison of Documents Filed with the Office:</p> <p>a) Compare the lobbyist(s) registered for the lobbying firm per the registration documentation obtained in 1.b above to the lobbyists listed on the quarterly lobbying firm compensation reports, noting any differences. Obtain a detailed explanation from the lobbying firm for any differences and document the explanation in the workpapers.</p> <p>b) Compare the principal(s) listed for each lobbyist of the lobbying firm per the authorization documentation obtained in 1.c above to the principal(s) listed on the quarterly lobbying firm compensation reports, noting any</p>	<p>We noted no exceptions as a result of performing this procedure (or add description of exceptions and any written statement of explanation or rebuttal from the lobbying firm regarding such (or reference the appendix containing the written statement)).</p> <p>We noted no exceptions as a result of performing this procedure (or add description of exceptions and any written statement of explanation or rebuttal from the lobbying firm regarding such (or reference the appendix containing the written statement)).</p>

**JOINT LEGISLATIVE AUDITING COMMITTEE
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differences. Obtain a detailed explanation from the lobbying firm for any differences and document the explanation(s) in the workpapers.	
Continue through with procedures VI.C.3. 6 of the <i>Guidelines</i>	

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**JOINT LEGISLATIVE AUDITING COMMITTEE
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APPENDIX D – CHECKLIST FOR CPA FIRMS

Commented [DK7]: New appendix. This is a compilation of selected information provided in contract documents and does not include any substantive revisions.

Key Personnel	Ensure that any requests to revise Key Personnel are timely submitted to Committee staff. For additions, provide the resume, Florida CPA certificate, and role the individual(s) will have on the AUP engagement(s). All Key Personnel must be Florida CPAs. Those designated as a Manager/Supervisor must also have five years of experience performing AUP engagements or financial auditing services.
Report Due Date	All reports will have a due date of June 30 th on the initial Task Assignment Agreement. Ensure that any reasonable requests to extend the deadline are submitted prior to June 30 th and include an explanation. If additional extension(s) are necessary to complete the engagement, submit requests prior to any due date in effect.
Electronic copy of AUP Report	<p>Ensure that:</p> <ul style="list-style-type: none"> • If the report includes any findings, you provide the lobbying firm with an opportunity to provide a written statement of explanation or rebuttal concerning any or all of the findings for inclusion in the report. If provided, such statement may be included as either a paragraph below the applicable finding or an appendix to the report; • You have requested and received representation letters from both the lobbying firm and Committee staff; • The report includes an appendix with a copy of the lobbying firm’s quarterly compensation reports (original (used for engagement) and amended (revised based on CPA firm’s findings) if applicable) of the branch that was the subject of the engagement as an appendix; and • The report is emailed to both Committee staff and the lobbying firm. <p>If you have concerns about the report, you may submit a draft for Committee staff review.</p>

**JOINT LEGISLATIVE AUDITING COMMITTEE
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Invoices	<p>Ensure that:</p> <ul style="list-style-type: none"> • The amounts billed do not exceed the authorized amounts on the Task Assignment Agreement; • The amount billed is not the maximum number of hours authorized, unless that was the number of hours actually required to perform the AUP engagement, as this is not a fixed fee engagement; • Any shipping costs billed is only for shipping between the CPA firm and the lobbying firm and receipts are provided to support such costs; • The AUP report was submitted by the due date on the Task Assignment Agreement; and • The invoices include the name, role, and number of hours of each of the Key Personnel who performed services for the AUP engagement. A daily record of hours is not necessary. <p>You may submit the invoice electronically to the Committee staff contact or by mail.</p>
Bound AUP Reports	<ul style="list-style-type: none"> • Submit two bound copies for each executive branch engagement. • Submit three bound copies for each legislative branch engagement. • All bound AUP reports may be submitted at the same time, once all AUP engagements have been completed. A cover letter or separate packaging is not necessary. It is not necessary to send overnight or expedited. • Send to: Joint Legislative Auditing Committee; 111 West Madison St., Rm. 876; Tallahassee, FL 32399-1400.

5 Transparency Florida
Act

Transparency Florida Report Recommendation to Be Considered

Submitted by: Representative Persons-Mulicka

Recommendation:

Include the following additional information on the Florida Accountability Contract Tracking System (FACTS) or other appropriate State transparency website:

Documents provided by entities to agency in compliance with Executive Order 20-44, including but not limited to documents detailing the total compensation for the entities' executive leadership teams as well as the most recent Return of Organization Exempt From Income Tax Form 990, if applicable.

WILTON SIMPSON
President of the Senate



CHRIS SPROWLS
Speaker of the House



TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

**Joint Legislative Auditing Committee
December 2021**

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Joint Legislative Auditing Committee

Representative Ardian Zika, Chair
Senator Dennis Baxley, Vice Chair

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

Representative Webster Barnaby
Representative Tracie Davis
Representative Anna V. Eskamani
Representative Jenna Persons-Mulicka
Representative Keith L. Truenow

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TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

SCOPE

As required by s. 215.985(7), F.S., this report from the Joint Legislative Auditing Committee (Committee) provides recommendations related the possible expansion of the Transparency Florida website,¹ including whether to expand the scope to include educational, local governmental, and other non-state governmental entities. Also, as required by s. 215.985(13), F.S., this report provides the progress made in establishing the single website required by the Transparency Florida Act and recommendations for enhancing the content and format of the website and related policies and procedures.

BACKGROUND

Overview of the Transparency Florida Act

The “Transparency Florida Act (Act),”² an act relating to transparency in government spending, requires several websites for public access to government entity financial information.

The Act, as originally approved in 2009,³ required a single website to be established by the Executive Office of the Governor (EOG), in consultation with the appropriations committees of the Senate and the House of Representatives. Specified information relating to state expenditures, appropriations, spending authority, and employee positions and pay rates was required to be provided on the website.

Responsibilities assigned by law to the Committee included:

- provide oversight and management of the website;⁴
- propose additional state fiscal information to be included on the website;
- develop a schedule for adding information from other governmental entities to the website;⁵
- coordinate with the Financial Management Information Board in developing any recommendations for including information on the website which is necessary to meet the requirements of s. 215.91(8); and
- prepare an annual report detailing progress in establishing the website and providing recommendations for enhancement of the content and format of the website and related policies and procedures.

In 2011, the Act was revised to require the Chief Financial Officer (CFO) to provide public access to a state contract management system that provides information and documentation relating to the contracting agency.⁶ Other revisions included: (1) requiring the State’s five water management districts to provide monthly financial statements to their board members and to make such statements available for public access on their website, (2) exempting municipalities and special districts with total annual revenues of less than \$10 million from the Act’s requirements, and (3) several technical and clarifying changes.⁷ Also, a

¹ Refers to the website established by the Executive Office of the Governor, in consultation with the appropriations committees of the Senate and the House of Representatives, which provides information related to the approved operating budget for the State of Florida.

² Chapter 2013-54, L.O.F.

³ Chapter 2009-74, L.O.F.

⁴ Section 11.40(4)(b), F.S. (2009)

⁵ These entities included any state, county, municipal, special district, or other political subdivision whether executive, judicial or legislative, including, but not limited, to any department, division, bureau, commission, authority, district, or agency thereof, or any public school district, community college, state university, or associated board.

⁶ Chapter 2011-49, L.O.F.

⁷ *Id.*

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

revision to s. 11.40, F.S., removed the Committee's responsibility to manage and oversee the Transparency Florida website.⁸

Further revisions to the Act were adopted in 2013.⁹ In addition to the two websites previously required, the Act now also requires the following websites:

- The EOG, in consultation with the appropriations committees of the Senate and the House of Representatives, is required to establish and maintain a website that provides information relating to fiscal planning for the State. Minimum requirements include the Legislative Budget Commission's long-range financial outlook; instructions provided to state agencies relating to legislative budget requests; capital improvements plans, long-range program plans and legislative budget requests (LBR) submitted by each state agency or branch of state government; any amendments to LBRs; and, the Governor's budget recommendation submitted pursuant to s. 216.163, F.S.
- The Department of Management Services is required to establish and maintain a website that provides current information relating to each employee or officer of a state agency, a state university, or the State Board of Administration. Minimum requirements include providing the names of employees and their salary or hourly rate of pay; position number, class code, and class title; and employing agency and budget entity.
- The EOG, in consultation with the appropriations committees of the Senate and the House of Representatives, is required to establish and maintain a single website that provides access to all other websites (four) required by the Act.

Additional revisions include:

- The minimum requirements for the Act's original website (information relating to state expenditures, appropriations, spending authority, and employee positions) were expanded to include balance reports for trust funds and general revenue; fixed capital outlay project data; a 10-year history of appropriations by agency; links to state audits or reports related to the expenditure and dispersal of state funds; and links to program or activity descriptions for which funds may be expended.
- The Committee is no longer required to recommend a format for collecting and displaying information from governmental entities, including local governmental and educational entities. Rather, the Committee is required to recommend: (1) whether additional information from these entities should be included on the website, and (2) a schedule and a format for collecting and displaying the additional information.
- Language related to the contract tracking system required to be posted by the CFO is expanded to: (1) provide timelines, (2) require each state entity to post information to the contract tracking system, (3) address confidentiality and other legal issues, (4) provide definitions, and (5) authorize Cabinet members to post the required contract tracking information to their own agency-managed websites in lieu of posting on the CFO's tracking system.

No substantive revisions to the Act have been made since 2013. Additional details relating to the Act in its current form may be found in Appendix A.

⁸ Chapter 2011-34, L.O.F.

⁹ Chapter 2013-54, L.O.F.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Previous Committee Effort

The Committee has issued six previous reports related to the Act. A brief summary of the recommendations of each report follows.

2010 Committee Report

The act, as originally written, required the Committee to develop a plan to add fiscal information for other governmental entities, such as municipalities and school districts, to the website. Although the Committee was authorized to also make recommendations related to state agency information, much of that information was specified in statute and was being implemented by the EOG, in consultation with the appropriations committees of the Senate and the House of Representatives. The Committee's initial focus was on school districts due to the consistency of financial information required of the State's 67 school districts. Specific recommendations and timeframes for adding school district fiscal information to *Transparency Florida*¹⁰ were provided. Also, general recommendations were provided for adding fiscal information for other governmental entities, including state agencies, universities, colleges, counties, municipalities, special districts, and charter schools/charter technical career centers.

The Committee recommended the use of three phases for the addition of school district financial information to *Transparency Florida*. The Committee wanted citizens who visit either the home page of a school district's website or *Transparency Florida* to have the ability to easily access the school district's financial information that was located on the school district's website, the Department of Education's (DOE) website, and *Transparency Florida*.

The overall approach was to recommend that information which was readily available, with minimal effort and cost, to be included for school districts during the first phases of implementation. Most of the information should be located on the DOE's website with links to access it on *Transparency Florida*. This information included numerous reports prepared by the school districts, the DOE, and the Auditor General. The Committee expected that the first two phases could be accomplished without the need for additional resources.

Ultimately, once all phases were implemented, the goal was to provide transaction-level details of expenditures. Stakeholders expressed concern about the school districts' ability to provide this level of detail. School districts' accounting systems have the ability to capture expenditures at the sub-function and the sub-object levels.¹¹ These systems do not usually capture details of the amount spent on specific supplies, such as pencils or paper, or on a roofing project. Stakeholders also had concerns about the school districts' ability to provide this information on their websites, primarily due to cost and staffing issues. Their preference was for the State to build a data-system and require the school districts to upload via FTP (File Transfer Protocol) a monthly summary of expenditures at the sub-function and sub-object levels to *Transparency Florida*. Although Committee members were interested in more detailed information, this approach was agreed to with the idea that it was a starting point. In addition, the Committee recommended that the school districts provide vendor histories, to include details of expenditures for each vendor.

Although both the State and the school districts would incur costs, the main financial burden of the project would fall on the State. Rough estimates of the State's cost ran into the millions of dollars. Due to the

¹⁰ For the purpose of this report, *Transparency Florida* refers to www.transparencyflorida.gov/, the original website created pursuant to the Transparency Florida Act.

¹¹ For example, sub-function categories include costs associated with K-12, food services, and pupil transportation services; sub-object categories include costs associated with classroom teachers, travel, and textbooks.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

uncertainty of the cost estimates, the Committee members voted to recommend to delay this phase until further information is available.

2011 Committee Report

The initial Committee report, discussed above, recommended deferring implementation related to detailed school district financial transactions until the Committee had additional information and could further discuss the issues and potential costs involved. The premise was that the school districts would transmit monthly data to the State for display on *Transparency Florida*. As explained, the cost was expected to be in the millions of dollars, but only a rough estimate was available.

In light of the continued financial difficulties being faced by the State, the Committee decided to abandon this approach and recommend an alternative. The new focus was to keep local information at the local level and for the State to provide access to it on *Transparency Florida*.

Although the Committee understood that the goal of the project was to provide more financial transparency at all levels of government, it recognized that local governments¹² know best what information their citizens want available for review. The Committee did not believe that it was the State's responsibility to design and build a system to collect and display local governments' information. Rather, the Committee recommended that the State work in partnership with local governments, as they increase transparency on their websites, so that the full financial burden did not fall on the local governments.

The Committee recommended that representatives for each type of entity develop suggested guidelines for the type of financial information and the level of detail that should be included. Each local government should be responsible for providing its financial information on its own website. A link should be included on *Transparency Florida* for each entity that implements the suggested guidelines in order to provide a central access point.

The Committee suggested that the guidelines include a uniform framework to display the information in a well-organized fashion so as to provide easy, consistent access to all online financial information for all local governments. When developing the suggested guidelines, some of the financial information that the Committee recommended for consideration included a searchable electronic checkbook, plus various documents that are prepared during the normal course of business, such as budget documents, monthly financial statements, audit reports, and contracts and related information. The Committee's intent was to provide an opportunity for increased financial transparency for Florida's citizens, by providing guidance and flexibility to local governments, without causing a financial burden in the process.

2014 Committee Report

The Committee was presented with a draft of the report which included an update for the status of *Transparency Florida* and the related websites, but did not include any recommendations. Rather, the section of the report titled "Recommendations" included only the wording "To Be Determined." A separate handout was provided in the meeting packet which included: (1) recommendations that had been suggested by Committee members, (2) a series of questions intended to guide the members during their discussion of possible recommendations, and (3) a chart which listed various types of financial-related information that could potentially be considered in an expansion of the Transparency Florida website. Specifically, this information was related to non-State entities, such as school districts, municipalities and other local entities, and included items such as budget documents, monthly financial statements, and contract information.

¹² Local government in this context referred to all non-state entities subject to the requirements of the Transparency Florida Act at the time of the Committee's recommendation.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

The Committee approved a motion to adopt the draft report “as is” by a vote of 10-1. This meant that the recommendations remained “To Be Determined” and no new information would be recommended for addition to *Transparency Florida* or the related websites. The member who voted against the motion did so because he had submitted a recommendation related to the online posting of college employee salaries that he had not had an opportunity to discuss prior to the time the motion was offered. At a subsequent meeting, the Committee adopted a related recommendation; however, because the report had already been approved, it was not available to be revised. Therefore, the recommendation was included in the cover letter which accompanied the report. The cover letter stated “[o]n February 17, 2014, the Committee recommended that the Florida Has a Right to Know website include the salary of each State University and Florida College System institution employee by position number only. The name of the employee should not be attached to the salary. Currently, the website provides the name and salary of each State University employee, in compliance with s. 215.985(6), F.S. The salaries of Florida College System institution employees are neither provided on the website, nor are they required to be provided under the provisions of the Transparency Florida Act (s. 215.985, F.S.)”

2015 Committee Report

The Committee’s only recommendation was identical to the recommendation included in the cover letter for the 2014 report. The Committee recommended that the Florida Has a Right to Know website include the salary of each State University and Florida College System institution employee by position number only. The name of the employee should not be attached to the salary. As mentioned in the previous paragraph, the website provides the name and salary of each State University employee. No information is provided on the website for Florida College System institution employees.

2017 Committee Report

The Committee approved a recommendation to revise the “Transparency Florida Act,” s. 215.985(6), F.S., to add the personnel information for state college employees and officers to the required website, which is known as “Florida Has a Right to Know.”

The referenced section of law requires the Department of Management Services to establish and maintain a website that provides current information relating to each employee or officer of a state agency, a state university, or the State Board of Administration. At a minimum, the information must include each employees’:

- Name and hourly rate of pay;
- Position number, class code, and class title; and
- Employing agency and budget entity.

2019 Committee Report

The Committee was presented with a draft of the report which included an update for the status of *Transparency Florida* and the related websites, but did not include any recommendations. The section of the report titled “Recommendations” included only the wording “To Be Determined.” The Committee approved the draft report, as written, and declined to include any recommendations.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Transparency-Related Legislation

During the 2010 Legislative Session, the Legislature adopted proviso language to implement the Committee's recommendations related to school districts for the first two phases. The DOE was required to provide access to existing school district financial-related reports on its website, create a working group to develop recommendations to provide school-level data in greater detail and frequency, and publish a report of its findings by December 1, 2010. School districts were required to provide a link to *Transparency Florida* on their website. Links to the DOE and other website information were provided on *Transparency Florida*. The requirements assigned to the DOE and school districts were fulfilled.

In 2011, two bills were passed which, although not directly related to the Act, related to efforts to provide more financial transparency to Florida's citizens. Senate Bill 1292 (2011)¹³ required the Chief Financial Officer to conduct workshops with state agencies, local governments, and educational entities and develop recommendations for uniform charts of accounts. The final report was due in January 2014. An entity's charts of accounts refers to the coding structure used to identify financial transactions. Most of the non-state entities are currently authorized to adopt their own charts of accounts. The school districts are the exception; the chart of accounts that they are required to use is specified by the DOE. During discussions related to determining recommendations for its first required report required by the Act, the Committee understood that the various charts of accounts used by entities across the state was an obstacle for providing financial data that could be compared from one entity to another.

Senate Bill 224 (2011)¹⁴ required counties, municipalities, special districts, and school districts to post their tentative budgets, final budgets, and adopted budget amendments on their official websites within a specified period of time. If a municipality or special district does not have an official website, these documents are required to be posted on the official website of a county or other specified local governing authority, as applicable. Another provision required each local governmental entity to provide a link to the DFS' website to view the entity's annual financial report (AFR). The AFR presents a financial snapshot at fiscal year-end of the entity's financial condition. It includes the types of revenue received and expenditures incurred by the entity. The format and content of the AFR is prescribed by the DFS.¹⁵ See Appendix B for the specific requirements of the bill.

House Bill 1255¹⁶ (2011)¹⁷ required each district school board to post on its website a plain language version of each proposed, tentative, and official budget which describes each budget item in terms that are easily understandable to the public. The information must be prominently posted on the school district's website in a manner that is readily accessible to the public. In addition, each district school board is encouraged to post the following items on its website: (1) timely information as to when a budget hearing will be conducted; (2) each contract between the district school board and the teachers' union; (3) each contract between the district school board and noninstructional staff; (4) each contract exceeding \$35,000 between the school board and a vendor of services, supplies, or programs or for the purchase or lease of lands, facilities, or properties; (5) each contract exceeding \$35,000 that is an emergency procurement or is with a single source as authorized under s. 287.057(3), F.S.; (6) recommendations of the citizens' budget advisory committee; and (7) current and archived video recordings of each district school board meeting and workshop. Finally, the website should include links to: (1) help explain or provide background information on various budget items that are required by state or federal law, (2) allow users to navigate to related sites

¹³ Chapter 2011-44, L.O.F.

¹⁴ Chapter 2011-144, L.O.F.

¹⁵ See s. 218.32, F.S.

¹⁶ Chapter 2018-5, L.O.F.

¹⁷ Chapter 2011-175, L.O.F.

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to view supporting details, and (3) enable taxpayers, parents, and education advocates to send e-mails asking questions about the budget and enable others to view the questions and responses.

The above requirements were listed in s. 1011.035, F.S; however, much of it was revised in House Bill 1279 (2018). The revision continues to require each district school board to post on its website a plain language version of each proposed, tentative, and official budget which describes each budget item in terms that are easily understandable to the public. The updated requirements specify that the website must include graphical representations, for each public school within the district and for the school district, of the following: (1) summary financial efficiency data, (2) fiscal trend information for the previous 3 years on: (a) the ratio of full-time equivalent students to full-time equivalent instructional personnel, (b) the ratio of full-time equivalent students to full-time equivalent administrative personnel, (c) the total operating expenditures per full-time equivalent student, (d) the total instructional expenditures per full-time equivalent student, (e) the general administrative expenditures as a percentage of total budget, and (f) the rate of change in the general fund's ending fund balance not classified as restricted. In addition, the website must include a link to the web-based fiscal transparency tool developed by the Department of Education pursuant to s. 1010.20, F.S., to enable taxpayers to evaluate the financial efficiency of the school district and compare the financial efficiency of the school district with other similarly situated school districts. As previously required, the information must be prominently posted on the school district's website in a manner that is readily accessible to the public.

In 2013, a provision in House Bill 5401,¹⁸ the bill which revised the Act, created the User Experience Task Force. Its purpose was to develop and recommend a design for consolidating existing state-managed websites that provide public access to state operational and fiscal information into a single website. The task force was comprised of four members, with one member each designated by the Governor, Chief Financial Officer, President of the Senate, and Speaker of the House. The task force's work plan was required to include a review of: (1) all relevant state-managed websites, (2) options for reducing the number of websites without losing detailed data, and (3) options for linking expenditure data with related invoices and contracts. The recommendations, due March 1, 2014, were required to include: (1) a design that provides an intuitive and cohesive user experience that allows users to move easily between varied types of related data, and (2) a cost estimate for implementation of the design.¹⁹

House Bill 7009²⁰ (2013) required charter schools to maintain a website that enables the public to obtain information regarding the school; the school's academic performance; the names of the governing board members; the programs at the school; any management companies, service providers, or education management corporations associated with the school; the school's annual budget and its annual independent fiscal audit; the school's grade pursuant to s. 1008.34, F.S.; and, on a quarterly basis, the minutes of governing board meetings.

