

KATHLEEN PASSIDOMO
President of the Senate



PAUL RENNER
Speaker of the House



Joint Legislative Auditing Committee

Senator Jason Pizzo, Chair
Representative Michael Caruso, Vice Chair

Meeting Packet
Thursday, January 19, 2023
412 Knott Building

1:00 p.m. – 3:00 p.m.

The Florida Legislature
COMMITTEE MEETING AGENDA
JOINT LEGISLATIVE AUDITING COMMITTEE

Senator Jason W. B. Pizzo, Chair
Representative Michael A. “Mike” Caruso, Vice Chair

MEETING DATE: Thursday, Jan 19th

TIME: 1:00 – 3:00 P.M.

PLACE: 412 Knott Building

MEMBERS:

Senator Jason Brodeur
Senator Tracie Davis
Senator Nick DiCeglie
Senator Corey Simon

Representative Daniel “Danny” Alvarez, Sr.
Representative Christopher Benjamin
Representative Peggy Gossett-Seidman
Representative Dianne “Ms Dee” Hart
Representative Vicki L. Lopez

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- 1. Workshop with the Auditor General**

 - 2. The Committee is expected to consider taking action against educational and local governmental entities that have failed to take full corrective action in response to repeat audit findings, pursuant to ss. 11.45(7)(j) and 218.39(8), F.S.**

 - 3. Overview of the audits of Lobbying Firm Quarterly Compensation Reports performed in 2022**

Auditor General's Talking Points

- Possible Statutory Revisions
- Resource Allocation and Flexibility
- Support for Initiatives Encouraging Students to Pursue Accounting and Auditing Professions

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

Tab 2:

1. **Overview:** Failure to Correct Audit Findings – Educational Entities and Local Governments
2. **Directory of Schedules for Repeat Audit Findings**

Tab 2a:

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 (Schedule 1)
[Note: There were no university findings reported to the Committee this year.]
- District School Boards (Schedule 2)
- Charter Schools (Schedule 3)

Tab 2b:

Local Governmental Entities:

- County Constitutional Officers (Schedules 4 & 5)
- Municipalities (Schedules 6 & 7)
- Special Districts (Schedules 8 & 9)

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.

Tab 2c:

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 2016-17 fiscal year through the 2020-21 fiscal year, as reported to the Committee by December 8, 2022:

Type of Entity	Number of Entities with Repeat ² Audit Findings During Last Five Fiscal Years (Total Number of Repeat Findings)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Colleges	4 (4)	0 (0)	0 (0)	2 (4)	1 (3)
Universities	2 (2)	4 (4)	2 (2)	1 (1)	0 (0)
District School Boards	17 (23)	15 (22)	11 (15)	7 (7)	9 (11)
Charter Schools	13 (13)	20 (25)	20 (25)	20 (27)	9 (10)
County Offices ³	52 (69)	43 (51)	44 (66)	33 (50)	12 (18)
Municipalities ⁴	107 (220)	109 (219)	96 (200)	102 (206)	63 (99)
Special Districts ⁵	109 (186)	106 (182)	92 (154)	99 (153)	65 (103)
Total	304 (517)	297 (503)	265 (462)	(264 (448))	162 (244)

Recent Committee Action

Based on notifications received related to audit reports for the 2019-20 fiscal year, the Committee took action against 132 of the entities noted above during the meeting on December 2, 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 206 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 2023 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' 2020-21 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 2020-21 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 December 8, 2022, there are 1,903 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 College

[Note: There were no university findings reported to the Committee this year.]

<i>State University or College</i>	<i>County</i>	<i>Schedule</i>
Miami-Dade College	Miami-Dade	1

District School Boards

<i>District School Board</i>	<i>Schedule</i>
Alachua	2
Bay	2
Broward	2
Clay	2
Dixie	2
Glades	2
Hernando	2
Jefferson	2
Polk	2

Charter Schools

<i>Charter School</i>	<i>County</i>	<i>Schedule(s)</i>
Arts Academy of Excellence	Miami-Dade	3
Big Pine Elementary Academy	Monroe	3
Cape Coral Charter School Authority	Lee	3
Championship Academy of Distinction at Davie	Broward	3
Championship Academy of Distinction at Hollywood	Broward	3
Championship Academy of Distinction Middle School	Broward	3
Heritage Charter Academy of Cape Coral	Lee	3
Rowlett Middle Academy	Manatee	3
The Hope Center for Autism	Martin	3