¹⁸ Chapter 2013-54, L.O.F.

¹⁹ The Task Force focused on 11 state-managed websites, including *Transparency Florida*, that provide state-wide financial information and recommended the following: (1) the use of www.floridasunshine.gov as a portal to access the information provided on these websites; (2) three levels of support for the portal, including a Transparency Steering Committee and the current website managers (i.e., the Governor's Office, the CFO's Office, etc.); (3) a three-pronged approach to education and training that includes a PowerPoint presentation and video of Florida's budget process; (4) categorizing the financial information provided in one of four categories: revenue, budget, spend, and audit; and (5) website features to include consistency in the display of webpages, the ability to search each website, compatibility with major web browsers, and numerous other suggestions to enhance the users' experience. The estimated cost to implement these recommendations is less than \$300,000; however the Task Force acknowledged that their recommendations are very high-level. The report stated that "[d]etailed requirements should be further developed to quantify the effort, costs, implementation schedule, and the detailed design." [p. 34]

²⁰ Chapter 2013-250, L.O.F.

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In 2014, Senate Bill 1632²¹ required all independent special districts that had been created for one or more fiscal years to maintain an official website, effective October 1, 2015.²² The website is required to include information specified in s. 189.069, F.S., such as the special district’s charter, contact information, description of the boundaries, budget, and audit report(s).

House Bill 479²³ (2016) required special district budget documents to remain posted on their official website for a specified period of time. The tentative budget must remain online for 45 days and the final adopted budget and adopted budget amendments must remain online for two years.

The Legislative intent of House Bill 1073²⁴ (2018) was to create the Florida Open Financial Statement System, an interactive repository for governmental financial statements. The Chief Financial Officer (CFO) is authorized to: (1) consult with various stakeholders for input on the design and implementation of the system; and (2) choose contractors to build one or more eXtensible Business Reporting Language (XBRL) taxonomies suitable for state, county, municipal, and special district financial filings and to create a software tool that enables financial statement filers to easily create XBRL documents consistent with such taxonomies. The CFO must require that all work products be completed no later than December 31, 2021. If the CFO deems the work products adequate, all local governmental financial statements for fiscal years ending on or after September 1, 2022, must be filed in XBRL format and must meet the validation requirements of the relevant taxonomy.

Senate Bill 190²⁵ (2019), an act relating to higher education, includes the only recommendation in the Committee’s 2017 report. It requires payroll related information for employees of Florida College System institutions to be posted on a website maintained by the Department of Management Services. The website previously included the salary or hourly rate of pay and position information for each employee or officer of state agencies, state universities, and the State Board of Administration, but excluded Florida College System institutions.

House Bill 861²⁶ (2019), an act relating to local government financial reporting, requires the following:

- County and municipal budget officers must annually submit the following information to the Office of Economic and Demographic Research:
 - Government spending per resident, including, at a minimum the spending per resident for the previous five fiscal years;
 - Government debt per resident, including, at a minimum, the debt per resident for the previous five fiscal years;
 - Median income within the county or municipality;
 - Average county or municipal employee salary;
 - Percent of budget spent on salaries and benefits for county or municipal employees; and
 - Number of special taxing districts, wholly or partially within the county or municipality.
- County and municipality tentative budget must remain on the county’s or municipality’s website for at least 45 days.
- County and municipality final adopted budget must remain on the county’s or municipality’s website for at least two years.

²¹ Chapter 2014-22, L.O.F.

²² Dependent special districts are not required to maintain a separate website; however, their information must be accessible online from the website of the local general-purpose government that created the special district.

²³ Chapter 2016-22, L.O.F.

²⁴ Chapter 2018-102, L.O.F.

²⁵ Chapter 2019-103, L.O.F.

²⁶ Chapter 2019-56, L.O.F.

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- Adopted amendment(s) to a municipality’s budget must remain on its website for at least two years.

Senate Bill 7014²⁷ (2019), an act relating to government accountability, requires the following:²⁸

- The monthly financial statement that each water management district must provide to its governing board and post on its website must now be prepared in the form and manner prescribed by the Department of Financial Services.
- Adopted amendment(s) to a county’s budget must remain on its website for at least two years.

House Bill 9²⁹ (2019) increases accountability and transparency for community redevelopment agencies (CRAs) by requiring the following:

- By January 1, 2020, each CRA must publish on its website digital maps that depict the geographic boundaries and total acreage of the CRA. Subsequent changes to this information must be posted within 60 days after the date such change takes place.
- Beginning March 31, 2020, each CRA must file an annual report with the county or municipality that created it and publish the report on the CRA’s website. The report must include: (1) the most recent audit report; (2) performance data for each plan authorized, administered, or overseen by the CRA (total number of projects started and completed and estimated costs, total expenditures from the redevelopment trust fund, original assessed real property values within the CRA, current assessed real property values within the CRA, and total amount expended for affordable housing for low-income and middle-income residents); and (3) a summary indicating the extent to which the CRA has achieved the goals set out in its CRA plan.

House Bill 1339³⁰ (2020), an act relating to community affairs, requires county and municipal budget officer to annually submit the following information to the Office of Economic and Demographic Research, in addition to the information previously required by October 15:

- Annual expenditures providing for the financing, acquisition, construction, reconstruction, or rehabilitation of housing that is affordable, as that term is defined in s. 420.0004, F.S. The reported expenditures must indicate the source of such funds as ‘federal,’ ‘state,’ ‘local,’ or ‘other,’ as applicable.

Senate Bill 1466³¹ (2020), an act relating to government accountability, revises the list of items that special districts must post on their website, as follows:

- Allows link to the special district’s audit report that is posted on the Auditor General’s website to be used to satisfy the requirement for the special district to post its audit report;
- Removes the requirement for the special district to post the public facilities report online; and
- Removes the requirement for the special district to post available meeting materials on the special district’s website seven days before a meeting or workshop.

²⁷ Chapter 2019-15, L.O.F.

²⁸ This bill includes some requirements related to the period of time certain county and municipal budget documents must remain posted online that are identical to the previous bill and are not repeated in this list.

²⁹ Chapter 2019-163, L.O.F.

³⁰ Chapter 2020-27, L.O.F.

³¹ Chapter 2020-77, L.O.F.

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PRESENT SITUATION

Status of Single Website

The requirements of s. 215.985(3), F.S., have been met. The single website titled “Florida Sunshine: Guiding you to the right financial source” provides external links to all other websites required by the Act and is available at <http://floridasunshine.gov/>. It provides access to: (1) Transparency Florida (State Finances), (2) Transparency Florida (State Budget), (3) Florida Has a Right to Know, (4) Florida Accountability Contract Tracking System (FACTS), (5) Florida Fiscal Portal, (6) Florida Government Program Summaries, and (7) Transparency Florida Act User Experience Task Force.

Status of the Website Related to the Approved Operating Budget for State Government

The requirements of s. 215.985(4), F.S., have been met. The website titled “[Transparency Florida](#)” includes detailed financial-related information for state agencies and other units of state government for the fiscal years 2008-09 through the current fiscal year, 2021-22. School district information is also available.

Summary of State Information Available on *Transparency Florida*

The main focus of *Transparency Florida* has been to provide current financial data related to the State’s operating budget and daily expenditures made by the state agencies. Such financial data is updated nightly as funds are released to the state agencies, transferred between budget categories, and used for goods and services.

In September 2015, an updated version of *Transparency Florida* was released. Effort was made to provide a simpler interface for users who may not be familiar with the state appropriations process and terminology, yet retain the depth of information for the more knowledgeable users.

The Home Page provides the following nine options for users to navigate through the website:

- General Public: Summary View of Budget and Spending by Agency;
- Budget Analyst: In-depth breakdown of Budget and Spending;
- Interactive Bill: View of Budget and Spending in Appropriations Bill format;
- State Positions: List of positions with corresponding Salaries and Benefits;
- Reports: Chart, compare, filter specific Budget and Spending data;
- Quick Facts: Summarized lists of similar Budget items;
- Search: Quickly find information on Budget and Spending items;
- Site Information: Information and help with this website; and
- Other Budget Links: Links to School Districts and other Government Budget information.

The first four options all relate to the State’s Operating Budget. By selecting the General Public option, some details of the operating budget are available in agency format. This format allows users to select a specific state agency, including the legislative branch and the state courts system, to view the fiscal year budget and the amount spent to date. The current fiscal year, 2021-22, is the default; however, users may view information for any fiscal year from 2008-09 through the current year by selecting from a drop-down menu. By clicking on the hyperlinks, users may drill down to view the operating budget and amount spent broken down by program.

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The Budget Analyst option allows users to select either the agency format or the ledger format. The agency format displays the appropriation amount and number of positions for the fiscal year selected, listed by agency. Users may drill down to the program or service area by selecting an agency's hyperlink. Additional details, including disbursements by object and an organizational schedule of allotment balances, are provided by continuing to select hyperlinks. The ledger format displays appropriations-related information over the course of the fiscal year. It begins with the General Appropriations Act (GAA) and includes additional entries for Supplemental Appropriations, Vetoes, Budget Amendments approved by the Legislative Budget Commission, and other actions that effect the GAA. Users can select hyperlinks to obtain additional information for each item.

The Interactive Bill format displays the initial information as it appears in the General Appropriations Act. Again, users may drill down to view more detailed information by clicking on the hyperlinks. As the user drills down, the screen displays the information described above for the Budget Analyst option. By continuing to drill down, the name of each vendor associated with an expenditure is provided. Since the State does not have electronic invoicing, images of invoices are not provided; however, the statewide document number is provided, and users may contact the specified agency contact to request further information or a copy of an invoice.

The State Positions option provides position information by agency and by program. At the agency level, the number of fixed, excess, total, reserve, authorized, established, filled, and vacant positions may be viewed. By drilling down, which may be done by selecting the hyperlink for the program area, users may view salary for the positions by selecting the Details tab. Salaries are provided by position level only and do not include employee names.

The Budget Analyst, Interactive Bill, and State Positions options allow the user to indicate whether or not he or she wishes to display the codes associated with each entry. The General Public, Budget Analyst, and State Position options provide users with the ability to export the information into an Excel spreadsheet.

Various reports relating to the operating budget, appropriations/disbursements, fixed capital outlay, reversions, general revenue, and trust funds may be generated from *Transparency Florida* by selecting the Reports option. These reports include:

- Operating budget by expenditure type, fund source, or program area;
- Comparison of operational appropriations for two fiscal years by state agency and/or category;
- Comparison of operational appropriations to disbursements made within one fiscal year by state agency and/or category;
- Comparison of operational disbursements for two fiscal years by state agency, category, and/or object;
- Disbursements by line item;
- Fixed capital outlay appropriations and disbursements by category and/or state agency;
- Schedule of Allotment Balances;
- Annual operational reversions by fiscal year;
- Comparison of operational reversions by fiscal year;
- Fixed capital outlay appropriations, reversions, and outstanding disbursements by fiscal year;
- Five-year history of operational reversions;
- General Revenue Fund cash balance, cash receipts, and cash disbursements, by month and by year;
- Trust fund cash and investment balance in the State Treasury for current fiscal year, for all operating trust funds and their corresponding state agency;
- Trust fund cash balance and daily cash balance, for all operating trust funds and their corresponding state agency;

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- Trust Fund Revenues Report;
- Revenues by Month Report; and
- Ten-Year History of Appropriation Reports.

The Quick Facts option provides information related to budget amendments, back of bill appropriations, budget issues, supplemental appropriations, and vetoes. A description of each of these items, the dollar amount (if applicable), and other details are provided.

By selecting the Search option, users may search the appropriations bill, budget issues, objects, and vendors by entering a key word or phrase or similar information and continue to drill down to obtain more detailed information.

The Site Information option provides a training overview, training videos, the agency contact list, glossary, and frequently asked questions.

Finally, by selecting the Other Budget Links option, *Transparency Florida* provides links to various reports, websites, and other documents related to the state budget and other financial information as follows:

- Fiscal Analysis in Brief: an annual report prepared and published by the Legislature that summarizes fiscal and budgetary information for a given fiscal year;³²
- Long-Range Financial Outlook 3 Year Plan: an annual report prepared and published by the Legislature that provides a longer-range picture of the State's financial position by integrating projections of the major programs driving annual budget requirements with revenue estimates;
- The Chief Financial Officer's [DFS Government Transparency Resources](#): a webpage which includes links to:
 - Florida Accountability Contract Tracking System;
 - Local government reporting;³³
 - State payments by type;
 - State appropriated budget and remaining unspent budget; and
 - State employees' salaries and regulations.³⁴
- Reports on State Properties and Occupancy Rates: information from the Department of Management Services' Division of Real Estate Development and Management on state-owned buildings and occupancy rates;
- Government Program Summaries: encyclopedia of descriptive information on over 200 major state programs compiled by the Office of Program Policy Analysis and Government Accountability; and
- Reports on Public School Districts: these reports will be described in the next section of this report.

Transparency Florida includes all information required by the Act.

³² By selecting the **Fiscal Analysis in Brief** link on *Transparency Florida*, users will view the page titled **Florida Fiscal Portal**. From this webpage, select Documents, and then **Fiscal Analysis in Brief** from the Document Type List.

³³ This link opens to a page titled **Local Budgets**. The information displayed relates to actual revenues and expenditures of local government, not budget amounts. Most local governmental entities are required to post their budgets on their own website.

³⁴ This link opens to the **Florida Has a Right to Know** website, which includes salary information for most state employees and will be discussed in some detail later in this report.

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Background and Summary of School District Information Accessible from *Transparency Florida*

To date, the only non-state financial-related information that is accessible from *Transparency Florida* relates to school districts. As previously discussed, the Committee's focus for its original report, issued in 2010, was on the addition of school district information to the website. Proviso language in the 2010 General Appropriations Act³⁵ was based on the Committee's 2010 recommendations and required the DOE to:

- Coordinate, organize, and publish online all currently available reports relating to school district finances, including information generated from the DOE's school district finance database;
- Coordinate with the EOG to create links on *Transparency Florida* to school district reports by August 1, 2010;
- Publish additional finance data relating to school districts not currently available online, including school-level expenditure data, by December 31, 2010;
- Work with the school districts to ensure that each district website provides a link to *Transparency Florida*; and
- Establish a working group to study issues related to the future expansion of school finance data available to the public through *Transparency Florida*, develop recommendations regarding the establishment of a framework to provide school-level data in greater detail and frequency, and publish a report of its findings by December 1, 2010.

The DOE met the proviso language requirements and the EOG, working in consultation with the appropriations committees of the Senate and the House of Representatives, provided access to the related school district information on *Transparency Florida*. As a result, the following reports and other information are now accessible by selecting the Links option from the *Transparency Florida* Home Page:

- School District Summary Budget
- School District Annual Financial Report³⁶
- School District Audit Reports Prepared by the Auditor General³⁷
- School District Audit Reports Prepared by Private CPA Firms³⁸
- School District Program Cost Reports
- Financial Profiles of School Districts
- Florida Education Finance Program (FEFP) Calculations
- Five-Year Facilities Work Plan
- Public School District Websites³⁹

A description of these reports is provided in Appendix C.

³⁵ Proviso language for Specific Appropriations 116 through 130 of Chapter 2010-152, L.O.F.

³⁶ The link from *Transparency Florida* opens up to a page with access to a significant number of documents. From the left column, select **School District Annual Financial Reports (AFR)** to access this information.

³⁷ The link opens the Auditor General's main webpage. Select Reports and then **Reports Issued by the Auditor General** from the dropdown list.

³⁸ The link opens the Auditor General's main webpage. Select Reports and then **Reports Submitted to the Auditor General** from the dropdown list.

³⁹ The link opens the School District Data webpage on the DOE website. From the left column, select **List of Schools by District** for this information.

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In addition, the websites of some school districts include a link to *Transparency Florida*. The proviso language that required school districts to post the link to *Transparency Florida* on their home page was in effect for the 2010-11 fiscal year. Currently, there is no such requirement.

The DOE established the workgroup required by the proviso language to address the expansion of school district information available on *Transparency Florida*. The School District Working Group's report, published in December 2010, recommended:

- Providing school-level data at the sub-function (i.e., K-12, food services, and pupil transportation services) and sub-object (i.e., classroom teachers, travel, and textbooks) levels;⁴⁰ and,
- Uploading school district data to *Transparency Florida* via file transfer protocol (FTP) on a monthly basis.

The sub-function and sub-object levels were recommended as the most cost effective method due to the variety of accounting packages used by the school districts. These report recommendations align with the Committee's 2010 recommendations for phase three of school district implementation. The goal of this phase was to provide more frequent and detailed information than had been recommended in the two earlier phases. The Committee's 2011 recommendation, however, was to require local entities, including school districts, to post their financial information on their own website. The Committee reversed the earlier recommendation which required entities to submit data to the State and the State bearing the responsibility to design and build a system to receive and display the information on *Transparency Florida*. The Committee's recommendation in 2014 and in all later years was to not require the inclusion of any additional information on *Transparency Florida* from school districts or any other entity.

Status of the Website Related to Fiscal Planning for the State

The requirements of s. 215.985(5), F.S., have been met. The website titled "[Florida Fiscal Portal](#)" includes budget-related information for the fiscal years 2000-2001 through 2022-2023. Publications available include: (1) planning and budgeting instructions provided to state agencies, (2) agency legislative budget requests, (3) the Governor's recommended budget, (4) appropriations bills, (5) the approved budget, (6) the final budget report (prepared after year-end), (7) agency long-range program plans, (8) agency capital improvement plans, (9) fiscal analysis in brief, (10) long-range financial outlook 3 year plan, and (11) other documents for selected years.

Status of the Website Related to Employee Positions and Salary

The requirements of s. 215.985(6), F.S., have been met. The website titled "[Florida Has A Right To Know](#)," allows users to search payroll data from the State of Florida People First personnel information system. The database includes information from all state agencies, the Public Service Commission, the Justice Administrative Commission (including state attorneys and public defenders), and the State Courts System (including judges). In addition, a spreadsheet provides information related to employees of the State Board of Administration, and separate databases provide information for the Florida College System institutions and the 12 institutions within the State University System.

Information available for state employees includes: (1) name of employee, (2) salary or other rate of pay, (3) employing agency or entity, (4) budget entity, (5) position number, (6) class code, and (7) class title.

⁴⁰ The level of detail required by *Financial and Program Cost Accounting and Reporting for Florida Schools*. Known as the Red Book, this is the uniform chart of accounts required to be used by all Florida school districts for budgeting and financial reporting (see ss. 1010.01 and 1010.20, F.S., and Rule 6A-1.001, F.A.C.).

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Similar information is provided for employees of the other entities. The People First information is updated weekly, the State University System and Florida College System institutions information is updated twice per year, and the State Board of Administration information is updated quarterly.

Status of the Contract Management System

The requirements of s. 215.985(14), F.S., have been met. The CFO established the [Florida Accountability Contract Tracking System \(FACTS\)](#), which provides online public access to information related to contracts, grant awards, and purchase orders executed by most state agencies. According to staff of the Department of Financial Services, the Legislature, the Department of Agriculture and Consumer Services, and the Department of Legal Affairs do not use FACTS.⁴¹ Information available includes: (1) agency name, (2) vendor/grantor name, (3) type (contract, grant, purchase order, settlement agreement, etc.), (4) agency assigned contract ID, (5) grant award ID (if known), (6) purchase order (PO) number (if applicable), (7) total dollar amount, (8) commodity/service type, and (9) DFS contract audits (if applicable). Users may search for contract, grant, or purchase information by agency name, dollar value, commodity/service type (for contract and purchase orders), contract ID, MyFloridaMarketPlace (MFMP) purchase order number, vendor/grantor name, beginning and/or ending dates, and/or grant award ID. By selecting a specific contract, grant, or purchase order and drilling down, users may access detailed information such as statutory authority, deliverables, a record of payments made, and an image of the contract or grant agreement. State agencies are required to redact confidential information prior to posting the contract document image online. Due, in part, to the length of time necessary to review contracts to ensure that all confidential information has been redacted, there may be a delay in posting images. For contracts in which the Department of Financial Services has conducted an audit, either summary or more detailed information is available, depending on the date of the audit.⁴²

Status of Water Management District Information

The requirements of s. 215.985(11), F.S., have been met. All five of the state's water management districts provide online public access to monthly financial statements dating back to August 2020 or earlier. In addition, four of the five water management districts provide monthly financial statements to their governing board members in the meeting packet.⁴³

Potential Entities Subject to Transparency Florida Act Requirements

A governmental entity, as defined in the Act, means any state, regional, county, municipal, special district, or other political subdivision whether executive, judicial, or legislative, including, but not limited to, any

⁴¹ An exemption for the two Cabinet agencies, provided in s. 215.985(14)(i), F.S., authorizes each to create its own agency-managed website for posting contracts in lieu of posting such information on the CFO's contract management system. Both agencies, the Senate, and the House of Representatives provide contract information and documents on their respective websites. In addition, information related to Department of Agriculture and Consumer Services' contracts is on FACTS.

⁴² In addition, summary information is available on the CFO's [State Contract Audits webpage](#), which can be accessed from the [CFO's Transparency webpage](#). Users may access, a comprehensive list of contracts that have been audited from 2010-11 through 2021-22 fiscal years, including the evaluation criteria used during the audit and the number of contacts with deficiencies; a list of settlement agreements by agency from 2010-11 through 2020-21; and agency contract management reviews.

⁴³ Although the Southwest Florida Water Management District did not include a monthly financial statement in a recent meeting packet, it did include a report on its investments and a monthly dashboard document that includes a financial summary.

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department, division, bureau, commission, authority, district, or agency thereof, or any public school, Florida College System institution, state university, or associated board. As originally passed, the Act required the Committee to recommend a format for displaying information from these entities on *Transparency Florida*. Smaller municipalities and special districts, defined as those with a population of 10,000 or less, were exempt from the Act. Entities that did not receive state appropriations were also exempt. Later, the Act was revised to provide an exemption based on revenues rather than population. Municipalities and special districts with total annual revenues of less than \$10 million were then exempt from the Act’s requirements. In addition, the exemption for entities that did not receive state appropriations was removed.

Subsequent to a major revision in 2013, current law does not require specific non-state entities to be included in the Committee’s recommendations or provide an exemption to any of these entities. The Committee is required to recommend “additional information to be added to a website, such as whether to expand the scope of the information provided to include state universities, Florida College System institutions, school districts, charter schools, charter technical career centers, local government units, and other governmental entities.”⁴⁴ The following table shows the number of non-state entities of each type that could potentially be recommended for inclusion:⁴⁵

Type of Entity (Non-State)	Total Number
School Districts	67
Charter Schools and Charter Technical Career Centers	687 ⁴⁶
State Universities	12
Florida College System Institutions	28
Counties	67 ⁴⁷
Municipalities	411
Special Districts	1,818 active ⁴⁸
Regional Planning Councils	11
Metropolitan Planning Organizations	27
Entities affiliated with Universities and Colleges, such as the Moffitt Cancer Center	Unknown

⁴⁴ Section 215.985(7)(a), F.S.

⁴⁵ During the Committee’s October 14, 2021 meeting, one member mentioned that there are also private schools that receive public funding in the State of Florida through the scholarship or voucher program and, for accountability sake, it might be good to include those in the table. Note: Currently, the table is limited to governmental entities as defined in the Florida Transparency Act.

⁴⁶ Reported by the Department of Education for the 2020-21 school year on its website <https://www.fldoe.org/schools/school-choice/charter-schools/> (last visited October 1, 2021).

⁴⁷ While there are 67 counties within the State, there are many more independent reporting entities since many of the constitutional officers operate their own financial management/accounting systems. The 38 counties that responded to a 2009 survey by the Florida Association of Counties reported 193 independent reporting entities.

⁴⁸ From the Department of Economic Opportunity’s website <http://specialdistrictreports.floridajobs.org/webreports/StateTotals.aspx> (last visited October 1, 2021).

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

To date, only school districts have been assigned responsibility related to the Transparency Florida Act. As previously discussed, the DOE was directed to work with the school districts to ensure that each district's website provided a link to *Transparency Florida*. This requirement was based on proviso language and was applicable for the 2010-11 fiscal year.

RECOMMENDATION

To be determined.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

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TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Appendix A

Requirements of the Transparency Florida Act		
Entity	Section of Law	Requirement
Joint Legislative Auditing Committee	215.985(7)	By November 1, 2013, and annually thereafter, the Committee shall recommend to the President of the Senate and the Speaker of the House of Representatives: <ul style="list-style-type: none"> • Additional information to be added to a website, such as whether to expand the scope of the information provided to include state universities, Florida College System institutions, school districts, charter schools, charter technical career centers, local government units, and other governmental entities. • A schedule for adding information to the website by type of information and governmental entity, including timeframes and development entity. • A format for collecting and displaying the additional information.
Joint Legislative Auditing Committee	215.985(13)	Prepare an annual report detailing progress in establishing the single website and providing recommendations for enhancement of the content and format of the website and related policies and procedures. Report shall be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives by November 1.
Joint Legislative Auditing Committee	215.985(9)	Coordinate with the Financial Management Information Board in developing recommendations for including information on the website which is necessary to meet the requirements of s. 215.91(8) . ⁴⁹
Executive Office of the Governor (EOG), in consultation with the appropriations committees of the Senate and the House of Representatives	215.985(3)	Establish and maintain a single website that provides access to all other websites required by the Transparency Florida Act. These websites include information relating to: <ul style="list-style-type: none"> • The approved operating budget for each branch of state government and state agency; • Fiscal planning for the state; • Each employee or officer of a state agency, a state university, Florida College System or the State Board of Administration; and, • A contract tracking system. Specific requirements include compliance with the American Disabilities Act, compatible with all major web browsers, provide an intuitive user experience to the extent possible, and provide a consistent visual design, interaction or navigation design and information or data presentation.
EOG, in consultation with the appropriations committees of the Senate and the House of Representatives	215.985(4)	Establish and maintain a website that provides information relating to the approved operating budget for each branch of state government and state agency. Information must include: <ul style="list-style-type: none"> • Disbursement data and details of expenditure data, must be searchable; • Appropriations, including adjustments, vetoes, approved supplemental appropriations included in legislation other than the General Appropriations Act (GAA), budget amendments, and other actions and adjustments; • Status of spending authority for each appropriation in the approved operating budget, including released, unreleased, reserved, and disbursed balances. • Position and rate information for employees; • Allotments for planned expenditures and the current balance for such allotments; • Trust fund balance reports; • General revenue fund balance reports; • Fixed capital outlay project data;

⁴⁹ The Financial Management Information Board, comprised of the Governor and Cabinet, has not met in a number of years.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Requirements of the Transparency Florida Act		
Entity	Section of Law	Requirement
EOG, in consultation with the appropriations committees of the Senate and the House of Representatives (Continued)		<ul style="list-style-type: none"> • A 10-year history of appropriations by agency; and • Links to state audits or reports related to the expenditure and dispersal of state funds.
EOG, in consultation with the appropriations committees of the Senate and the House of Representatives	215.985(5)	<p>Establish and maintain a website that provides information relating to fiscal planning for the state:</p> <ul style="list-style-type: none"> • The long-range fiscal outlook adopted by the Legislative Budget Commission; • Instructions to agencies relating to the legislative budget requests, capital improvement plans, and long-range program plans; • The legislative budget requests submitted by each state agency or branch of state government, including any amendments; • The capital improvement plans submitted by each state agency or branch of state government; • The long-range program plans submitted by each state agency or branch of state government; and • The Governor’s budget recommendation submitted pursuant to s. 216.163. <p>The data must be searchable by the fiscal year, agency, appropriation category, and keywords. The Office of Policy and Budget in the EOG shall ensure that all data added to the website remains accessible to the public for 10 years.</p>
Department of Management Services (DMS)	215.985(6)	<p>Establish and maintain a website that provides current information relating to each employee or officer of a state agency, a state university, a Florida College System institution, or the State Board of Administration. Information to include:</p> <ul style="list-style-type: none"> • Name and salary or hourly rate of pay of each employee; • Position number, class code, and class title; • Employing agency and budget entity. <p>Information must be searchable by state agency, state university, Florida College System institution, and the State Board of Administration, and by employee name, salary range, or class code and must be downloadable in a format that allows offline analysis.</p>
Manager of each website described in 215.985(4), (5), and (6). This refers to the three preceding websites and to staff of the EOG and DMS.	215.985(8)	Submit to the Joint Legislative Auditing Committee information relating to the cost of creating and maintaining such website, and the number of times the website has been accessed.
Chief Financial Officer (CFO)	215.985(14)	Establish and maintain a secure contract tracking system available for viewing and downloading by the public through a secure website. Appropriate Internet security measures must be used to ensure that no person has the ability to alter or modify records available on the website.
Each State Entity	215.985(14)(a) and (b)	Post contract related information on the CFO’s contract tracking system within 30 days after executing a contract. Information to include names of contracting entities, procurement method, contract beginning and ending dates, nature or type of commodities or services purchased, applicable contract unit prices and deliverables, total compensation to be paid or received, all payments made to the contractor to date, applicable contract performance measures, and electronic copies of the contract and procurement documents that have been redacted to exclude confidential or exempt information. If competitive solicitation was not used, justification must be provided. Information must be updated within 30 days of any contract amendments.
Water Management Districts	215.985(11)	Provide a monthly financial statement in the form and manner prescribed by the Department of Financial Services to the district’s governing board and make such statement available for public access on its website.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Appendix B

Summary of Local Government Budget Requirements Related to Financial Transparency <i>Documents that entities are required to post on their official websites</i>				
Type of Entity <i>(Statutory Reference)</i>	Tentative Budget <i>(must be posted online)</i>	Final Budget <i>(must be posted online)</i>	Adopted Budget Amendments <i>(must be posted online)</i>	If No Official Website
Board of County Commissioners <i>ss. 129.03(3)(c) and 129.06(2)(f)2., F.S.</i>	2 days before public hearing and must remain on the website for at least 45 days	Within 30 days after adoption and must remain on the website for at least 2 years	Within 5 days after adoption and must remain on the website for at least 2 years	N/A
Municipality <i>(s. 166.241(3) and (6), F.S.)</i>	2 days before public hearing and must remain on the website for at least 45 days	Within 30 days after adoption and must remain on the website for at least 2 years	Within 5 days after adoption and must remain on the website for at least 2 years	If the municipality does not operate an official website, the municipality must, within a reasonable period of time as established by the county or counties in which the municipality is located, transmit the tentative and final budgets and any adopted amendment to the manager or administrator of such county or counties who shall post such documents on the county's website.
Special District (excludes Water Management Districts) <i>(s. 189.016(4) and (7), F.S.)</i>	2 days before public hearing and must remain on the website for at least 45 days	Within 30 days after adoption and must remain on the website for at least 2 years	Within 5 days after adoption and must remain on the website for at least 2 years	Each independent special district must maintain a separate website. Each dependent special district shall be prominently displayed on the home page of the local general-purpose government upon which it is dependent with a hyperlink to required information [s. 189.069(1), F.S.].
Property Appraiser <i>(s. 195.087(6), F.S.)</i>	N/A	Within 30 days after adoption	N/A	If the Property Appraiser does not have an official website, the final approved budget must be posted on the county's official website
Tax Collector <i>(s. 195.087(6), F.S.)</i>	N/A	Within 30 days after adoption	N/A	If the Tax Collector does not have an official website, the final approved budget must be posted on the county's official website
Clerk of Circuit Court <i>(budget may be included in county budget)</i> <i>(s. 218.35, F.S.)</i>	N/A	Within 30 days after adoption	N/A	Must be posted on the county's official website
Water Management District <i>(s. 373.536(5)(d) and (6)(d), F.S.)</i>	2 days before public hearing and must remain on the website for at least 45 days	Within 30 days after adoption and must remain on the website for at least 2 years	Within 5 days after adoption and must remain on the website for at least 2 years [s. 189.016(7), F.S.]	Each independent special district must maintain a separate website. [s. 189.069(1), F.S.].
District School Board <i>(s. 1011.03(3) and (4), F.S.)</i>	2 days before public hearing	Within 30 days after adoption	Within 5 days after adoption	N/A
Additional Requirement				
Each local governmental entity (county agency, municipality, and special district) website must provide a link to the Department of Financial Services' (DFS) website to view the entity's annual financial report (AFR) submitted; if an entity does not have an official website, the county government website must provide the link. [s. 218.32(1)g, F.S.]				

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

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TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Appendix C

Transparency Florida Links: Reports and Other Information Available for School Districts <i>(As recommended in the Committee's 2010 report)</i>	
Title of Report / Other Information	Summary Description of Report / Other Information
School District Summary Budget http://www.fldoe.org/finance/fl-edu-finance-program-fefp/school-dis-summary-budget.shtml	<i>At the beginning of each fiscal year, each district school board formally adopts a budget. The District Summary Budget is the adopted budget that is submitted to the Department of Education (DOE) by school districts. The budget document provides millage levies; estimated revenues detailed by federal, state, and local sources; and estimated expenditures.</i>
School District Annual Financial Report http://www.fldoe.org/finance/fl-edu-finance-program-fefp/school-dis-annual-financial-reports-af.shtml	<i>The Annual Financial Report is the unaudited data submitted to the DOE by school districts after the close of each fiscal year. It includes revenues detailed by federal, state, and local sources, and actual expenditures detailed by function and object.</i>
School District Audit Reports Prepared by the Auditor General https://flauditor.gov/pages/Reports.aspx	<i>The Auditor General provides periodic financial, federal, and operational audits of district school boards. The Auditor General also provides periodic audits of district school boards to determine whether the district: 1) complied with state requirements governing the determination and reporting of the number of full-time equivalent students under the Florida Education Finance Program and 2) complied with state requirements governing the determination and reporting of the number of students transported.</i>
School District Audit Reports Prepared by Private CPA Firms https://flauditor.gov/pages/dsb_efiles.html	<i>The Auditor General maintains copies of district school board financial and federal audit reports, which are prepared on a rotational basis by private certified public accounting firms.</i>
School District Program Cost Reports https://web08.fldoe.org/TransparencyReports/CostReportSelectionPage.aspx	<i>The Program Cost Report data is submitted to the DOE by school districts after the close of each fiscal year. Actual expenditures by fund type are presented as either direct costs or indirect costs, and are attributed to each program at each school. A total of nine separate reports are produced from the cost reporting system.</i>
Financial Profiles of School Districts http://www.fldoe.org/finance/fl-edu-finance-program-fefp/profiles-of-fl-school-diss.shtml	<i>The Financial Profiles of School Districts reports provide detailed summary information about revenues and expenditures of the school districts – revenues by source and expenditures by function and object.</i>
Florida Education Finance Program (FEFP) Calculations http://www.fldoe.org/finance/fl-edu-finance-program-fefp/fl-edu-finance-program-fefp-calculatio.shtml	<i>The FEFP is the primary mechanism for funding the operating costs of the school districts, and calculations are made five times throughout each school year to arrive at each year's final appropriation. The amount allocated to each of the components of the FEFP funding formula is shown for each school district.</i>
Five-Year Facilities Work Plan http://www.fldoe.org/finance/edual-facilities/wkplans/	<i>The Five-Year District Facilities Work Plan is the authoritative source for educational facilities information, including planning and funding. Governmental entities that use this information include the DOE, Legislature, Governor's Office, Division of Community Planning (growth management), and local governments.</i>
Public School District Websites https://web03.fldoe.org/Schools/schoolmap_text.asp	<i>Provides a link to the homepage of each school district.</i>

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

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6 AG Audit Report
(NICA) Florida Birth-
Related Neurological
Injury Compensation
Association

FLORIDA BIRTH-RELATED NEUROLOGICAL INJURY COMPENSATION ASSOCIATION OPERATIONAL AUDIT REPORT No. 2022-009

LEGISLATIVE AUDITING COMMITTEE
DECEMBER 2, 2021



BACKGROUND

- ❖ Section 766.303(1), Florida Statutes, establishes the Florida Birth-Related Neurological Injury Compensation Plan (Plan) to provide compensation, irrespective of fault, for neurological injury claims related to births occurring on or after January 1, 1989.
- ❖ Effective June 21, 2021, Chapter 2021-134, Laws of Florida, provided for the Plan to be governed by a seven-member Board of Directors (Board) appointed by the State's Chief Financial Officer and referred to as the Florida Birth-Related Neurological Injury Compensation Association (NICA).

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AUDIT SCOPE

- ❖ As required by Chapter 2021-134, Laws of Florida, the Auditor General conducted an operational audit of NICA that focused on NICA's administration of the Plan, including compliance with Sections 766.303 through 766.315, Florida Statutes, and applicable State public records and meetings laws.
- ❖ On August 13, 2021, the Auditor General issued operational audit report No. 2022-009 with 7 audit findings in the following areas:
 - ❖ Plan Administration
 - ❖ Assessments
 - ❖ Selected Administrative Activities
 - ❖ Information Technology Controls

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AUDIT FINDINGS

Finding 1: NICA had not established a mechanism to effectively and consistently document, account for, and track benefit denials or disputes.

Finding 2: Analysis of Plan participant survey responses indicated that the NICA Benefit Handbook could be enhanced to better inform participants of their benefits and rights and that NICA could take steps to ensure that benefit request decisions are documented and adequately explained to participants.

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AUDIT FINDINGS

Plan Participant Survey Results

	Dissatisfied		Satisfied		Total Number of Responses ^a
	Number of Responses	Percentage of Responses	Number of Responses	Percentage of Responses	
NICA <i>Handbook</i> was received.	12	11%	100	89%	112
NICA <i>Handbook</i> was adequate to understand rights and authorized benefits.	44	41%	63	59%	107
NICA timely and appropriately responded to Plan participant questions.	18	16%	92	84%	110
NICA's decisions on written exception requests were adequately explained.	18	42%	25	58%	43
Participant was satisfied with NICA's response to questions. ^b	26	26%	74	74%	100

^a Not all 120 survey respondents provided responses to every question.

^b Thirteen survey respondents indicated that they were neither satisfied nor dissatisfied with NICA's responses to questions.

Source: Survey responses from individuals listed by NICA as contacts for participants.

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AUDIT FINDINGS

Finding 3: NICA records did not always include the rationale for denying or limiting participant claim reimbursements.

Finding 4: NICA did not timely or consistently use all available remedies to collect delinquent assessment amounts from non-participating physicians. As of June 16, 2021, active non-participating physicians owed NICA \$14,367,193 for assessment amounts due for the 2016 through 2021 assessment years.

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AUDIT FINDINGS

**Analysis of Active Non-Participating Physician Assessments Paid and Delinquent
For the 2016 Through 2021 Assessment Years
As of June 16, 2021**

Assessment Year	Assessments Paid ^a		Delinquent Assessments		Total Assessment Amount	Delinquent Assessments as Percentage of Total Assessment Amount
	Amount	Number of Physicians	Amount	Number of Physicians		
2021	\$13,791,926	56,362	\$ 4,836,553	19,242	\$ 18,628,479	26%
2020	16,035,537	64,372	3,118,420	12,043	19,153,957	16%
2019	16,209,715	65,209	2,291,303	8,336	18,501,018	12%
2018	16,132,917	64,487	1,765,173	6,123	17,898,090	10%
2017	16,159,869	64,043	1,356,025	4,506	17,515,894	8%
2016	14,486,458	58,316	999,719	3,215	15,486,177	6%
Totals	\$92,816,422	372,789	\$14,367,193	53,465	\$107,183,615	13%

^a Includes late payments and pre-payment amounts applicable to the assessment year.

Source: NICA records.

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AUDIT FINDINGS

Finding 5: NICA expenses associated with holiday luncheons for NICA personnel did not appear to be clearly necessary to the performance of NICA’s statutory duties. Additionally, meals provided for NICA personnel and Board members were not limited to the amounts provided by State law.

Finding 6: NICA controls did not promote the retention of text and instant messages in accordance with State public records laws.

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AUDIT FINDINGS

Finding 7: Certain security controls related to user authentication for the network domain, NICA virtual private network (VPN), and Claims Accounting and Reserves Electronic System need improvement to ensure the confidentiality, integrity, and availability of NICA data and information technology resources.

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CONTACT INFORMATION



AUDITOR GENERAL

Joshua Barrett, CPA
Auditor Manager
State Government Audits

Claude Pepper Building, Room 266G
111 West Madison Street
Tallahassee, FL 32399-1450

(850) 412-2804
joshuabarrett@aud.state.fl.us

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STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2022-009
August 2021

**FLORIDA BIRTH-RELATED
NEUROLOGICAL INJURY
COMPENSATION ASSOCIATION**



Sherrill F. Norman, CPA
Auditor General

Board of Directors and Executive Director of the Florida Birth-Related Neurological Injury Compensation Association

Section 766.303, Florida Statutes, establishes the Florida Birth-Related Neurological Injury Compensation Plan (Plan) to provide compensation, irrespective of fault, for neurological injury claims related to births occurring on or after January 1, 1989. During the period of our audit, Section 766.315(1)(a), Florida Statutes, provided for the Plan to be governed by a five-member Board of Directors appointed by the State's Chief Financial Officer and referred to as the Florida Birth-Related Neurological Injury Compensation Association (NICA). The NICA Board comprises one representative from each of the following groups: participating physicians, hospitals, casualty insurers, physicians other than participating physicians, and the general public.

During the period of our audit, Kenney Shipley served as the Executive Director of NICA and the following individuals served as Board members:

Representing:	Board Member:
General Public	Charles Lydecker, Chair
Participating Physicians	Steven Dukes, M.D.
Hospitals	Bryan Anderson
Casualty Insurers	Robert E. White, Jr.
Non-Participating Physicians	Samuel Wolf, D.O., from October 9, 2020 Marcos Lorenzo, M.D., through October 8, 2020

The team leader was Christi Alexander, CPA, and the audit was supervised by Joshua Barrett, CPA.

Please address inquiries regarding this report to Joshua Barrett, CPA, Audit Manager, by e-mail at joshuabarrett@aud.state.fl.us or by telephone at (850) 412-2804.

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FLORIDA BIRTH-RELATED NEUROLOGICAL INJURY COMPENSATION ASSOCIATION

SUMMARY

This operational audit of the Florida Birth-Related Neurological Compensation Association (NICA) focused on NICA's administration of the Florida Birth-Related Neurological Compensation Plan (Plan), including NICA's compliance with Sections 766.303 through 766.315, Florida Statutes, and applicable State public records and meetings laws. The audit also included an examination of selected NICA administrative activities. Our audit disclosed the following:

Plan Administration

Finding 1: NICA had not established a mechanism to effectively and consistently document, account for, and track benefit denials or disputes.

Finding 2: Analysis of Plan participant survey responses indicated that the NICA *Benefit Handbook* could be enhanced to better inform participants of their benefits and rights and that NICA could take steps to ensure that benefit request decisions are documented and adequately explained to participants.

Finding 3: NICA records did not always include the rationale for denying or limiting participant claim reimbursements.

NICA Assessments

Finding 4: NICA did not timely or consistently use all available remedies to collect delinquent assessment amounts from non-participating physicians. As of June 16, 2021, active non-participating physicians owed NICA \$14,367,193 for assessment amounts due for the 2016 through 2021 assessment years.