Counties

<i>County</i>	<i>County Office</i>	<i>Schedule(s)</i>
Bradford	Sheriff	4
Broward	Clerk of the Circuit Court	4
Calhoun	Sheriff	5
	Supervisor of Elections	5
Glades	Board of County Commissioners	5
	Clerk of the Circuit Court	4
Hardee	Sheriff	4
Hillsborough	Board of County Commissioners	4
Holmes	Property Appraiser	5
	Sheriff	5
Jackson	Sheriff	5
Leon	Board of County Commissioners	4
Okeechobee	Sheriff	4
Pasco	Board of County Commissioners	4
Sumter	Sheriff	4

Municipalities

<i>Municipality</i>	<i>County</i>	<i>Schedule(s)</i>
Alford, Town of	Jackson	6, 7
Apopka, City of	Orange	6
Arcadia, City of	DeSoto	6
Archer, City of	Alachua	7
Bell, Town of	Gilchrist	7
Belle Isle, City of	Orange	7
Biscayne Park, Village of	Miami-Dade	6
Branford, Town of	Suwannee	7
Bushnell, City of	Sumter	6, 7
Callahan, Town of	Nassau	7
Carrabelle, City of	Franklin	6, 7
Caryville, Town of	Washington	6
Coleman, City of	Sumter	7
Cross City, Town of	Dixie	7
Dade City, City of	Pasco	6
Daytona Beach, City of	Volusia	6
Deerfield Beach, City of	Broward	6
Delray Beach, City of	Palm Beach	6
Ebro, Town of	Washington	7
Fanning Springs, City of	Gilchrist, Levy	7
Glen Saint Mary, Town of	Baker	7
Graceville, City of	Jackson	7
Greensboro, Town of	Gadsden	7
Hampton, City of	Bradford	6
Hialeah, City of	Miami-Dade	6
Highland Beach, Town of	Palm Beach	6
Hilliard, Town of	Nassau	7
Hollywood, City of	Broward	6
Horseshoe Beach, Town of	Dixie	7
Interlachen, Town of	Putnam	7
Jay, Town of	Santa Rosa	6
Lake Worth Beach, City of	Palm Beach	6
Lynn Haven, City of	Bay	6
Macclenny, City of	Baker	7
Madison, City of	Madison	7
Maitland, City of	Orange	6
Malone, Town of	Jackson	7
Mayo, Town of	Lafayette	6, 7
McIntosh, Town of	Marion	6
Medley, Town of	Miami-Dade	6
Melbourne Beach, Town of	Brevard	6
Melbourne Village, Town of	Brevard	6
Moore Haven, City of	Glades	7
North Miami, City of	Miami-Dade	6

<i>Municipality</i>	<i>County</i>	<i>Schedule(s)</i>
Oak Hill, City of	Volusia	7
Oakland, Town of	Orange	6
Paxton, City of	Walton	7
Penney Farms, Town of	Clay	7
Pierson, Town of	Volusia	6, 7
Reddick, Town of	Marion	6, 7
Riviera Beach, City of	Palm Beach	6
Sarasota, City of	Sarasota	6
Springfield, City of	Bay	6, 7
St. Cloud, City of	Osceola	6
St. Lucie Village, Town of	St. Lucie	7
St. Marks, City of	Wakulla	7
Tallahassee, City of	Leon	6
Trenton, City of	Gilchrist	7
Wausau, Town of	Washington	6, 7
West Melbourne, City of	Brevard	6
West Park, City of	Broward	6
Wewahitchka, City of	Gulf	7
Winter Haven, City of	Polk	6