Selected Administrative Activities

Finding 5: NICA expenses associated with holiday luncheons for NICA personnel did not appear to be clearly necessary to the performance of NICA's statutory duties. Additionally, meals provided for NICA personnel and Board members were not limited to the amounts provided by State law.

Finding 6: NICA controls did not promote the retention of text and instant messages in accordance with State public records laws.

Information Technology Controls

Finding 7: Certain security controls related to user authentication for the network domain, NICA virtual private network (VPN), and Claims Accounting and Reserves Electronic System need improvement to ensure the confidentiality, integrity, and availability of NICA data and information technology resources.

BACKGROUND

State law¹ establishes the Florida Birth-Related Neurological Injury Compensation Plan (Plan) to provide compensation, irrespective of fault, for neurological injury claims related to births occurring on or after January 1, 1989. State law² defines a “birth-related neurological injury” as an injury to the brain or spinal cord of a live infant weighing at least 2,500 grams for a single gestation or, in the case of a multiple gestation, a live infant weighing at least 2,000 grams at birth, caused by oxygen deprivation or mechanical injury occurring in the course of labor, delivery, or resuscitation in the immediate postdelivery period in a hospital, which renders the infant permanently and substantially mentally and physically impaired. The definition applies to live births only and does not include disability or death caused by genetic or congenital abnormality.

The Plan was governed by a five-member Board of Directors (Board) appointed by the State’s Chief Financial Officer and referred to as the Florida Birth-Related Neurological Injury Compensation Association (NICA). The NICA Board comprises one representative from each of the following groups:³

- Participating physicians.
- Hospitals.
- Casualty insurers.
- Physicians other than participating physicians.
- The general public.

NICA is not considered a State agency, board, or commission.

FINDINGS AND RECOMMENDATIONS

PLAN ADMINISTRATION

State law⁴ specifies that an administrative law judge (ALJ) with the Division of Administrative Hearings (DOAH) has exclusive jurisdiction to determine whether a claim filed with NICA is compensable. State law further specifies that no civil action may be brought until a compensability decision has been made by an ALJ. Claims for compensation commence by the claimant filing a petition with DOAH and, if a petition is approved by an ALJ, the claimant becomes a participant in the Plan and entitled to compensation awards for medically necessary and reasonable expenses, including hospital, habilitative and training, drugs, special equipment, facilities, and related travel. However, compensation is not to be provided for expenses related to items or services that the infant has received or is entitled to receive, or expenses for which the infant has received reimbursement, or for which the infant is contractually entitled to receive reimbursement, from any prepaid health plan, health maintenance organization, or other

¹ Section 766.303(1), Florida Statutes.

² Section 766.302(2), Florida Statutes.

³ Section 766.315, Florida Statutes. Pursuant to Chapter 2021-134, Laws of Florida, effective June 21, 2021, the number of Board members was increased to seven by adding a parent or legal guardian of a Plan participant and a representative of an advocacy organization for children with disabilities. A listing of 2021 statutory changes impacting NICA are included as **EXHIBIT A** to this report.

⁴ Section 766.304, Florida Statutes.

private insuring entity. In addition, compensation is not to be provided for expenses for items or services that the infant has received, or is entitled to receive, or expenses for which the infant has received reimbursement, or for which the infant is entitled to receive reimbursement, under the laws of any state or the Federal Government, except to the extent such exclusion may be prohibited by Federal law.⁵

Compensation also includes periodic payments of an award to the infant's parents or legal guardians not to exceed \$100,000, a \$10,000 death benefit, and reasonable expenses incurred in connection with the filing of a claim, including attorney's fees.⁶ According to NICA records, during the period July 2019 through April 2021, 435 participants were reimbursed for claims totaling \$38,555,837.

Finding 1: Benefit Denial and Dispute Records

NICA's responsibilities include administering the Plan and the payment of claims on behalf of the Plan. Once a claimant becomes a participant in the Plan, a case manager is assigned to analyze benefit requests and to determine whether a request fits the medical profile and statutory requirements. Case managers are responsible for ensuring that Plan participants timely receive a *Benefit Handbook (Handbook)* that outlines participant rights, allowable expenses, benefit information, and procedures for filing reimbursement claims and benefit disputes.

Once a claim is determined to be compensable by an ALJ, NICA communicates with the parents or legal guardians of the participant to determine the medically necessary and reasonable needs of the participant and family. The *Handbook* includes a listing of benefits and procedures established to carry out NICA's statutory duties and specifies that NICA pays benefits under the Plan based on an evaluation of each participant and their needs. The *Handbook* further specifies that, if a parent or legal guardian feels that a benefit not described in the *Handbook* would be of advantage to the participant, the parent or legal guardian may request, by letter, that the benefit be reviewed by the Executive Director of NICA as an exception. The *Handbook* also provides that, when a Case Manager Supervisor cannot resolve a benefits dispute, the Executive Director is to attempt to resolve the dispute with the parent or legal guardian. The *NICA Claims Manual (Claims Manual)* for case managers provides that participants should be made aware of alternative methods of dispute resolution other than through legal channels so that the participants will come to their case manager before taking legal action on a claim.

NICA created the Claims Accounting and Reserves Electronic System (CARES), a Web-based system, to track participant activity, such as ALJ orders, participant contact information, and claims for reimbursement. As part of our audit, we interviewed NICA management and examined NICA records to determine whether NICA had established effective controls over claims processing, including approvals, denials, and benefit disputes. Our audit procedures found that, while NICA had established procedures for benefit denials and disputes, NICA had not established a mechanism within CARES to effectively and consistently document, account for, and track benefit denials or disputes from initial claims request to

⁵ Section 766.31(1)(a), Florida Statutes.

⁶ Section 766.31(1)(b) and (c), Florida Statutes. Pursuant to Chapter 2021-134, Laws of Florida, beginning January 1, 2021, periodic payments of an award may not exceed \$250,000 and parents and guardians who received an award prior to January 1, 2021, and whose child currently receives benefits are to receive a retroactive payment sufficient to bring the total award paid to \$250,000. Chapter 2021-134, Laws of Florida, also increased the death benefit to \$50,000. A listing of 2021 statutory changes impacting NICA are included as **EXHIBIT A** to this report.

resolution. Specifically, we noted that, as of May 18, 2021, CARES accounted for and tracked approved and paid claims through a combination of the paid check or Automated Clearing House number assigned to a participant's claim number. However, NICA had not established unique identifiers to account for and track denied or disputed claims.

According to NICA management, the case manager was to log requests into CARES, and include in the Activity Log, correspondence and supporting records related to potential denials or benefit disputes. NICA management further indicated that NICA does not provide participants formal denials of benefit requests. Instead, according to NICA, the CARES Activity Log may show that participants did not provide sufficient information or did not respond to requests for additional information that would facilitate the processing of a request or that NICA found acceptable alternatives for the participants.

Notwithstanding management's response, given the limitations of CARES, these outcomes were not always readily apparent. Additionally, with NICA's reliance on alternative dispute and benefit resolution methods, including those involving the Executive Director, it is important that NICA establish a mechanism to document, account for, and track the handling of all claims from initial request to resolution to evidence that claims are appropriately considered and adjudicated in accordance with State law and NICA procedures. According to NICA management, NICA was in the process of determining how to capture information that would allow NICA to effectively track the outcome of all claims for reimbursement, from initial request to resolution.

Recommendation: We recommend that NICA management enhance processes and controls to ensure that each participant claim for reimbursement is documented, accounted for, and tracked from initial request to resolution.

Finding 2: NICA Plan Participant Survey

To measure the degree of Plan participant satisfaction, in May 2021 we surveyed the 279 individuals listed as contacts for the 221 participants active in the Plan as of April 30, 2021. Survey questions, listed in **EXHIBIT B** to this report, addressed participant satisfaction with the *Handbook*, explanation of benefits, NICA's handling of questions, and the dispute resolution process.

We received survey responses from 120 respondents and the survey responses, as summarized in Table 1, indicated that most of the respondents received the *Handbook* and were satisfied with NICA's responses to participant questions. However, 41 percent of the respondents expressed dissatisfaction with the explanation of benefits and participant rights provided in the *Handbook* and 42 percent expressed dissatisfaction with the adequacy of NICA's explanation for the decision to approve or deny participant exception requests. Some respondents indicated that many covered items were not listed in the *Handbook* and that participants were not always made aware of what benefits to request. Additionally, respondents indicated that NICA did not always clearly explain, either verbally or in writing, why a benefit request was denied.

**Table 1
Plan Participant Survey Results**

	Dissatisfied		Satisfied		Total Number of Responses ^a
	Number of Responses	Percentage of Responses	Number of Responses	Percentage of Responses	
NICA <i>Handbook</i> was received.	12	11%	100	89%	112
NICA <i>Handbook</i> was adequate to understand rights and authorized benefits.	44	41%	63	59%	107
NICA timely and appropriately responded to Plan participant questions.	18	16%	92	84%	110
NICA's decisions on written exception requests were adequately explained.	18	42%	25	58%	43
Participant was satisfied with NICA's response to questions. ^b	26	26%	74	74%	100

^a Not all 120 survey respondents provided responses to every question.

^b Thirteen survey respondents indicated that they were neither satisfied nor dissatisfied with NICA's responses to questions.

Source: Survey responses from individuals listed by NICA as contacts for participants.

Recommendation: We recommend that NICA management evaluate the NICA *Handbook* to ensure that participants are adequately informed of their benefits and rights and take steps to ensure that NICA participant benefit request decisions are documented and adequately explained to participants.

Finding 3: Claims Reimbursement

For each reimbursement request, the case manager is to determine and document medical necessity, its relationship to the injury, and rule out other payment sources. In addition to the *Handbook*, the *Claims Manual* provided guidance to case managers when reviewing and approving or denying participant requests for reimbursement.

As part of our audit, we reviewed the *Handbook* and *Claims Manual* for consistency and alignment with statutorily allowable costs. Additionally, we examined NICA records, including the CARES Activity Logs, for 25 participant claim reimbursements, totaling \$150,251, paid during the period July 2019 through April 2021, to determine whether NICA appropriately documented approved and denied requests for reimbursement. We noted that:

- State law⁷ specifies that a telehealth provider⁸ has the duty to practice in a manner consistent with their scope of practice and the prevailing professional standard of practice for a health care professional who provides in-person health care services to a patient in the State. Effective March 20, 2020, the Agency for Healthcare Administration (AHCA) issued an alert expanding the use of telemedicine during the COVID-19 pandemic for Florida Medicaid. NICA received a copy of the AHCA alert on March 24, 2020. However, our examination of the CARES Activity Logs and participant records found that, on March 24, 2020, and March 26, 2020, NICA denied two participant requests for reimbursement of physical therapy telehealth services. In both

⁷ Section 456.47(2)(a), Florida Statutes.

⁸ Section 456.47(1)(b), Florida Statutes, defines a telehealth provider as any individual who provides health care and related services using telehealth and who is licensed or certified pursuant to State law.

instances, NICA records did not evidence how the expenses were not medically necessary and reasonable or that NICA had requested from the participants letters of medical necessity for the telehealth services. We also noted that a subsequent request for telehealth services from one of the two participants in November 2020 was approved.

In response to our audit inquiry, NICA management indicated that, at the time of the March 2020 requests, NICA had not established guidelines for the reimbursement of physical or occupational therapy telehealth services. Absent a letter of medical necessity from the service provider indicating that telehealth was to be used, it was difficult for NICA to determine how the physical evaluation and participant movements could be accomplished by telehealth. On November 18, 2020, NICA management informed case managers that NICA was going to cover physical and occupational therapy telehealth services. In response to our audit inquiry, NICA management indicated that they were not aware of any out-of-pocket expenses incurred by participants for these services.

- NICA records did not evidence the rationale for limiting a reimbursement request for a computer used as augmentative communication technology to \$1,000, instead of the total \$1,314 cost incurred by the participant. According to NICA management, NICA reimbursed the claim using guidelines included in draft revisions to the *Handbook* that detail reimbursement limitations for computers without any adaptive programs or attachments.

Absent records evidencing the basis for denying or limiting a participant reimbursement request and the *Handbook* reflecting current policy, NICA cannot adequately demonstrate that the Plan is being equitably administered in accordance with State law.

Recommendation: We recommend that NICA management ensure that the *Handbook* details all limitations on allowable reimbursement amounts and such limitations are appropriately communicated to participants. Additionally, we recommend that NICA management document the decision rationale each time a request for reimbursement is denied or limited.

NICA ASSESSMENTS

State law⁹ authorizes NICA to collect annual assessments from physicians, certified nurse midwives, and hospitals to finance the Plan. During the period July 2019 through April 2021, the assessment per physician licensed in the State under Chapter 458 or 459, Florida Statutes, was \$250. Physicians electing to participate in NICA were assessed \$5,000, certified nurse midwives working under the supervision of a certified physician were assessed \$2,500, and each hospital¹⁰ licensed under Chapter 395, Florida Statutes, was assessed \$50 per live infant delivered¹¹ at the hospital during the prior calendar year. According to NICA's audited financial statements, during the period July 2018 through June 2020, NICA collected assessments totaling \$54,755,762.

⁹ Section 766.314, Florida Statutes.

¹⁰ Section 766.314(4)(a), Florida Statutes, excludes hospitals owned or operated by the State or county, special taxing district, or other political subdivision of the State from assessment requirements.

¹¹ Section 766.314(4)(a), Florida Statutes, specifies that hospitals may exclude any infant born to a charity patient or born to a patient for whom the hospital receives Medicaid reimbursement, if the sum of the annual charges for charity patients plus annual Medicaid contractuals of the hospital exceeds 10 percent of the total annual gross operating revenues of the hospital.

Finding 4: Delinquent Assessments

State law¹² specifies that NICA may file suit to enforce the collection of required assessments and is entitled to attorney's fees, costs, and interest paid upon the entry of judgment against a physician for failure to pay. As part of the assessment process, NICA receives a listing of licensed physicians and hospitals from the Department of Health and AHCA, respectively. NICA sends billing statements to hospitals¹³ and non-participating physicians¹⁴ each October with the notification that, if payment is not received by January 1, NICA will charge interest at the statutorily authorized rate.¹⁵ NICA's assessment on non-participating physicians is considered a tax¹⁶ subject to the 5-year statute of limitation to take action to collect any tax.¹⁷

To evaluate whether NICA had established effective controls to ensure the timely collection of statutorily authorized assessments, we interviewed NICA management, analyzed NICA billing and payment records for hospitals and non-participating physicians, and examined NICA records for 40 non-participating physicians with assessment amounts due by January 1, 2020 and 2021, and 40 hospitals with assessment amounts due by January 1, 2021. Our audit procedures found that while NICA included interest charges on the billing statements of non-participating physicians with delinquent assessment amounts, NICA did not consistently take additional actions, such as sending demand collection letters or filing suit in county court, to ensure the collection of delinquent assessment amounts. According to NICA management, NICA had not sent demand collection letters since September 2017 and last filed suit in county court in January 2018 due to the substantial time and cost associated with the collection process and that NICA typically filed suit in batches covering multiple years to defray such costs. As shown in Table 2, our analysis of assessment data for active non-participating physicians disclosed that, as of June 16, 2021, the physicians' delinquent assessment amounts for the 2016 through 2021 assessment years totaled \$14,367,193, representing approximately 13 percent of the total assessment amount for those years.

¹² Section 766.314(6)(b), Florida Statutes.

¹³ Hospital billing statements are provided for the prior year based on hospital live birth records.

¹⁴ Non-participating physician billing statements are for the upcoming assessment year. For example, the October 2020 billing statement was for the 2021 assessment year.

¹⁵ Section 55.03, Florida Statutes, provides for the Chief Financial Officer to set the applicable rate of interest.

¹⁶ James F. Coy, M.D. v. Florida Birth-Related Neurological Injury Compensation Plan, 595 So.2d 943, Supreme Court of Florida.

¹⁷ Section 95.091(1)(a), Florida Statutes.

Table 2
Analysis of Active Non-Participating Physician Assessments Paid and Delinquent
For the 2016 Through 2021 Assessment Years
As of June 16, 2021

Assessment Year	Assessments Paid ^a		Delinquent Assessments		Total Assessment Amount	Delinquent Assessments as Percentage of Total Assessment Amount
	Amount	Number of Physicians	Amount	Number of Physicians		
2021	\$13,791,926	56,362	\$ 4,836,553	19,242	\$ 18,628,479	26%
2020	16,035,537	64,372	3,118,420	12,043	19,153,957	16%
2019	16,209,715	65,209	2,291,303	8,336	18,501,018	12%
2018	16,132,917	64,487	1,765,173	6,123	17,898,090	10%
2017	16,159,869	64,043	1,356,025	4,506	17,515,894	8%
2016	14,486,458	58,316	999,719	3,215	15,486,177	6%
Totals	<u>\$92,816,422</u>	<u>372,789</u>	<u>\$14,367,193</u>	<u>53,465</u>	<u>\$107,183,615</u>	<u>13%</u>

^a Includes late payments and pre-payment amounts applicable to the assessment year.

Source: NICA records.

To ensure that all statutorily authorized assessment amounts due to NICA to support the Plan are collected, it is critical that NICA consistently and timely use all available remedies to collect delinquent amounts.

Recommendation: We recommend that NICA management timely and consistently use all available remedies to collect delinquent assessment amounts.

Follow-Up to Management’s Response

NICA management indicated in their written response that they disagreed with the \$14.4 million total cited in the finding as the amount of outstanding non-participating physician assessments for the 2016 through 2021 assessment years. Instead, NICA management estimated the total for non-exempt, outstanding assessments to be closer to \$8.4 million. However, as indicated in management’s response, management based their figure on an estimate of physicians exempt from the statutory assessment. At the time of our audit, documentation identifying the physicians who were exempt from paying the assessment was not available. Consequently, the finding and recommendation stand as presented.

SELECTED ADMINISTRATIVE ACTIVITIES

As part of our audit, we evaluated selected NICA administrative activities and controls, including those related to general and administrative expenses and mobile devices.¹⁸

¹⁸ Mobile devices are portable devices, such as laptop computers, smartphones, and tablets, that allow storage and transmittal of entity data.

Finding 5: NICA Expenses

State law¹⁹ specifies that funds collected by NICA and any income therefrom are to be disbursed only for the payment of awards for compensation and for the reasonable expenses of administering the Plan. State law²⁰ authorizes travel paid by a public agency²¹ to be reimbursed at a rate of \$80 per travel day (\$20 per quarter of the travel day), or if actual expenses exceed \$80 per day, the actual expenses for lodging plus \$6, \$11, and \$19 for breakfast, lunch, and dinner, respectively. State law²² provides that Board members are to be reimbursed at the statutorily authorized reimbursement rates for actual and necessary expenses incurred in the performance of their official duties as a Board member of the Plan.

To determine whether NICA expenses served an authorized public purpose and were clearly necessary to the performance of NICA's statutory duties, we interviewed NICA management, reviewed the *NICA Personnel Policies and Procedures Manual (Procedures Manual)*, and examined NICA records for 97 general and administrative expense transactions totaling \$705,150 and incurred during the period July 2019 through April 2021. Our audit procedures found that:

- NICA hosted two holiday luncheons for NICA personnel in December 2019 and December 2020 with expenses totaling \$363 and \$421, respectively, that did not appear to be clearly necessary to the performance of NICA's statutory duties. Additionally, due to NICA's limited chart of accounts for general and administrative expenses, these expenses were recorded as travel. According to NICA management, these luncheons benefited the morale of NICA employees.
- While in travel status, NICA Board members and personnel were provided meals that exceeded the allowances authorized by State law. Specifically, we found that:
 - NICA expended \$1,145 on a breakfast buffet and \$746 on all day non-alcoholic beverage passes for four Board members, two NICA personnel, and six others (\$158 per person) who attended the August 26, 2019, Board meeting.
 - NICA expended \$732 on a lunch buffet and \$386 on all day non-alcoholic beverage passes for four Medical Advisory Committee²³ members and three NICA personnel (\$160 per person) who attended the September 28, 2019, NICA Medical Advisory Committee meeting. Additionally, due to NICA's limited chart of accounts, NICA recorded the meals as outreach.
 - NICA expended \$599 on a breakfast buffet and \$399 on all day non-alcoholic beverage passes for three Board members, two NICA personnel, and seven others (\$83 per person) who attended the December 13, 2019, Board meeting.
 - Contrary to State law, the *Procedures Manual* permitted NICA personnel to be reimbursed or to charge a NICA-issued credit card at the State reimbursement rate, or the reasonable actual work-related cost, for pre-approved travel. The *Procedures Manual* stated that, without a receipt, meals would be paid at a rate of \$6, \$11, and \$19 for breakfast, lunch, and dinner, respectively. Consequently, our examination noted that 13 NICA personnel meal expenses,

¹⁹ Section 766.314(3), Florida Statutes.

²⁰ Section 112.061(6), Florida Statutes.

²¹ Section 112.061(2)(a), Florida Statutes, defines an agency or public agency as any office, department, agency, division, subdivision, political subdivision, board, bureau, commission, authority, district, public body, body politic, county, city, town, village, municipality, or any other separate unit of government created pursuant to law.

²² Section 766.315(3), Florida Statutes.

²³ NICA created the Medical Advisory Committee to provide recommendations regarding medical evaluations and procedures utilized to evaluate claimants for inclusion in the Plan and to provide recommendations for treatment policies for participants with complex medical issues.

totaling \$1,046, exceeded statutorily authorized reimbursement rates. For example, two NICA personnel charged \$82 (\$41 per person) to a NICA-issued credit card for dinner the evening before the September 28, 2019, Medical Advisory Committee meeting.

According to NICA management, due to the number of attendees (e.g., Board and Medical Advisory Committee members, NICA personnel, investment consultants, actuaries, auditors), NICA contracted in advance with the hotel to have a buffet set up in the meeting room to allow the meetings to continue without breaking for meals. Further, NICA management indicated that NICA personnel, Board and Committee members, and other attendees were not reimbursed for meals when food was provided as part of the meeting. Notwithstanding, the average cost per person exceeded the meal allowances authorized by State law.

As stewards of funds intended to provide compensation for birth-related neurological injuries that result in significant medical and other costs, NICA management is responsible for ensuring that expenses are authorized by and in accordance with applicable law, reasonable in the circumstances and necessary to accomplish the authorized purpose of NICA and Board, and in pursuit of public, rather than a private, purpose.

Recommendation: We recommend that NICA management:

- **Ensure that the totality and nature of general and administrative expenses are clearly necessary to the performance of NICA’s administration of the Plan and that the NICA chart of accounts promotes the appropriate recording of expenses.**
- **Limit expenses for Board and Medical Advisory Committee meetings to those clearly necessary to discharge Board and Committee duties and to the amounts authorized by State law.**
- **Update the *Procedures Manual* to require that reimbursable meal expenses and meals charged to a NICA-issued credit card not exceed statutorily authorized reimbursement rates.**

Finding 6: Retention of Text and Instant Messages

State law²⁴ requires agencies²⁵ to maintain public records in accordance with the records retention schedule²⁶ established by the Department of State, Division of Library and Information Services. The schedule specifies that the retention periods for electronic communications, including text and instant messages, are based on the content, nature, and purpose of the messages. Some of the purposes include administrative correspondence (3 fiscal years), program and policy development correspondence (5 fiscal years), and transitory messages (until obsolete, superseded, or administrative value is lost). According to NICA records, as of May 3, 2021, 19 NICA-owned mobile devices, including 2 Apple devices, were approved to conduct NICA business and had text and instant messaging capabilities.

To evaluate NICA’s administration of mobile devices, we interviewed NICA management and inspected records for the 19 NICA-owned mobile devices. We noted that NICA had not disabled text messaging nor established a method to capture and retain text messages sent or received by the 19 NICA-owned

²⁴ Section 119.021(2)(b), Florida Statutes.

²⁵ Section 119.011(2), Florida Statutes, defines an agency as any state, county, district, authority, or municipal officer, department, division, board, bureau, commission, or other separate unit of government created or established by law.

²⁶ State of Florida *General Records Schedule GS1-SL for State and Local Government Agencies*.

mobile devices. Our examination of all NICA mobile device invoices for the period July 4, 2019, through May 3, 2021, found that 1,101 text messages were sent or received by 16 of the NICA-owned mobile devices. Additionally, we noted that NICA had not disabled instant messaging (iMessages) on the two NICA Apple devices nor established a method to capture and retain iMessages sent or received by these devices. According to NICA management, 17 of the mobile devices were provided to personnel to enable remote work during the COVID-19 pandemic and that NICA was researching methods to ensure that all text and instant messages are captured and retained in accordance with State law. Additionally, NICA management indicated that, as of June 11, 2021, iMessages had been disabled on the two Apple devices.

Absent a method to adequately retain text and instant messages, such messages may be sent or received and not be retained in accordance with State law, diminishing transparency and NICA's ability to provide access to public records.

Recommendation: We recommend that NICA management enhance mobile device controls to ensure that all text and instant messages sent or received by NICA-owned mobile devices are retained in accordance with State law.

INFORMATION TECHNOLOGY CONTROLS

As part of our audit, we evaluated selected NICA information technology (IT) controls, including controls related to user authentication.

Finding 7: Security Controls – User Authentication

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit procedures disclosed that certain security controls related to user authentication for the network domain, NICA VPN, and CARES need improvement. We are not disclosing the specific details of the issues in this report to avoid the possibility of compromising NICA data and related IT resources. However, we have notified appropriate NICA management of the specific issues.

Without appropriate security controls related to user authentication for the network domain, NICA VPN, and CARES, the risk is increased that the confidentiality, integrity, and availability of NICA data and related IT resources may be compromised.

Recommendation: We recommend that NICA management improve certain security controls related to user authentication for the network domain, NICA VPN, and CARES to ensure the confidentiality, integrity, and availability of NICA data and related IT resources.

RELATED INFORMATION

As part of our audit, we interviewed NICA management and NICA's general counsel regarding potential litigation. In response to our audit inquiries, NICA provided the pleadings and orders for Arven v. the Florida Birth-Related Neurological Injury Compensation Association and Florida Birth-Related Neurological Injury Compensation Plan, Case No. 19-cv-61053, in the Southern District of Florida; Case No. 20-13448, in the Eleventh Circuit Court of Appeals.

On September 9, 2019, the Plaintiffs/Relators filed an amended complaint alleging that NICA violated the Federal False Claims Act (“FCA”), 31 U.S.C. § 3729 *et seq.*, because NICA does not pay for expenses covered by Medicaid as the primary payor. The complaint asserted that the *Handbook* declares that NICA is the payor of last resort and that the Plan pays after available insurance or governmental programs have paid for medically necessary and reasonable expenses. In the Relators’ view, NICA is a “third party” under 42 U.S.C. § 1396a(a)(25)(A) and, as such, NICA should pay for expenses that would otherwise be covered by Medicaid because Medicaid is the “payor of last resort.” The Plaintiffs/Relators seek treble damages civil penalties and attorneys’ fees and costs for damages to the United States. On January 30, 2020, the United States notified the District Court that it would not intervene, but would continue its investigation.

On February 26, 2020, NICA filed a motion to dismiss the amended complaint arguing that: the Plan lacks capacity to be sued and, in any event, the amended complaint failed to state a claim against the Plan; as an arm of the State, NICA cannot be held liable under the FCA; the Relators’ claims fail under the Public Disclosure Bar; NICA is not a “third party” under 42 U.S.C. § 1396a(a)(25)(A); the amended complaint fails to allege a knowing violation; and the amended complaint does not identify any false claims or unpaid obligations.

On September 8, 2020, the United States District Court, Southern District of Florida, issued an order denying the motion to dismiss. In issuing the order, the District Court found that NICA is a third party and not an arm of the State and that sufficient circumstantial assertions were available to satisfy the knowledge element at this stage of the proceeding.

On December 20, 2020, NICA filed an opening brief with the United States Eleventh Circuit Court of Appeals requesting that the September 8, 2020, District Court order be reversed and the case be remanded to the District Court with instructions to dismiss with prejudice. As of June 1, 2021, the appeal is pending.

In response to our audit inquiry, NICA management indicated that the litigation of the issues bearing on a favorable or unfavorable outcome remains ongoing. As a result, the likelihood of a particular outcome cannot be reasonably made at this time, and a potential range of loss or recovery cannot be currently stated to a reasonable degree of certainty.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from May 2021 through June 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Florida Birth-Related Neurological Injury Compensation Association (NICA) focused on NICA's administration of the Florida Birth Related Neurological Compensation Plan (Plan), including NICA's compliance with Sections 766.303 through 766.315, Florida Statutes, and applicable State public records and meetings laws. The audit also included an examination of selected administrative activities. For those areas, the objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

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

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

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

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

In conducting our audit, we:

- Reviewed applicable laws and NICA policies and procedures and interviewed NICA personnel to obtain an understanding of NICA Plan processes.

- Interviewed NICA management and compared the NICA *Benefit Handbook (Handbook)* and the *NICA Claims Manual (Claims Manual)* to applicable laws to determine whether the *Handbook* and *Claims Manual* were designed in a manner that effectively assisted participants when filing claims for reimbursement, informed participants of their rights, and assisted NICA case managers when reviewing participant claims for reimbursement.
- To measure NICA Plan participant satisfaction, sent surveys to the 279 individuals listed as contacts for the 221 participants active in the Plan as of April 30, 2021. We then combined and analyzed the survey responses from the 120 individuals who returned the survey.
- From the population of 98 claimant petitions filed with a Division of Administrative Hearings (DOAH) administrative law judge (ALJ) during the period July 2019 through April 2021, examined NICA records for 25 selected claimant petitions to determine whether NICA adhered to filing time frames established in State law.
- From the population of 29 NICA participant compensation awards executed during the period July 2019 through April 2021, examined NICA records for 10 selected awards to determine whether claims eligibility determinations were made in accordance with State law, participant claims were appropriate and timely paid, and whether the present value of the total costs of the participant claims were timely estimated.
- Interviewed NICA management and inspected NICA records for the present value of total claims costs for the quarters ended June 2020, September 2020, December 2020, and March 2021 to determine whether NICA updated the present value of total claims costs on a quarterly basis in accordance with State law.
- From the population of 19,628 participant reimbursement claims paid during the period July 2019 through April 2021 and totaling \$34,085,871, examined NICA records for 25 selected participant reimbursement claims totaling \$150,251 to determine whether NICA ensured that participants were awarded compensation and that, prior to authorization, reimbursement requests were appropriately supported and allowable under State law. Additionally, we:
 - Examined NICA records for the 25 selected participant reimbursement claims to determine whether any potential conflicts of interest between NICA personnel or the NICA Board and the participant or contracted service and equipment providers requesting reimbursement were properly disclosed.
 - Reviewed NICA correspondence logs for the 25 participants associated with the selected reimbursement claims to determine whether NICA provided accurate information to the participants and did not indicate that statutorily allowable goods or services submitted for reimbursement would be denied.
- To determine whether NICA established adequate controls to ensure the timely collection and remittance of assessment fees to the Plan, examined NICA records for:
 - 40 participating physicians and midwives, selected from the population of 1,536 physicians and midwives participating in NICA as of April 23, 2021, and with assessments totaling \$7,680,000.
 - 40 non-participating physicians, selected from the population of 80,876 medical doctors and 9,746 osteopathic physicians with active licenses as of May 13, 2021, and May 27, 2021, respectively.
 - 40 hospitals, selected from the population of 308 hospitals with active licenses as of May 13, 2021, including 19 hospitals with reported live births totaling 31,779 for the 2019 calendar year, selected from the population of 118 hospitals with reported live births totaling 214,909 for the 2019 calendar year.

- Analyzed NICA billing and payment data for the 86,963 non-participating physicians with assessment amounts due by January 1, 2020, and 118 hospitals with assessment amounts due by January 1, 2021, to determine whether NICA charged periodic interest fees to delinquent accounts.
- Interviewed NICA management, inspected NICA participant records, and reviewed DOAH case summaries for the 116 NICA cases with orders issued during the period July 2019 through April 2021 to determine whether participants had filed benefit disputes with DOAH and whether NICA had established processes to track denied claims for reimbursement.
- From the population of 1,713 general and administrative expenses, totaling \$6,165,766 and incurred during the period July 2019 through April 2021, examined NICA records for 97 selected expenses, totaling \$705,150, to determine whether NICA general and administrative expenses were adequately supported, clearly necessary to the performance of NICA's statutory duties, and served an apparent public purpose.
- Interviewed NICA management and examined NICA records related to NICA's text and instant message and iMessage retention capabilities to determine whether NICA had established adequate controls to retain text and instant messages and iMessages in accordance with State law.
- Obtained an understanding of NICA network domain, VPN, and Claims Accounting and Reserves Electronic System information technology (IT) controls, assessed the risks related to those controls, evaluated whether selected general IT controls were in place, and tested the effectiveness of the selected controls.
- Interviewed NICA management and reviewed NICA Board meeting records to determine whether Board meetings were publicly held, properly noticed, and promptly recorded in the public record during the period July 2019 through April 2021. Additionally, we examined NICA records to whether Board members did not have or properly disclosed any conflicts of interest with entities, Plan participants, or goods or service equipment providers discussed in Board meetings.
- To gain an understanding of ongoing NICA litigation, interviewed NICA management and NICA's general counsel, reviewed Sections 409.910 and 766.31, Florida Statutes, NICA records, and the legal orders and pleadings for case No. 19-cv-61053 in the Southern District of Florida, and case No. 20-13448 in the Eleventh Circuit Court of Appeals.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Chapter 2021-134, Laws of Florida, requires the Auditor General to conduct an operational audit of the Florida Birth-Related Neurological Injury Compensation Association and issue a written report by August 15, 2021. Pursuant to the provisions of Section 11.45, Florida Statutes, and Chapter 2021-134, Laws of Florida, I have directed that this report be prepared to present the results of our operational audit.

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

Sherrill F. Norman, CPA
Auditor General

EXHIBIT A

2021 NICA-RELATED LEGISLATION

Effective June 21, 2021, Chapter 2021-134, Laws of Florida, made several changes to the NICA Plan. Specifically, the law:



Requires NICA to administer the Plan in a manner that promotes and protects the health and best interests of birth-injured children.



Increases the maximum amount that may be awarded to parents or legal guardians of an infant who has sustained a birth-related neurological injury from \$100,000 to \$250,000 for pending petitions or claims filed on or after January 1, 2021, with the amount increased by 3 percent annually. This provision also applies retroactively to claims filed before January 1, 2021.



Increases the death benefit for an infant who sustained a neurological injury from \$10,000 to \$50,000. This payment is retroactive.



Increases the number of directors on NICA's Board of Directors from five to seven by adding a parent or legal guardian of a Plan participant and a representative of an advocacy organization for children with disabilities.



Increases transparency requirements for the NICA Board of Directors.



Provides an annual benefit of \$10,000 for the immediate family members living with the child for mental health services.



For the life of the child, provides parents or legal guardians with a reliable method of transportation for the care of the child or reimburses the cost of upgrading an existing vehicle to accommodate the child's needs when it becomes medically necessary for wheelchair transportation.



Increases housing assistance from \$30,000 to \$100,000 for the lifetime of the child, including home construction and modification expenses.



Creates code of ethics for specified personnel and members of the Board of Directors.

EXHIBIT B

PARTICIPANT SURVEY QUESTIONS

NICA Benefit Handbook

1. Did you receive the NICA Benefit Handbook and related materials and information to help you understand your rights and what services and equipment were authorized under the Plan?
2. Did you feel that the NICA Benefit Handbook and related materials and information adequately explained your rights and what services and equipment were authorized under the Plan?
3. If you did not receive the NICA Handbook and related materials or information or felt they were inadequate, please briefly describe the deficiencies and provide suggestions for improvement.

NICA Participant Service

4. If you had questions regarding your benefits under the Plan, did you feel that NICA timely and appropriately responded to your questions?
5. If you answered 'Yes' or 'No' to question 4, please rate your level of satisfaction with NICA's response to your questions (a through e with e being very satisfied).
6. If you were less than satisfied, please provide details describing the reason(s) for your lack of satisfaction.

Claims Reimbursement

7. If you requested reimbursement for expenses from medical providers and pharmacies, did NICA approve your request?
8. If you answered 'No' or 'Sometimes' to question 7, please provide a brief description of the reason(s) NICA provided for denying your request.

Benefit Dispute

9. If you requested, by letter, that a benefit be reviewed by the Executive Director as an exception, was the Executive Director's decision adequately explained and satisfactory?
10. If you answered 'No' to question 9, please describe what was lacking from the explanation and the reason(s) for your lack of satisfaction.
11. If you answered 'No' or 'Sometimes' to questions 7 or 9, did you file a dispute with the Division of Administrative Hearings?

MANAGEMENT'S RESPONSE



August 12, 2021

Ms. Sherrill F. Norman, CPA
Auditor General
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman:

Thank you for sharing a copy of the Auditor General's Office Operational Audit Report for the Florida Birth-Related Neurological Injury Compensation Association (NICA) with me and allowing an opportunity to respond to the report. Please accept this as the formal response for NICA.

I appreciate the courtesy extended by the staff of the Auditor General's Office as well as the auditors who performed the testing during the course of the audit. The testing appeared to be accomplished quickly and diligently and we appreciate the efforts made to perform the audit with minimum intrusion or disruption of the normal functional processes within our offices.

There were seven unique findings presented to which NICA would like to respond:

Plan Administration

Finding 1: NICA had not established a mechanism to effectively and consistently document, account for, and track benefit denials or disputes.

Response: NICA is in the process of revising the CARES system to automatically track benefit denials and disputes and revising procedures to consistently and effectively monitor this process. While the current process warrants improvement to be more efficient and easier to monitor, NICA has not used attorneys for denials of benefits nor litigated a benefit issue since 2013. Improving the tracking and reporting of denials will help us better document those cases in which the benefit request is not initially approved for lack of documentation but is ultimately approved and paid. We are also looking at defining what a claim or request for benefits is, what an inquiry is, what a denial is and what a request for additional information should look like so that the system correctly identifies and monitors each of these situations. The work on the system now anticipates including procedures to communicate and track all of this automatically using function keys and codes to capture the correct information and templates generated by the system to assure consistent communication to the families

FLORIDA BIRTH-RELATED NEUROLOGICAL INJURY COMPENSATION ASSOCIATION
KENNEY SHIPLEY • EXECUTIVE DIRECTOR
P.O. BOX 14567 • TALLAHASSEE, FLORIDA 32317-4567 • (850) 488-8191
FACSIMILE (850) 922-5369 • WWW.NICA.COM

of the appropriate actions taken by NICA and whether and what the dispute resolution method is available for that action.

Finding 2: Analysis of Plan participant survey responses indicated that the NICA *Benefit Handbook* could be enhanced to better inform participants of their benefits and rights and that NICA could take steps to ensure that benefit request decisions are documented and adequately explained to participants.

Response: Although the percentage of “satisfied” responses consistently exceeded the “dissatisfied” responses by a significant amount, NICA agrees that the NICA Benefit Handbook should be enhanced to better inform participants of their benefits and rights. Modifications to the Benefit Handbook to address the issues raised and others are in process and should be available in DRAFT on the NICA website by the time the final report is published. In addition, on the NICA website NICA is asking for input on this DRAFT Benefit Handbook so that we can understand additional enhancements that families would like to see. NICA has also set up a “Blast” email account to communicate with and update families with new information. NICA is currently using that to notify families of new benefits and procedures and to share answers to questions that have been raised by one or more families with all families to keep them better informed.

Finding 3: NICA records did not always include the rationale for denying or limiting participant claim reimbursements.

Response: NICA is in the process of establishing reason codes to utilize with denials or partial denials (limits on reimbursement) and procedures to utilize system generated template communications that will be issued and explain the limitation or denial in an understandable format. Once developed they will be included in the Benefit Handbook to help Families understand what to do when they receive one.

NICA Assessments

Finding 4: NICA did not timely or consistently use all available remedies to collect delinquent assessment amounts from non-participating physicians. As of June 16, 2021, active non-participating physicians owed NICA \$14,367,193 for assessment amounts due for the 2016 through 2021 assessment years.

Response: In finding 4, the audit report states that the total outstanding non-participating physician assessments is \$14.4 million dollars for assessment years 2016-2021. NICA disagrees with this stated total. Based on the same data utilized by the auditors in preparing the audit report, NICA estimates the total for non-exempt, outstanding assessments to be closer to \$8.4 million rather than \$14.4 million. NICA believes the discrepancy between the two figures is due to the fact that the \$14.4 million total includes those physicians who are not required to pay the assessment as set forth in section 766.314(1)(b)4., Florida Statutes. Section 766.314(1)(b)4., Florida Statutes,

provides that the NICA assessment is “not applicable” to the physicians falling within the categories listed in that section, but, until NICA receives documentation demonstrating that a physician is exempt from paying the assessment, NICA sends an invoice for the annual assessment amount. NICA then flags those non-participating physicians who appear to be eligible for an exemption based on the license status on the Department of Health website. Additionally, past due payments are received on a rolling basis. Based on experience, NICA believes that the majority of the outstanding \$8.4 million will be received within the next 12 months.

In finding 4, the audit report also recommends that: “NICA management timely and consistently use all available remedies to collect delinquent assessment amounts.” As recognized in the audit report, however, the only mechanism available to NICA to enforce collection of the non-participating physician assessments is the filing of a lawsuit in county court as set forth in section 766.314, Florida Statutes. NICA routinely avails itself of this remedy but determined that it was more beneficial and cost effective to file suits in batches covering multiple assessment years to avoid incurring costs that NICA would likely not recover if suit is filed too soon and does not allow sufficient time for the physicians to document entitlement to the exemption set forth in section 766.314(1)(b)4., Florida Statutes. If NICA files suit against a physician who later provides documentation that the physician is exempt from paying the assessment, NICA must dismiss the suit and cannot recover any of the associated fees, court costs or attorney’s fees incurred in pursuing that suit. As mentioned above, based on NICA’s experience, the exempt physicians may take two or three years before they provide the requisite documentation. Filing in batches every few years, not only defrays costs but is more likely to result in collection of past due amounts since the exempt physicians have had ample time to provide documentation. There is no mechanism for NICA to require that physician timely provide documentation demonstrating that they are exempt. NICA includes this in the invoices, but there is no means afforded to NICA in statute to enforce this requirement.

The process of filing suit to enforce payment of the NICA assessments requires substantial time and cost to complete. While NICA is entitled to attorney’s fees and costs once a judgment is entered and the physician satisfies that judgment, NICA must pay upfront the costs associated with proper service of demand letters, filing fees, costs associated with serving the summons and attorneys’ fees. The audit report recommends that NICA timely avail itself of the remedy available to it but does not indicate what the auditors view as “timely.” NICA submits, it is simply not practicable or reasonable to file suit seeking payment of past due assessments that are not at least three to four years past due. To do so would require a significant dedication of staff resources and result in NICA unnecessarily incurring costs that it will not recover in many instances. During this timeframe, many of the physicians who are entitled to the exemption will provide the necessary documentation, thus obviating the need to file suit against them in year 4 and avoid incurring unnecessary costs to NICA.

On a going forward basis, NICA will ensure that it files suit seeking past due payments in a more consistent manner to timely collect the past due amount. For instance, currently, NICA is in the process of sending demand letters for delinquent physician assessments that are 5 years overdue. NICA will then proceed with filing suit in county court against those physicians that do not respond to the demand letters. NICA will work toward filing suit every two years to collect the past due assessments that are over 4 years past due.

Selected Administrative Activities

Finding 5: NICA expenses associated with holiday luncheons for NICA personnel did not appear to be clearly necessary to the performance of NICA's statutory duties. Additionally, meals provided for NICA personnel and Board members were not limited to the amounts provided by State law.

Response: – Finding 5 relates to certain limited expenses questioned by the auditors. Each category of expenses will be addressed separately below:

- **General Administrative Expenses:** The audit report takes issue with NICA hosting two holiday luncheons for its NICA personnel in December 2019 and December 2020 with expenses totaling \$363 and \$421, respectively. As noted in the audit report, it is NICA's view that these luncheons benefit the morale of NICA's employees and were necessary to the performance of NICA's administration of the Plan. On a daily basis, NICA's nurse case managers work with families who care for their catastrophically injured children. While the nurse case managers find their work very important and rewarding, it can be emotionally taxing at times. NICA management viewed the provision of a small holiday lunch for its personnel as important for lifting morale. With that said, on a going forward basis, NICA will not utilize its administrative funds to provide for events of this nature. Additionally, with respect to the audit finding that NICA's chart of accounts did not readily allow coding for these types of expenses, NICA will review its chart of accounts and add additional fields, where necessary, to promote the appropriate recording of all administrative expenses.
- **Meals provided at the NICA Board and Medical Advisory Committee meetings:** The audit report addresses 2 NICA Board meetings and one Medical Advisory Committee meeting where NICA provided food in a buffet style manner for the Board members and attendees. Several people attend the Board and committee meetings including Board and Committee members, NICA staff, and various other parties such as investment consultants, actuaries and auditors who may be asked to present materials at these meetings. NICA contracted in advance with the hotel to have a buffet set up in the meeting room to allow the meetings to continue without breaking for meals. NICA staff, Board members, Committee members and other presenters were not reimbursed for meals when food was provided as part of the meeting. NICA viewed the provision of these meals as important to the performance of NICA's administration of the Plan.

When the meetings continue without breaking, the overall associated travel costs are potentially lessened because the members and staff can leave earlier in the day to travel home thereby reducing the costs of hotel and additional meals. On a going forward basis, however, NICA will comply with section 112.061, Florida Statutes regarding meals of this nature during NICA Board meetings or Medical Advisory Committee meetings.

- **Staff Travel Expenses:** The audit report questions certain limited travel reimbursements to NICA staff totaling \$1,046 as exceeding that authorized by section 112.061, Florida Statutes. The audit report cites section 112.061, Florida Statutes, as applicable to NICA. NICA, however, does not fit squarely within the definition of a “agency” or “public agency” as set forth in section 112.061(2)(a), Florida Statutes. Section 766.315(3), Florida Statutes, subjects to travel reimbursement pursuant to 112.061, but there is no specific application of that statute to NICA staff. As such, NICA adopted the following policy for travel expense reimbursement:

Without a receipt, meals will be paid at the rate of \$6 for breakfast, \$11 for lunch and \$19 for dinner, or the highest current amount allowable by the State of Florida regulations. With receipts, actual reasonable hotel and meal expenses may be reimbursed or the State of Florida approved per diem may be paid. To be eligible for breakfast travel must begin before 7:00 a.m., lunch travel must begin before 12:00 noon and dinner travel must end after 8:00 p.m.

As demonstrated by the above-quoted NICA policy, NICA is generally in compliance with the travel reimbursement requirements set forth in section 112.061. The only issue the auditors noted was that portion of NICA’s policy which permits NICA personnel to be reimbursed for or charge to a NICA issued credit card, the actual meal expense rather than limiting the costs to the statutory state rate noted above. Although NICA believes it was correct in allowing the questioned reimbursement pursuant to its policies, on a going forward basis NICA will follow the requirements of section 112.061, Florida Statutes. As recommended, NICA is in the process of updating its Procedures Manual to require that reimbursable meal expenses and meals charged to a NICA-issued credit card not exceed statutorily authorized reimbursement rates.

Finding 6: NICA controls did not promote the retention of text and instant messages in accordance with State public records laws.

Response: Use of NICA owned cellular phones for staff members, other than the Executive Director and Deputy Director, was implemented as part of the response to allow employees to work remotely during the COVID 19 pandemic.

NICA is researching methods to ensure that all text and instant messages are captured and retained in accordance with State law.

NICA is working with the provider to disable text messaging features from these devices and to find alternative means to allow remote personnel to have voice communication without text messaging.

Information Technology Controls

Finding 7: Certain security controls related to user authentication for the network domain, NICA virtual private network (VPN), and Claims Accounting and Reserves Electronic System need improvement to ensure the confidentiality, integrity, and availability of NICA data and information technology resources.

Response: NICA takes the security and protection of the NICA entrusted data with the utmost care. NICA currently implements multilayered security controls to ensure the confidentiality, integrity and availability of NICA data and information technology resources. Additionally, both the network and CARES applications have separate security controls which include access, roles/permissions, and unique user credentials. HIPPA requires NICA to comply with physical, technical, and administrative safeguards to guarantee privacy, confidentiality, data integrity, and security for all information in motion and at rest. The physical controls span from facility access, device timeouts, and bitlocker, as well as, back-ups for each device and environment. Technical standards have been addressed in the previous comment. Administratively, each user signs non-competes, NARFS, and Confidentiality agreements. Training and policy manuals are provided all users. To further enhance security, many controls are managed at the policy level thereby reducing NICA exposure to risk. Finally, each device and the environment at large is further protected by virus and intrusion detection firewalls. NICA continuously monitors its environment and spends countless hours ensuring all software is current including releases (once evaluated for compatibility and risk) and patch management. NICA management will implement recommendations from the AG to further increase security controls related to user authentication for the network domain, NICA virtual private network and internal applications.

I believe NICA's actual and proposed corrective actions for each finding will satisfy the issues raised in the identified findings. If you have any questions or further recommendations, please let me know.

Sincerely,



Kenney Shipley
Executive Director

BELLE GLADE HOUSING AUTHORITY

OPERATIONAL AUDIT

REPORT No. 2022-032

LEGISLATIVE AUDITING COMMITTEE
DECEMBER 2, 2021



BACKGROUND

- ❖ This Committee directed the Auditor General to conduct an operational audit of the Belle Glade Housing Authority.
- ❖ Our audit focused on the Authority's performance in establishing and maintaining internal controls and other selected Authority processes and administrative activities.
- ❖ In October 2021, we issued our operational audit report No. 2022-032 with nine audit findings.

AUDIT FINDINGS

Finding 1: The United States Department of Agriculture and the Florida Department of Health cited significant health and safety violations at the Authority's migrant housing complexes because the Authority did not properly maintain the complexes, and the Authority did not promptly and effectively remedy those violations.

3

AUDIT FINDINGS

Finding 2: Effective policies and procedures had not been established for identifying and responding to housing complex capital needs.

Finding 3: The Authority did not perform daily and annual housing inspections to ensure safe and satisfactory living conditions.

Finding 4: The Authority did not promptly and effectively record, track, and resolve tenant complaints.

4

AUDIT FINDINGS

Finding 5: Policies and procedures for accurately calculating tenant applicant household income, prioritizing eligibility based on that income, and timely notifying applicants of their application status need enhancement.

Finding 6: Authority records did not always demonstrate that tenants' eligibility was annually recertified or that recertification notices were timely sent to all tenants.

Finding 7: Standard tenant lease agreements and occupancy rules provided to tenants lacked some required disclosures.

5

AUDIT FINDINGS

Finding 8: The Authority paid \$20,000 in severance pay to the former Maintenance Supervisor; however, contrary to State law, the payment was not authorized pursuant to an existing employment contract.

Finding 9: The Authority had not established policies and procedures governing the acquisition, assignment, control, and use of tangible personal property.

6

CONTACT INFORMATION



AUDITOR GENERAL

Greg Centers, CPA
Deputy Auditor General
Educational Entities and Local Governments

Claude Pepper Building, Room G74N
111 West Madison Street
Tallahassee, FL 32399-1450

(850) 412-2889
gregcenters@aud.state.fl.us

FLAuditor.gov

BELLE GLADE HOUSING AUTHORITY

Administration and Management of
Residential Migrant Housing



Sherrill F. Norman, CPA
Auditor General

Board of Commissioners and Executive Director

The following individuals served as Belle Glade Housing Authority Commissioners during the period October 2018 through January 2020:

Stephen Weeks, Chairman
Fritz Stein III, Commissioner through 1-20-20^a
Vice-Chairman from 1-21-20
Julio Sanchez, Vice-Chairman through 12-31-19^a
Horace Harris, Commissioner
Robert Hooker, Commissioner
George Burch, Commissioner
Paul Hall, Commissioner through 10-17-18^b
Johnnie Prince, Commissioner from 12-18-18^b

^a Vice-Chairman position vacant 1-1-20, through 1-20-20;
Commissioner position vacant 1-21-20, through 4-20-20.

^b Commissioner position vacant 10-18-18, through 12-17-18.

Alan Sullivan served as Executive Director through December 2019. Effective January 2020, the Authority hired a property management company to manage its migrant housing complexes and no longer employed an executive director or other staff.

The team leader was Stefanie Johnson, CPA, and the audit was supervised by Derek H. Noonan, CPA.

Please address inquiries regarding this report to Derek H. Noonan, CPA, Audit Manager, by e-mail at dereknoonan@aud.state.fl.us or by telephone at (850) 412-2864.

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BELLE GLADE HOUSING AUTHORITY

Administration and Management of Residential Migrant Housing

SUMMARY

This operational audit of the Belle Glade Housing Authority (Authority) focused on selected processes and administrative activities. Our operational audit disclosed the following:

Finding 1: The United States Department of Agriculture and the Florida Department of Health cited significant health and safety violations at the Authority's migrant housing complexes because the Authority did not properly maintain the complexes, and the Authority did not promptly and effectively remedy those violations.

Finding 2: Effective policies and procedures had not been established for identifying and responding to housing complex capital needs.

Finding 3: The Authority did not perform daily and annual housing inspections to ensure safe and satisfactory living conditions.

Finding 4: The Authority did not promptly and effectively record, track, and resolve tenant complaints.

Finding 5: Policies and procedures for accurately calculating tenant applicant household income, prioritizing eligibility based on that income, and timely notifying applicants of their application status need enhancement.

Finding 6: Authority records did not always demonstrate that tenants' eligibility was annually recertified or that recertification notices were timely sent to all tenants.

Finding 7: Standard tenant lease agreements and occupancy rules provided to tenants lacked some required disclosures.

Finding 8: The Authority paid \$20,000 in severance pay to the former Maintenance Supervisor; however, contrary to State law, the payment was not authorized pursuant to an existing employment contract.

Finding 9: The Authority had not established policies and procedures governing the acquisition, assignment, control, and use of tangible personal property.

BACKGROUND

The Belle Glade Housing Authority (Authority) was created in 1947 by the City of Belle Glade (City)¹ pursuant to State law² to provide safe, decent, sanitary, and affordable housing for low income, elderly, or disabled farm workers in the City. The Authority operates two rural housing complexes: the Okeechobee Center and the Osceola Center, with 400 and 314 rental units, respectively. The Authority is governed by a Board of Commissioners composed of seven members appointed by the City

¹ Resolution No. 623, City of Belle Glade.

² Section 421.04, Florida Statutes.

Commission. In addition, the Authority programs and housing complexes are subject to oversight and monitoring by Federal and State agencies.

The Authority receives grants from the United States Department of Agriculture (USDA), which subsidizes housing complex rent by providing full or partial rental payments to the Authority for low-income tenants unable to pay their full rent. As a condition for receiving this grant funding, the Authority is required to comply with Federal regulations³ and the USDA's *MFH Asset Management Handbook*.

In addition, the Authority is required to provide to the USDA a yearly budget, year-end financial statements, requests for any rent or utility increases, and changes to standard tenant lease agreements. The USDA requires the Authority to develop and maintain a management plan that establishes the policies and procedures to be used to ensure that the Authority complies with USDA requirements, including policies and procedures related to personnel and staffing, tenant eligibility determination, leasing and occupancy policies, and plans and procedures for carrying out an effective maintenance, repair, and replacement program. The USDA monitors the Authority through onsite visits and by reviewing records provided by the Authority. For any issues identified by the USDA through its monitoring process that require the Authority to take corrective actions, the USDA sends a formal servicing letter to the Authority.

State law⁴ provides that the Florida Department of Health (DOH) is the administrative agency of the State of Florida with the power and duty to protect Florida's public health and gives the DOH the authority to promulgate rules to administer and enforce those provisions of State law. For example, the DOH performs periodic inspections of the Authority's housing complexes.⁵ If the DOH identifies health violations during such inspections, an unsatisfactory inspection report is issued to the Authority, which must correct such violations by the dates and times specified on the inspection report. Failure to correct such deficiencies can result in an administrative fine or initiation of other legal actions.

FINDINGS AND RECOMMENDATIONS

Finding 1: Housing Complex Health and Safety Violations

As discussed in the ***BACKGROUND*** section of this report, the United States Department of Agriculture (USDA) and the Florida Department of Health (DOH) monitor the Belle Glade Housing Authority (Authority) housing program and conduct periodic inspections of the housing complexes. Our examination of inspection reports and other Authority records for the period October 2018 through January 2020 disclosed significant health and safety violations. Specifically:

³ Title 7 Code of Federal Regulations, Part 3560, *Direct Multi-Family Housing Loans and Grants*.

⁴ Chapter 381, Florida Statutes, establishes the duties and powers of the DOH. Section 381.0086, Florida Statutes, provides that the DOH shall adopt rules necessary to protect the health and safety of migrant farmworkers and other migrant labor camp or residential migrant housing occupants. Section 381.0011, Florida Statutes, provides that the DOH shall administer and enforce laws and rules relating to sanitation, control of communicable diseases, illnesses and hazards to health among humans and from animals to humans, and the general health of the people of the State.

⁵ DOH Rule 64E-14.004(4)(a), Florida Administrative Code, requires that residential migrant housing occupied 6 weeks or more during a quarter be inspected at least twice quarterly during periods of occupancy.

- In a letter⁶ dated July 29, 2019, the USDA recapped meetings with the Authority that discussed USDA inspections disclosing an “unacceptable level of deferred maintenance of the property” at the Okeechobee and Osceola housing complexes. The letter indicated that, during the June 11, 2018, meeting, the USDA identified concerns about the ongoing deferred maintenance and poor physical condition of the property, as well as vacant units that were not ready for occupation despite ample funds available in the Authority’s reserve account⁷ and a significant waiting list of approved eligible tenants. Federal regulations⁸ provide that upon receiving notice of compliance violations, the Authority must submit to the USDA revisions to the management plan establishing the changes in housing operations that will be made to restore compliance. The letter indicated that the Authority “must submit an extensive written plan by August 14, 2019, with specific actions and timeframes” to correct listed concerns.

The Authority responded to the USDA in a letter dated August 13, 2019, proposing corrective actions for some violations;⁹ however, the letter did not address all violations.¹⁰ In September 2019, USDA personnel met with Authority personnel to “assess progress and management capability” and visited the housing complexes to evaluate their physical condition. The USDA summarized the results of this visit in another letter dated October 15, 2019, indicating that the Authority’s August 13, 2019, response was “not sufficient” and the Authority had “clearly demonstrated that it was unable to make the needed improvements” and strongly recommending that an independent, third-party property management company be engaged. Consequently, the Authority terminated the employment of all its employees as of December 31, 2019, and contracted with a third-party property management company, effective January 1, 2020, to manage the Authority’s migrant housing complexes.

From October 2018 to October 2019, the DOH issued 20 inspection reports with unsatisfactory ratings describing the results of inspections for multiple units. The inspections identified safety and health concerns constituting noncompliance with DOH rules,¹¹ including abandoned appliances, vermin infestation, and mold-like substances. Our examination of 10 of the 20 inspection reports disclosed that DOH follow-up inspections resulted in 6 of the 10 reports receiving subsequent ratings of satisfactory. The DOH conducted at least one follow-up inspection prior to December 2019 for the remaining 4 unsatisfactory reports, and the inspection received an unsatisfactory rating. As a result of the Authority not promptly correcting noted violations, on August 20, 2020, the DOH filed a *Notice of Activities Conducted Without or In Violation of a Required License/Permit*. Following discussions with the DOH, the Authority signed a settlement agreement with the DOH on December 18, 2020, whereby the Authority agreed to:

- Pay \$9,000 to settle outstanding citations and administrative costs for violations.¹²
- Invest no less than \$500,000 over the next 12 months (through December 18, 2021).

⁶ The letter noted that USDA and Authority personnel met on June 24, 2015, July 13, 2016, June 21, 2017, June 11, 2018, and August 18, 2018, to discuss concerns associated with USDA inspections but did not disclose the inspection dates.

⁷ Title 7, Section 3560.306, Code of Federal Regulations, *Reserve Account*, requires the Authority to maintain a reserve account. The reserve account is primarily used to meet major capital expense needs, such as replacing roofs, replacing windows, and adding new kitchen and bathroom fixtures.

⁸ Title 7, Section 3560.102(d)(1), Code of Federal Regulations, *Housing Project Management, Direct Multi-Family Housing Loans and Grants*.

⁹ Corrective actions included spreading fill dirt, developing a list of units that needed to be repainted, and updating the lease agreement to include some of the changes noted by the USDA’s July 29, 2019, letter.

¹⁰ Examples of violations not addressed included actions to address the poor physical condition inside the units, rehabilitation of all vacant units (approximately 45), and correction of the DOH violations cited, such as vermin infestation, mold, and abandoned appliances.

¹¹ DOH Rule 64E-14, Florida Administrative Code.

¹² The Authority signed the settlement agreement and paid the fine on December 16, 2020.

- Remedy the remaining violations no later than September 30, 2021. Any violations not corrected by that date would result in the DOH fining the Authority up to \$500 per day until the outstanding violations are corrected.

Failure to timely correct deficiencies identified by the USDA and the DOH impair the Authority's ability to fulfill its mission of providing decent, safe, and sanitary housing for low income, elderly, or disabled farm workers in the City of Belle Glade.

As discussed in Findings 2, 3, and 4, deficiencies in the Authority's capital outlay planning, housing complex inspections, and work order tracking systems may have contributed to the health and safety concerns identified by the USDA and the DOH. In response to our inquiries, property management company personnel indicated that they were working to resolve the deficiencies identified by the USDA and the DOH and are simultaneously addressing routine and preventative maintenance and educating tenants on the proper care of their homes and surrounding area.

In May 2021, property management company personnel indicated, and provided some photographic evidence, that certain corrective measures had been taken, such as road resurfacing, smoke detector installations, and contracting with vendors to provide routine lawn and vegetation care and pest control. Recent DOH inspection reports also confirmed the correction of some noted deficiencies. However, as of May 2021, other inspection violations, such as electrical upgrades and kitchen and bathroom cabinet replacements, continued but, according to property management company personnel, were planned for correction before the DOH September 30, 2021, deadline.

Recommendation: The Authority should continue efforts to promptly resolve the health and safety violations and other deficiencies noted in the USDA and DOH inspections and notifications.

Finding 2: Capital Outlay Planning and Reserves

USDA regulations¹³ and the USDA Handbook¹⁴ require borrowers to maintain housing projects in compliance with local, state, and Federal laws and regulations to provide affordable, decent, safe, and sanitary housing. The two most common planning tools used by the Authority to plan for major capital expenses are the annual capital expense budget (capital budget) and the capital needs assessment (CNA).

USDA regulations¹⁵ require the capital budget to include anticipated expenses for the long-term capital needs of the housing project to assure adequate maintenance and replacement of capital items. The capital budget is to identify major maintenance, replacement, and accessibility needs during the annual budget cycle and specify whether the capital expenses will be paid from operating revenues or from the reserve account funded by contributions from operating funds. The objective of the budget is to help the Authority properly manage reserve account resources and address the housing complexes' capital needs.

The CNA is a USDA-designed standard form used for capital planning purposes. The CNA includes the estimated useful lives of housing complex items (e.g., electrical systems, building structure, and

¹³ Title 7, Section 3560.103, Code of Federal Regulations, *Maintaining Housing Projects*.

¹⁴ *USDA Multi-Family Housing Asset Management Handbook*.

¹⁵ Title 7, Section-3560.103(c), Code of Federal Regulations.

appliances), the current condition of those items, whether any actions are needed to keep those items in good working condition, the estimated costs of any such actions, the duration in years to carry out such actions, and which calendar years¹⁶ in the subsequent 20-year period any required actions should be completed.

Our discussions with property management company personnel and review of Authority CNA records supporting the 2018-19 fiscal year capital budget disclosed that, although 45 roofs were replaced at a cost of \$345,251 during that fiscal year, the Authority’s CNA included expenses for several projected capital needs items, other than roof replacements, that the Authority did not include in the 2018-19 fiscal year budget or complete. Capital needs omitted from the budget or not completed were for items such as lighting replacements in tenant spaces and electric switch replacements with estimated costs of \$593,648 and \$568,496, respectively.

In addition, our examination of Authority financial statements disclosed, as summarized in Table 1, that the Authority had ample reserve account balances to address additional significant capital needs.

Table 1
Reserve Account (in Millions)
For the 2017-18 and 2018-19 Fiscal Years

	2017-18	2018-19
Beginning Reserve Account Balance	\$3,149,883	\$2,889,540
Additions During the Year	18,534	15,429
Withdrawals Made During the Year	278,877	345,251
Ending Reserve Account Balance	<u>\$2,889,540</u>	<u>\$2,559,718</u>

Source: Authority’s audited 2018-19 fiscal year financial statements.

According to the 2017-18 and 2018-19 fiscal year audit reports, although the Authority had reserve account balances of \$2.9 million and \$2.6 million at the end of the 2017-18 and 2018-19 fiscal years, respectively, the Authority incurred operating losses of \$448,302 and \$404,016, respectively, for those fiscal years. Therefore, operating funds were not available to fund capital needs. In response to our inquiries, property management company personnel indicated that the Authority did not use the reserves to finance capital needs because the Board understood from the former Executive Director and legal counsel that there had to be a minimum balance in the maintenance reserve. Once the property management company was hired to manage the housing complexes, reserves were used for capital improvements with USDA approval.

According to Authority records, a contributing factor for the operating losses may have been that the Authority had not raised housing complex rental rates since October 2013. Having rental rates that are comparable to area market rates for comparable properties would have provided additional operating resources for the Authority to address unmet capital needs identified in the CNA.

In response to our inquiries, property management company personnel indicated that they did not know why, under the Authority’s previous management, rents had not been increased since October 2013.

¹⁶ The instructions for the CNA indicate that a year is a calendar year even though the Authority operates on an October to September fiscal year.

However, they indicated that, during October 2018 through January 2020, the USDA did not encourage increases in rental rates, which led to rental rates being much lower than market rates. In January 2020, the property management company obtained an appraisal on another property they manage that is located near the Authority housing complexes and rental rates for seven additional comparable property rentals. Based upon the appraisal and rental rates obtained, and to help fund the maintenance and repairs of the units, the Authority increased monthly rental rates for the 2020-21 fiscal year by \$134 for each apartment.¹⁷

The Authority's failure to budget and spend reserve account moneys for identified CNA items and lack of periodic rent adjustments based on comparisons to rental rates of comparable area properties impaired the Authority's ability to properly maintain the housing complexes and may have contributed to some of the deficiencies discussed in Finding 1.

Recommendation: The Authority should continue efforts to meet the capital needs identified in the CNA and should use established reserves as necessary. In addition, the Authority should periodically compare housing complex rental rates to the rates of comparable area properties and adjust rental rates as necessary to maintain sufficient operating funds to address the capital needs identified in the CNA.

Finding 3: Daily and Annual Housing Inspections

Pursuant to DOH rules,¹⁸ the Authority is to inspect daily the grounds and common-use areas¹⁹ relating to the operation of each facility and ensure that each is maintained in a clean, satisfactory operating condition and kept in good repair. In addition, the management plan in effect through December 2019 indicated that the Authority will conduct routine inspections of the units at least annually by onsite maintenance staff. The purpose of the inspection is to check for outstanding maintenance items, ensure the units comply with DOH rules by providing satisfactory living conditions, and provide appropriate monitoring of completed work orders.

Although we requested, the Authority did not provide us with documentation evidencing that the Authority conducted the common-use area inspections required by DOH rules during the period October 2018 through January 2020. While the Authority provided us records demonstrating that some inspections were performed when tenants moved in and out of units, the Authority did not provide records to evidence that annual inspections were performed as required by the management plan.

In response to our inquiries, property management company personnel indicated that they had no knowledge regarding the Authority's inspection procedures and records retention practices prior to being engaged in January 2020. Consequently, it was not possible to determine whether Authority personnel conducted inspections but misplaced the documentation evidencing such inspections or whether inspections were not conducted.

¹⁷ For example, the Authority increased monthly rental rates for studio apartments from \$230 to \$364 and for four-bedroom apartments from \$442 to \$576.

¹⁸ DOH Rule 64E-14.021(3), Florida Administrative Code, *Responsibility of Operator and Owners*.

¹⁹ Defined in rule to include toilets, showers, laundries, mess halls, dormitories, and any facilities relating to the operation of the facility.

The property management company submitted an updated management plan with an effective date of January 1, 2020, which included routine inspections as a priority. However, due to the COVID-19 pandemic, routine inspections were not performed. According to property management company personnel, units were renovated as they became vacant, and tenants were moved into the renovated units. Of the 714 rental units as of April 2021, many units needing renovation were occupied, and the property management company had fully renovated and made available 81 of those units. Also, as of that date, property management company personnel indicated that they planned to implement a preventative maintenance program, including daily inspections of common areas.

The lack of daily common-use area inspections and annual housing inspections likely contributed to the significant health and safety violations discussed in Finding 1.

Recommendation: The Authority should implement procedures for conducting routine inspections of housing and common-use areas, retain documentation evidencing those inspections, and correct any noted deficiencies. Additionally, the Authority should continue efforts to renovate vacant units.

Finding 4: Work Orders

According to State law,²⁰ the landlord at all times during the tenancy is to comply with the requirements of applicable building, housing, and health codes. Where there are no such codes, the landlord is to maintain the roofs, windows, doors, floors, steps, porches, exterior walls, foundations, and all other structural components in good repair and capable of resisting normal forces and loads and the plumbing in reasonable working condition. The standard tenant lease agreement used by the Authority provides that, as the landlord, the Authority agrees to maintain in good and safe working order and condition, the electrical, plumbing, sanitary, ventilating, and other facilities required to be supplied by the Landlord.

Our discussion with property management company personnel and review of Authority records for the period October 2018 through January 2020 disclosed that the Authority did not have an effective system to receive, track, and resolve tenant requests for repairs and maintenance. According to property management company personnel, prior to January 2020, Authority personnel manually logged tenant repair and maintenance requests in a telephone message book by noting the date and time of the call, the tenant's address, and a brief description of the requested repair or maintenance. After the request was logged, a maintenance worker prepared a hand-written work order and assigned a non-sequential work order number. Upon completion of the work orders, the maintenance worker located the request in the telephone message book and drew a line through the request to indicate that the request was resolved.

Because the requests logged in the telephone message book were not assigned tracking numbers that could be traced to the written work orders, determining whether a work order was completed necessitated a manual search of the telephone message book and comparison with multiple work orders. As part of our audit, we examined the 52-page telephone message book (each page contains four telephone messages) for the month of October 2018 to determine whether a work order had been completed. We noted that several telephone message book entries were illegible or did not contain a complete address.

²⁰ Section 83.51(1), Florida Statutes.

Consequently, Authority records were not sufficient to demonstrate that work orders had been established or completed for each tenant repair and maintenance request.

We selected ten of the legible October 2018 telephone message book entries and compared them to the work order statistics report, which showed a summary of work orders by unit number, to determine if there was a related work order for each request entry. Our comparison disclosed that work orders were not created for three of the ten request entries.²¹ Consequently, Authority records did not demonstrate that work orders were created related to these three requests or otherwise demonstrate that the issues were resolved. For the seven requests with work orders created, the number of days that elapsed from the tenant request to completion of the work order averaged 5 days and ranged from 0 to 20 days.

In addition, the Authority's management plan did not specify a time frame for the resolution of tenant requests. In response to our inquiries in April 2021, property management company personnel stated that they do not know whether the Authority had established work order time frames prior to the Authority retaining the property management company. Establishing time frames for the resolution of requests would help the Authority prioritize and promptly resolve requests and better ensure that the units are maintained in good, safe, working order and condition as required by the tenant leases and State law.²²

In February 2020, the property management company implemented a new work order system, whereby tenant requests are automatically assigned a work order number and are tracked from tenant request to resolution. Tenant requests are entered into the work order system either directly by the tenant online or by property management company personnel, and the system automatically creates a work order. The work order is open until completed, and the system is capable of generating reports of open and closed work orders. In addition, the property management company established time frames for the resolution of requests. According to property management company personnel, minor requests reported before noon are resolved the same day, minor requests reported after noon are resolved no later than the following day, and work orders deemed to be emergencies are completed the same day.

To determine whether the work order changes implemented in February 2020 resulted in timely resolution of tenant requests, we examined Authority records for 531 resident requests received during the period February 2020 through August 2020. Our examination of the Closed Requests Summary Report (as of August 1, 2020) and the Open Requests Summary Report (as of August 5, 2020) disclosed that 262 of the 531 work orders had been completed, and the other 269 work orders remained open (i.e., not fully completed).

In response to our inquiries, property management company personnel indicated that many work orders were not correctly closed in the system; consequently, many of the items listed as open were really closed. Property management company personnel also indicated that, to protect the safety of workers and tenants during the COVID-19 pandemic, maintenance workers were prohibited from entering tenant units except for emergency work orders during the period March 2020 through September 2020. Therefore, some work orders could not be closed. After September 2020, the property management

²¹ The complaints were for inoperative air conditioning, a foam crack in the air conditioning condenser, and a leaking kitchen sink.

²² Section 83.51(1), Florida Statutes, requires the Authority to comply with the requirements of applicable building, housing, and health codes.

company's maintenance workers began completing non-emergency work orders initiated during the period March 2020 through September 2020. In addition, property management company personnel indicated that, starting in September 2020, they started prioritizing and addressing the most urgent items first and are diligently working with the USDA and the DOH to make all required improvements.

In April 2021, we evaluated the status of 13 of the 269 work orders listed as open as of August 5, 2020, and examined 12 of the 262 work orders listed as closed as of August 1, 2020, to determine whether the work orders had been timely closed. We noted that:

- As of April 2021, 3 of the open work orders dated in March and April 2020 still had not been completed. According to property management company personnel, 2 of the open work orders remained open because they were considered to be low priority. In response to our inquiries regarding prioritization of work orders, property management company personnel indicated that various factors are considered when prioritizing work orders and that they were consulting with the Authority, the DOH, and the USDA in determining a prioritization approach.
- The 12 closed work orders had all been completed no later than 3 days of being requested, most within 1 day after the work order was created.

Recommendation: The Authority should continue its efforts to enhance the work order system to ensure tenant requests are timely addressed.

Finding 5: Tenant Eligibility

Guidelines in the USDA Handbook²³ provide that the Authority should use the income information on the tenant application to:

- Determine whether an applicant is eligible to reside in multi-family housing.
- Calculate the applicant's ability to pay rent.
- Determine the amount of rental assistance the applicant is eligible to receive.

In addition, the guidelines require the Authority to notify applicants in writing within 10 calendar days of the application that they have been either selected for immediate occupancy, placed on a waiting list, or rejected. The guidelines also establish a priority order for selecting applicants from the waiting list based upon household size and household income. Specifically, very low-income applicants, determined using thresholds established in the guidelines, are highest priority, followed by low-income applicants, then moderate-income applicants.

To determine eligibility, Authority personnel obtained and reviewed various documents (e.g., household income records and Federal tax forms) to determine household size and income. During the period October 2018 through December 2019, Authority personnel used an eligibility software application²⁴ to determine eligibility and prepare tenant certification forms, which Authority personnel printed and signed. The certification was effective for 1 year from the effective date listed on the certification unless the tenant's household size or income changed.

²³ *USDA Multi-Family Housing Asset Management Handbook*, HB-2—3560, Chapter 6, Paragraphs 6.9, 6.15, and 6.18.

²⁴ In January 2020, the property management company implemented new eligibility software to prepare the tenant certification.

We requested, and the Authority provided, a listing of tenants at the beginning (week starting on October 6, 2018) and toward the end (week starting on December 21, 2019) of the audit period.²⁵ From these two lists each totaling approximately 700 tenants, we selected and examined Authority records for 30 tenants to determine whether the Authority provided housing to income-eligible occupants and properly calculated the amounts of rental subsidies and tenant contributions. We found income calculation errors for 3 tenants. Specifically:

- Authority personnel entered a tenant's previous employment income of \$27,319 on the certification form rather than his current retirement income of \$19,159, according to a letter from the United States Social Security Administration included in the tenant's file. Based upon USDA eligibility guidelines, the incorrect higher household income amount entered on the certification form did not result in a lower level of rent assistance for the applicant.
- For 2 tenants, the number of household members was reported incorrectly. The amount of household income is adjusted based upon the number of household members, and the adjusted annual income is used to determine eligibility.
 - For 1 tenant, an adjustment of \$2,400 was used instead of an appropriate \$1,920, resulting in household income being understated by \$480. In addition, Authority personnel made a math error in calculating household income, resulting in an overstatement of \$291. The net effect of the two errors was \$189 of underreported adjusted household income. However, the results of these two errors did not impact the tenant's eligibility or rent subsidy benefits.
 - For the other tenant, a child aged 19, who had graduated high school, was considered to be a dependent for certification purposes. According to USDA guidelines, to qualify as a household member dependent, a child over 18 years old who has graduated high school must be a full-time college student. Authority records did not contain documentation evidencing that the child was a full-time college student or that Authority personnel had attempted to contact the tenant for clarification. As a result, it appears the tenant's household income was understated by \$480. However, neither the tenant's eligibility nor the amount of rental subsidy benefits was affected based upon the child being included or excluded as part of the household.

Although the three income calculation errors we found did not impact tenant eligibility or rent subsidy benefits, when household size and household income are not calculated correctly, the risk increases that an ineligible applicant may be approved as a tenant or that the tenant's rent subsidy benefits may be too high or too low.

Additionally, our review of the 30 certification forms associated with the tenant documentation examined disclosed that the certification forms lacked evidence of supervisory review, which may have contributed to the noted errors. The standard USDA certification form includes a place for the applicant and preparer to sign the form but does not require a reviewer's signature.

In response to our inquiries, property management company personnel indicated that they did not know, prior to January 2020, whether someone other than the certification form preparer had independently reviewed the form because the form did not include a reviewer signature line and an independent review

²⁵ The Authority's software used prior to January 2020 was no longer active as of the beginning of the audit; consequently, the property management company could not generate tenant listings by unit using the software. The only reports available were periodically printed hardcopy documents on file at the Authority's administrative office. Given these limitations, the Authority was not able to provide to us a complete population of tenants who occupied the units during the period October 2018 through December 2019.

was not otherwise documented. Property management company personnel also indicated, however, that the USDA conducts occupancy, wage matching, and tenant file reviews. In February 2020, the property management company's occupancy specialists began preparing the certification forms and the company's assistant managers began reviewing certification forms for accuracy.

Our review of Authority records and discussions with property management company personnel also disclosed that, prior to the property management company being engaged in January 2020, the Authority had not established procedures for prioritizing applicants on the waiting list. According to property management company personnel, Authority personnel would review the waiting list, which included the income level of each applicant, and arbitrarily determine which applicants had higher priority. Effective policies and procedures for prioritizing applicants on the waiting list would provide additional assurance that eligible applicants receive housing in the priority order established by USDA regulations. According to property management company personnel, the eligibility software implemented in January 2020, automatically creates a waiting list, prioritizes the applicants based on income level priority, and assigns a waiting list number so that lower income applicants receive priority of service. As of June 11, 2021, the waiting list included 69 eligible applicants.

Furthermore, our review of Authority records disclosed that the Authority lacked policies and procedures for notifying applicants within 10 days of receipt of a tenant's completed application, as required by USDA guidelines.²⁶ During our examination of tenant eligibility records, we noted that Authority records did not demonstrate that Authority personnel notified the applicant within the required 10-day time frame. Notifying applicants of their application status within 10 days would allow the applicant to make alternate living arrangements if not selected for immediate occupancy and documenting the notifications would evidence the Authority's notification process and compliance with USDA guidelines. According to property management company personnel, the management plan implemented subsequent to our audit period provides for notification of applicants within 10 days of acceptance of a complete application to communicate that the applicants are selected for immediate occupancy, placed on a waiting list, or rejected.

Recommendation: The Authority should:

- **Continue efforts to improve the accuracy of household size and income information entered on the certification forms.**
- **Continue to provide for independent supervisory review of certification forms and establish policies and procedures to evidence those reviews.**
- **Establish waiting list prioritization policies and procedures that require prioritization of applicants based upon household income levels in accordance with USDA guidelines.**
- **Send notifications to applicants within 10 days of acceptance of a complete application and maintain an accurate record of the notifications.**

²⁶ *USDA Multi-Family Housing Asset Management Handbook*, HB-2—3560, Chapter 6, Paragraph 6.18.

Finding 6: Tenant Eligibility Recertification

Guidelines in the USDA Handbook²⁷ require tenants to be recertified every year within 1 year of the certification date²⁸ to remain eligible to continue residing at the property and continue receiving the same amount of rental subsidy, if any. The guidelines require the Authority to send written notification to the tenants at least 75 to 90 days prior to the date that their eligibility certification form expires. The notification is required to provide the tenant with a recertification appointment date and provide a list of documents (e.g., pre recertification form, financial statement form, and bank statements) that the tenants must complete and bring to the appointment. If the Authority does not receive a response to the first written notification, USDA guidelines²⁹ require the Authority to issue a second letter 30 days prior to the date the certification form expires. Additionally, executed tenant certification forms, recertification notices, and any supporting documentation are to be retained in the tenant's file for the longer of 3 years or until the next USDA monitoring visit or compliance review.

Although we requested, the Authority did not provide documentation evidencing that tenant recertification notices were sent 75 to 90 days prior to the certification expiration dates during the period October 2018 through January 2020. According to property management company personnel, the Authority used the Authority's software to track tenant recertifications during that period; however, property management company personnel were unaware how Authority personnel documented the notices sent and verified recertifications as correctly prepared. In response to our inquiries in March 2021, property management company personnel indicated that they believed the Authority sent recertification notices and filed them in a box; however, the box could not be located.

To determine whether the Authority properly prepared and sent tenant recertification notices, we selected for examination records for the same 30 tenants selected for our eligibility testing discussed in Finding 5. From those records, we identified 7 tenants who had been living in the housing complexes for longer than a year, and thus were required to be recertified. However, property management company personnel could not locate the recertification documents for 1 of the 7 tenants. Absent such documentation, Authority records did not evidence that the tenant was recertified as eligible for continued occupancy at the same level of rental assistance. Subsequent to our inquiry, the tenant whose documents could not be located was found to be eligible for housing and recertified in June 2020.

According to property management company personnel, a new property management application was implemented in February 2020 to track the recertification process and, from February 2020 through April 2021, about 50 of the approximately 700 tenants moved out upon being contacted for recertification or were determined to be ineligible for tenancy.

Failure to timely recertify tenants and document the recertification process may result in ineligible tenants occupying housing for which they no longer qualify, thereby preventing occupancy by an eligible applicant on the waiting list. Additionally, the amount of rent subsidy may no longer be correct for some eligible tenants.

²⁷ *USDA Multi-Family Housing Asset Management Handbook* HB-2—3560, Chapter 6, Paragraphs 6.11(B)(5) and 6.28.

²⁸ The certification expires 1 year from the effective date listed on the tenant certification form.

²⁹ *USDA Multi-Family Housing Asset Management Handbook*, HB-2—3560, Chapter 6, Paragraphs 6.28 A.1.

Recommendation: The Authority should continue efforts to ensure that tenant eligibility is recertified every year and that tenant files include evidence of notification and recertification documentation required by USDA guidelines.

Finding 7: Required Tenant Communications

Pursuant to guidelines in the USDA Handbook,³⁰ the Authority must establish occupancy rules. Occupancy rules are the basis for the tenant and management relationship and are to be attached to each tenant's lease upon initial occupancy and posted in a central location so that tenants may easily access the information. The occupancy rules must address basic items and information, such as maintenance requests, work-order procedures, office locations and hours, emergency telephone numbers, and access to community and public transportation schedules.

USDA guidelines³¹ also require the Authority to provide leases in additional languages to tenants in areas with a concentration of non-English speaking tenants. The lease must also contain specific provisions and clauses such as:

- A requirement that tenants agree to income certification.
- A requirement that tenants notify the Authority regarding changes in income, citizenship, or number of persons living in the unit.
- For handicapped-accessible units occupied by those not needing its special features, a statement that the Authority has made a temporary unit assignment, and specify who bears the cost of moving the tenant to another unit. Additionally, the lease clause must require the Authority to provide the tenant with written notification that the tenant is required to move within 30 days of notification because an eligible applicant with disabilities requires the unit.

Our examination of the Authority's standard tenant lease agreement in effect as of December 2019 disclosed:

- The leases were only available in English even though the housing complexes are located in an area with a concentration of non-English speaking tenants.³²
- The lease section containing information regarding handicapped-accessible unit eligibility did not include the required statement that the Authority shall notify the tenant in writing in the event that they must move to another available unit within 30 days of notification if an eligible applicant with disabilities requires the unit.

According to property management company personnel, the USDA approved the standard tenant lease agreement. However, notwithstanding the USDA approval, by not including all the lease provision and clause requirements, tenants may not clearly understand their rights and duties pursuant to the lease. Subsequently, in February 2020, the Authority's standard tenant lease agreement was updated to include a statement that program information is available in languages other than English and the required clause for handicapped-accessible units occupied by tenants not needing the units' special features.

³⁰ *USDA Multi-Family Housing Asset Management Handbook*, HB-2—3560, Chapter 6, Paragraph 6.15.

³¹ *USDA Multi-Family Housing Asset Management Handbook* HB-2—3560, Chapter 6, Paragraph 6.25, Attachment 6-E and 6-F.

³² According to property management company personnel, most of the tenants speak either Spanish or Haitian Creole. According to the 2010 Census data, 47 percent of the population of the City of Belle Glade speak a language other than English.

Additionally, our review of the occupancy rules provided to tenants and in effect as of December 2019 disclosed the following items were not addressed:

- Maintenance requests and work-order procedures.
- Office hours.
- Access to community and public transportation schedules.

These items are important, for example, to inform tenants about available transportation options and how to report maintenance issues.

Subsequently, in February 2020, the property management company updated the occupancy rules to include maintenance request and work-order procedures but did not include the office location, office hours, emergency telephone numbers, and access to community and public transportation schedules. In response to our inquiries, property management company personnel indicated that the tenants are well aware of all contact information and the information is posted on the office door, tenant portal on the Web site, social media, and in newsletters. Tenants are also provided magnets with this information. Regarding the transportation schedules, property management company personnel indicated that such notification is unnecessary because buses make several daily stops at both housing complexes. Notwithstanding this response, USDA guidelines provide that the occupancy rules include office location, office hours, emergency telephone numbers, and methods to obtain community and public transportation schedules.

Recommendation: The Authority should update the occupancy rules to include office location and hours and information on how to access community and public transportation schedules.

Finding 8: Severance Pay

Pursuant to State law,³³ on or after July 1, 2011, a special district³⁴ that enters into a contract or employment agreement, or renewal or renegotiation of an existing contract or employment agreement, that contains a provision for severance pay with an officer, agent, employee, or contractor must also include a provision that precludes the severance pay from exceeding an amount greater than 20 weeks of compensation. An officer, agent, employee, or contractor may receive severance pay that is not provided for in a contract or employment agreement if the severance pay represents the settlement of an employment dispute and does not exceed an amount greater than 6 weeks of compensation. State law does not create an entitlement to severance pay in the absence of specific prior authorization.

As part of our audit, we requested for examination Authority records supporting all severance payments during the period October 2018 through January 2020. According to responses to our inquiries and records provided, during that period, the Authority made severance payments of \$101,192 and \$20,000 to the Executive Director and Maintenance Supervisor, respectively. The two individuals separated from Authority employment on December 31, 2019, and received their severance payments in January 2020.

³³ Section 215.425(4), Florida Statutes.

³⁴ The Authority is classified as a special district on the Official List of Special Districts maintained by the Florida Department of Economic Opportunity in accordance with Section 189.061(1)(a), Florida Statutes.

The Executive Director's severance payment was made in accordance with the Authority-established employment contract with the Executive Director, which originated in 2005 and established the basis for his severance pay calculation and payment. Because the Executive Director's contract predated the statutory requirements, the severance pay was not subject to those requirements.

The Authority had not established a contract with the Maintenance Supervisor and, although we requested, Authority records were not provided to demonstrate how the Board determined the severance payment amount, which represented 14 weeks of compensation. In addition, according to the December 26, 2019, Board minutes, the Maintenance Supervisor's severance pay was approved by the Board for his 24 years of service, and there was no indication of an employment dispute. Without a contract establishing the basis for severance pay or evidence of an employment dispute settlement, Authority records did not demonstrate that the \$20,000 severance payment complied with State law.

In response to our inquiries, property management company personnel indicated that they were unaware whether the Authority had policies or procedures in place in December 2019 when the Board authorized the Maintenance Supervisor's severance pay. Absent such policies and procedures, there is an increased risk that the amount of any future severance payments will violate the limits in State law.

Recommendation: In the event the Authority decides to hire employees in the future, policies and procedures should be established to limit severance pay in accordance with State law. Such policies and procedures should:

- Prohibit severance pay unless the pay provided for in an employment contract or paid to settle an employment dispute and is limited to amounts specified in State law.
- Clearly define what constitutes an employment dispute and specify the types of records that should be prepared and maintained to support such disputes.
- Specify how the amount of severance pay is to be determined and that such determination must be documented.

Finding 9: Tangible Personal Property

According to the Authority's 2018-19 fiscal year financial audit report,³⁵ the acquisition cost of the Authority's tangible personal property (TPP)³⁶ totaled \$611,020 as of September 30, 2019. The Authority is responsible for maintaining complete and accurate records of TPP and establishing adequate internal controls over the acquisition and disposition of TPP. Additionally, to promote the proper accountability for and safeguarding of TPP, the Authority should complete a physical inventory of all TPP at least once each fiscal year. Upon completion of the physical inventory, inventory results should be compared to the property records, noted differences should be thoroughly investigated, and property records should be corrected, as appropriate. To verify that insurance coverage for TPP items remains appropriate, the property schedule provided to the insurance carrier should also be annually compared to the property records.

³⁵ The 2018-19 fiscal year financial audit report was the most recent audit report available as of April 2021.

³⁶ As reported in the Authority's 2018-19 fiscal year financial audit report, TPP includes machinery, equipment, and fixtures.

Our examination of Authority TPP records and discussions with property management company personnel disclosed that controls over TPP could be enhanced. Specifically, we found that:

- As of April 2021, the Authority had not established policies and procedures governing the acquisition, assignment, control, and use of TPP, including policies and procedures that require periodic physical inventories and reconciliation of the inventory results to the property records. Upon inquiry, property management company personnel indicated that the Authority relied on the financial statement auditor to assist the Authority or property management company personnel, as applicable,³⁷ in the annual updating of property records as part of the financial statement audit. Each fiscal year, the financial statement auditor prepared a report titled, *Book Asset Detail*, that showed for each TPP item the date the item was placed into service, the original cost of the item, the current year's depreciation expense, the accumulated depreciation expense, and the current book value of the item (the item's original cost minus the accumulated depreciation expense).
- The 2018-19 fiscal year *Book Asset Detail* report used to account for the Authority's TPP did not include each TPP item's physical location; item condition; custodian's name; manufacturer's serial number; method of acquisition, including the voucher and check number; or the date the item was last inventoried.
- The Authority did not conduct annual inventories of TPP during the period October 2018 through January 2020. Upon inquiry, property management company personnel indicated that the Authority did not conduct physical inventories due to Authority staff assisting the financial auditor each fiscal year in preparing the *Book Asset Detail* report.

Absent policies and procedures governing the acquisition, assignment, control, use, and disposition of TPP, there is an increased risk Authority records will not accurately reflect the TPP owned and its value. Consequently, TPP may be lost, misappropriated, or inappropriately used.

According to the *Book Asset Detail* report, as of September 30, 2019, the acquisition cost of 15 vehicles totaled \$343,633, or 56 percent of the \$611,020 total acquisition cost of the Authority's TPP as of that date. To evaluate the propriety of the number of vehicles in the *Book Asset Detail* report, we compared the vehicles listed in the report to the vehicle schedule provided by the Authority to their insurance carrier for the 2019-20 fiscal year vehicle insurance policy. Our comparison disclosed that 5 vehicles were included in the vehicle schedule provided to the insurance carrier that were not included in the *Book Asset Detail* report. Specifically, we noted that:

- 3 vehicles costing \$54,345 were listed in the *Book Asset Detail* report as disposed of during the 2018-19 fiscal year. Because the *Book Asset Detail* report was not prepared until after the 2018-19 fiscal year concluded, and after the insurance policy went into effect on October 1, 2019, the schedule provided to the Authority's insurance carrier included vehicles the Authority no longer owned as of October 1, 2019.
- 2 vehicles costing \$46,148 were sold by the Authority during the 2016-17 fiscal year.

Other Authority records also evidenced the vehicle sales; consequently, the Authority continued to insure 5 vehicles that it no longer owned. The lack of effective policies and procedures requiring the Authority to report vehicle disposals to the insurance carrier and periodically reconcile the schedule provided to the insurance carrier to the property records may have contributed to the lack of timely updates of vehicle insurance coverages. The property management company provided us with a schedule of vehicles that

³⁷ From October 1, 2018, through December 31, 2019, the Authority had employees. Subsequent to December 31, 2019, the Authority terminated all employees and property management company employees assumed administrative responsibilities.

was updated in March 2020 and provided to the insurance carrier, and the updated schedule did not include the 5 vehicles we identified as no longer owned by the Authority.

Recommendation: To promote the proper accountability for and safeguarding of TPP, the Authority should establish comprehensive policies and procedures for the acquisition, assignment, control, use, and disposition of TPP. Such policies and procedures should require:

- **Annual, or more frequent, physical inventories of TPP, including comparison of the inventory results to the TPP records, reconciliation of any noted discrepancies, and thorough investigation of items not located.**
- **Periodic comparisons of schedules of insured property to TPP records.**
- **Prompt update of TPP records and insurance carrier notification, as appropriate, whenever TPP is acquired or disposed.**

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations. Pursuant to Section 11.45(2)(j), Florida Statutes, the Legislative Auditing Committee, at its November 14, 2019, meeting, directed us to conduct this operational audit of the Belle Glade Housing Authority.

We conducted this operational audit from March 2020 through June 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management.

Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

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

Our audit included the selection and examination of transactions and records for the period October 2018 through January 2020 and selected transactions taken prior and subsequent thereto. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

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

In conducting our audit, we:

- Reviewed applicable laws, rules, Authority policies and procedures, and other guidelines, and interviewed Authority personnel to obtain an understanding of Authority processes.
- Examined Authority records to determine if severance payments totaling \$121,192 during the audit period made to two employees complied with Section 215.425(4), Florida Statutes.
- Examined Authority accounting records to determine whether the records provide for separate accountability for restricted capital outlay resources.
- Examined records associated with roofing repairs totaling \$345,251 during the 2018-19 fiscal year to determine compliance with Section 287.055, Florida Statutes; Authority policies and procedures; and contract terms and conditions.
- Examined Authority records and inquired of property management company personnel to determine whether the Authority implemented procedures to ensure the proper acquisition, assignment, control, use, and disposition of tangible personal property.
- Inquired of property management company personnel to determine whether the Authority conducted periodic physical inventories of Authority tangible personal property and reconciled the results to the property records.
- Compared the schedule of vehicles in the Authority's 2019-20 fiscal year vehicle insurance policy to the vehicles recorded in the Authority's property records to determine whether all vehicles were insured and whether the Authority was insuring vehicles that it no longer owned.
- Examined the Authority's capital budget and capital needs assessment (CNA) to determine if capital needs and related financing options were adequately identified.

- Evaluated whether the capital budget and CNA included elements required by Department of Health (DOH) Rule 64E-14.007, Florida Administrative Code, which includes requirements for buildings and structures of migrant labor camps and residential migrant housing.
- Reviewed the management plans in effect during the audit period to determine whether the Authority had established adequate tenant eligibility certification and recertification procedures for Authority properties.
- Examined documentation for 30 tenants to determine if the Authority determined eligibility in accordance with the *USDA's Asset Management Handbook's* project occupancy requirements.
- Examined occupancy rules provided to the tenants to determine whether the rules included all items required by the *USDA's Asset Management Handbook*.
- Examined the standard lease agreement to determine compliance with the Code of Federal Regulations and the *USDA's Asset Management Handbook* lease requirements.
- Examined documentation for 7 tenants who occupied Authority-managed housing for more than a year to determine whether the Authority complied with the annual recertification requirements in the *USDA's Asset Management Handbook*.
- Reviewed Authority records and inquired of property management company personnel to determine how the Authority received, tracked, and resolved tenant complaints and related work orders during the period October 2018 through June 2021.
- Examined records for 10 tenant complaints from the month of October 2018 to determine whether work orders were established and completed to resolve the complaints.
- From the 531 work orders created during the period February 2020 through August 2020, examined 25 work orders to determine whether the work orders complied with the Authority's new procedures implemented in February 2020. We also examined an additional 8 work orders from the same period to determine whether the work orders did not represent repairs or maintenance that should have been resolved by a prior work order for the same issue at the same unit.
- Sent surveys to 20 tenants in February 2021 to determine if the tenants knew where to submit complaints, and, if they had submitted complaints, whether the complaints had been timely and satisfactorily resolved.
- Evaluated the reasonableness of migrant housing rental rates by comparing the rental rates established by the Authority in February 2020 to housing rental rates for similar properties as of January 2020.
- Evaluated whether rental rates were adequate to provide the Authority with sufficient resources to perform all necessary capital improvements.
- Examined the Authority's August 2019 and December 2019 improvement plans to address the USDA's July 2019 notice of noncompliance to determine if the plans addressed the items noted by the USDA during inspection.
- Evaluated the Authority's process for resolving deficiencies noted in migrant housing inspections conducted by the DOH, the USDA, and Authority personnel.
- Examined Authority records to determine whether the Authority had taken appropriate actions to address concerns noted in the USDA's August 2019 notice of noncompliance. For example, we examined the Authority's standard tenant lease agreement revised in February 2020 to determine whether the agreement reflected the required changes outlined in the USDA's August 2019 notice of noncompliance.
- From the population of 20 unsatisfactory DOH initial inspections during the period October 2018 through October 2019, selected and examined 10 related follow-up DOH inspections to determine whether the Authority adequately monitored and corrected the findings.

- Reviewed the December 2019 management plan and interviewed Authority management to evaluate the adequacy of procedures for conducting required inspections.
- Reviewed 15 inspection reports prepared by Authority personnel during the period April 2018 through December 2019 to determine whether the Authority performed routine inspections to ensure safe conditions and standards were met at the Authority's two housing complexes.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

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



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



1204 N W AVENUE L TERRACE BELLE GLADE, FL. 33430-0577
TELEPHONE (561) 996-2140 FAX (561) 996-9503

October 19, 2021

Auditor General, State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Subject: Response to preliminary and tentative audit findings

Ms. Norman,

We are in receipt of the 9 preliminary and tentative audit findings and recommendations and have discussed them during the exit conference. They have also been reviewed in detail by the Belle Glade Housing Authority (BGHA) Board of Directors.

As noted in the findings, the BGHA hired an experienced third-party property management company to manage the day-to-day operations of Okeechobee Center and Osceola Center effective January 1, 2020. Since hiring the management company, we have made considerable progress in addressing the concerns of the Health Department, USDA and greatly improved the quality of service provided to our residents by ensuring that routine and preventative maintenance procedures are followed, and corrective measures are taken to eradicate all noted deficiencies. We will continue to strive to bring these properties into full compliance and diligently respond to the ongoing needs of our residents.

Over the course of the past several months, the BGHA and management company has worked closely with the Health Department and USDA, RD to develop viable plans that address immediate concerns. The short-term plan is to place emphasis on turning "make ready units" to include, kitchen cabinets, bathrooms, flooring, prepping / painting, appliances, adding necessary fill to remediate deficient soils conditions and improving entrance pathways.

We will continue to work with USDA, the State, and other stakeholders to establish the appropriate financing structure with a dedicated funding source sufficient to address the immediate and projected ongoing capital needs of the

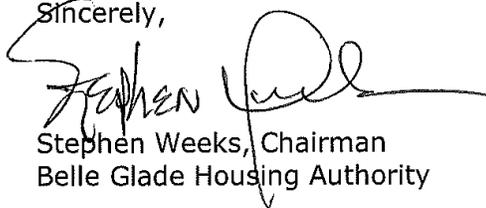
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Project. Toward that end, the BGHA will be making application to secure funding from the USDA Section 514/516 Off Farm Labor Housing "Repair NOSA" anticipated to be announced in December 2021. An award of funding under the USDA program of up to eight million dollars (\$8,000,000) in loans and grants would facilitate a substantial portion of the funds required to meet the longer- term physical needs and 504 requirements and extend the expected useful life by upgrading Okeechobee Center and Osceola Center to full preservation standard.

We would add that all progress to date has been made despite a global pandemic that has been plagued with shutdowns, sickness, deaths, lack of materials and supplies, and many other challenges which continue. The BGHA is committed to providing decent, safe, and sanitary housing to farm workers. And believes that the preservation and regeneration of this vital affordable housing resource is essential to the farm worker community to which it serves.

Our response to the findings and recommendations are noted seriatim on the following pages.

Sincerely,



Stephen Weeks, Chairman
Belle Glade Housing Authority

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Finding 1: As noted in the cover letter, The Belle Glade Housing Authority (BGHA) is continuing efforts to promptly resolve the health and safety violations and other deficiencies noted in the USDA and DOH inspections and notifications. Management is working closely with USDA and the DOH. The DOH continues to inspect units routinely and the USDA RD and BGHA have agreed on a Servicing Work Out Plan (SWOP) to address all deficiencies both immediate and long term.

Both agencies are aware that it will take a considerable outlay of funds to address noted deficiencies. Toward that end, the BGHA will be making application to secure funding from the USDA Section 514/516 Off Farm Labor Housing "Repair NOSA" anticipated to be announced in December 2021. An award of funding under the repair program of up to eight million dollars (\$8,000,000) in loans and grants, would facilitate a substantial portion of the funds required to meet the longer- term physical needs and 504 requirements and extend the expected useful life by upgrading Okeechobee Center and Osceola Center to full preservation standard.

Our progress to date since hiring our property management company has been significant.

Finding 2:

Effective January 2020, the new Management Agent with the cooperation of the BGHA Board and USDA RD began to address outstanding Health and Safety deficiencies at the Project while simultaneously addressing routine and preventative maintenance as well as educating residents on the proper care of their homes and surrounding area.

With BGHA Board and USDA approval, the Agent developed an Action Plan to address the immediate deficiencies cited by the Health Department and USDA. The Action Plan included a budget for specific improvement projects identified below as currently completed or in progress. It was agreed that the cost of these immediate improvements would be funded from the reserves and over funded escrow accounts that were immediately available sources:

RESPONSE TO STATE OPERATIONAL AUDIT OF THE BELLE GLADE HOUSING AUTHORITY

IMPROVEMENTS	COSTS	STATUS
Import soil and rock- backfill, regrade, and correct harborage	\$ 375,000	On-going
Make ready vacant units with required electrical upgrades to each unit	\$ 202,500	On-going
Provide, obstacle free walkways	\$ 183,629	On-going
Needed Street repaving and improvements	\$ 731,545	Complete
Kitchen / Bathroom cabinets	\$ 283,629	On-going
Roofing (45 buildings)	\$ 290,080	Complete
Tree Trimming	\$ 125,000	Complete
Exterior Painting of all buildings	\$ 350,000	In progress
New Property Signs (2)	\$ 20,000	Complete
Speed Bumps	\$ 45,000	Complete
Total	\$ 2,606,383	

As a continuation of this plan the approved Capital Improvements reflected in the 9/30/2021 FYE budget included fill, make ready units, roofing, cabinets and rangehoods totaling \$882,200. This budget constructed at the time, fell within the feasible limits of a reasonable rent increase and operating expense projections. The 9/30/22 FYE budget included the continuation of these same capital improvements and addressing the physical needs identified in the Capital Needs Assessment (CNA).

The BGHA has worked with management and USDA to enhance the desirability of the properties and increase the rents accordingly. In addition to the \$134 rent increase effective 10/1/2021, the approved budget effective 10/1/2022 included a \$70 across the board rent increase. Generally, USDA RD rents have been lower than HUD and Fair Market Rents. However, the BGHA and other borrowers are beginning to raise rents so that the rents are not significantly lower, and the properties can be adequately maintained. The following chart reflects the \$70 across the board rent increase in comparison to previous, new and HUD rents. The \$70 across-the-board increase was tolerable and did not cause excessive move outs.

Size	Previous Rent	New Rent	Difference	HUD Rents
0-Bedroom	\$ 364	\$ 434	\$ 70	\$ 580
1-Bedroom	\$ 429	\$ 499	\$ 70	\$ 730
2-Bedroom	\$ 476	\$ 546	\$ 70	\$ 900
3-Bedroom	\$ 541	\$ 611	\$ 70	\$ 1,250
4-Bedroom	\$ 576	\$ 646	\$ 70	\$ 1,470

Finding 3:

Okeechobee Center and Osceola Center are Section 514/516 Farm Labor Housing dwelling units through the United States Department of Agriculture (USDA), Rural Development, a federal program that provides affordable loans and grants to purchase, construct, or repair housing for America's farmworkers.

Both properties consist of 454 one story buildings containing efficiencies, one, two, three- and four-bedroom units. Both properties are residential communities and with the change in management, each property has an on-site office and dedicated on site staff, consisting of managers, administrative personnel, maintenance technicians and grounds persons. Staff work exclusively on assigned property locations providing administrative, maintenance and policing grounds daily. Job descriptions are shown as exhibits in the approved management plan which show the duties of each employee. Outlined below are specific duties of grounds keepers who are assigned to each property and police the grounds every day, all day:

GROUNDS KEEPER

DUTIES: Assist in the maintenance of the grounds and ensure that all trash is removed daily Reports to Maintenance Supervisor and or Lead Technician. Duties include but not necessarily limited to:

- Police grounds daily to ensure all trash is removed
- Report all areas of concern to supervisor
- Operating equipment
- Operating power mower, tractors, and small trucks
- Maintain clothes lines / poles
- Adjusting hand and power mowers
- Assist with maintaining grounds
- Other duties as assigned

The properties are inspected daily and as noted in number 2 above, vacate units are being renovated ("make ready units").

Finding 4:

Management is continuing to prioritize work orders and address noted concerns.

Finding 5:

The management agent has and continues to provide training of the on-site staff both in house and via third-party. Several employees have attained the National Center for Housing Management (NCHM's) Certified Occupancy Specialist (COS) accreditation designation, to ensure core competency in rent calculation, eligibility, verification, recertification, tenant screening, and Fair Housing.

In addition, management now uses the third-party services of Windsor Compliance through the property management software RealPage which reviews all recertifications and move ins prior to execution.

Management will continue to select residents on the waiting list in accordance with USDA regulations, applicable waivers and agreements and send notifications to applicants within 10 days of acceptance of a complete application and maintain an accurate record of the notifications.

Finding 6:

See number 5 above. Management will continue efforts to ensure that tenant eligibility is recertified every year and that tenant files include evidence of notification and recertification documentation required by USDA guidelines.

Finding 7:

The BGHA Application Packets given to all applicants and available on the BGHA Website and each property website contains all required information including office location, hours, and information on how to access community and public transportation schedules. The cover letter for the application

packet provides all necessary information and directs applicants to the BGHA website at www.bellegladeha.com. The Community Outreach tab provides a wealth of information including a link to all public transportation and schedules: <https://www.palmtran.org/>. The following language has also been added to the first page of the House Rules and posted on the website:

Visit our website at www.bellegladeha.com. Click on the Community Outreach Tab to obtain information regarding the following:

City of Belle Glade
U.S. Department of Agriculture
Families First of Palm Beach County
Be Well Palm Beach County
Palm Beach County
Palm Beach County Sheriff's Office
Palm Beach County Fire Rescue
Palm Tran Public Transportation
Palm Beach County Water Utilities
Solid Waste Authority
FPL

Finding 8:

Noted. However, the BGHA no longer has employees.

Finding 9:

Noted. Will follow recommendation.