Special Districts

<i>Special District</i>	<i>County</i>	<i>Schedule(s)</i>
Alligator Point Water Resources District	Franklin	9
Aucilla Area Solid Waste Administration	Dixie, Jefferson, Madison, Taylor	9
Avalon Beach / Mulat Fire Protection District	Santa Rosa	8, 9
Baker County Development Commission	Baker	9
Baker County Hospital District	Baker	9
Baker Fire District	Okaloosa	8, 9
Bay Medical Center	Bay	9
Beach Mosquito Control District	Bay	9
Big Bend Water Authority	Dixie, Taylor	8
Buckeye Park Community Development District	Manatee	8
CFM Community Development District	Lee	8
Cedar Key Water and Sewer District	Levy	9
Champion's Reserve Community Development District	Polk	8
City-County Public Works Authority	Glades	8, 9
Clearwater Cay Community Development District	Pinellas	8
Concorde Estates Community Development District	Osceola	8
Creekside Community Development District	St. Lucie	8
Crossings at Fleming Island Community Development District, The	Clay	8
Fellsmere Water Control District	Indian River	9
Fred R. Wilson Memorial Law Library	Seminole	8, 9
Gilchrist Soil and Water Conservation District	Gilchrist	9
Gramercy Farms Community Development District	Osceola	8
Heritage Isles Community Development District	Hillsborough	8
Holley-Navarre Fire Protection District	Santa Rosa	8
Holt Fire District	Okaloosa	8, 9
Housing Finance Authority of Volusia County	Volusia	8
Indian River Farms Water Control District	Indian River	9
Indian River Soil and Water Conservation District	Indian River	8
Indigo Community Development District	Volusia	8
Lake Shore Hospital Authority	Columbia	9
Leon County Educational Facilities Authority	Leon	8
Levy Soil and Water Conservation District	Levy	8, 9
Longleaf Community Development District	Pasco	8
Madeira Community Development District	St. Johns	8
Madison County Health and Hospital District	Madison	8
Madison County Soil and Water Conservation District	Madison	9
Magnolia Creek Community Development District	Walton	8
Marion County Law Library	Marion	9
Marion Soil and Water Conservation District	Marion	9
Meadow Pointe IV Community Development District	Pasco	8
Midtown Miami Community Development District	Miami-Dade	8
Montecito Community Development District	Brevard	8
Naturewalk Community Development District	Walton	8
North Okaloosa County Fire District	Okaloosa	9

<i>Special District</i>	<i>County</i>	<i>Schedule(s)</i>
North Pointe Special Dependent Tax District	Hillsborough	8
North St. Lucie River Water Control District	St. Lucie	9
Palatka Gas Authority	Putnam	9
Polk Soil and Water Conservation District	Polk	8, 9
Portofino Vista Community Development District	Osceola	8
Putnam Soil and Water Conservation District	Putnam	9
Reunion East Community Development District	Osceola	8
Riverwood Estates Community Development District	Pasco	8
Seminole County Port Authority	Seminole	9
South Seminole and North Orange County Wastewater Transmission Authority	Orange, Seminole	9
Southern Hills Plantation I Community Development District	Hernando	8
Sterling Hill Community Development District	Hernando	8
Stevens Plantation Community Development District	Osceola	8
Suwannee County Conservation District	Suwannee	9
Taylor Coastal Water and Sewer District	Taylor	9
Taylor County Development Authority	Taylor	9
Treeline Preserve Community Development District	Lee	8
Tri-County Airport Authority	Holmes, Jackson, Washington	9
Waterford Estates Community Development District	Charlotte	8
West Palm Beach Downtown Development Authority	Palm Beach	8
Woodlands Community Development District, The	Sarasota	8

2a Three Peat:
Educational Entities

Schedule 1

State College

[Note: There were no university findings reported to the Committee this year.]

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2021-22 Fiscal Year Audit Report and the Two Preceding Audit Reports

Entity	Audit Finding	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Miami-Dade College	<p><u>AG Report No. 2022-083 (Finding #1 -Significant Constraints Imposed on Audit):</u> Section 11.47(1), Florida Statutes, provides that all officers whose respective offices the Auditor General is authorized to audit or examine shall enter into their public records sufficient information for proper audit or examination and shall make the same available to the Auditor General on demand. During the entrance conference with College management, the auditors discussed the need to access applicable College employees and records in accordance with statutory and audit requirements. However, the auditors were not initially permitted to make requests to, or receive records and information directly from, the College personnel directly responsible for an activity or function included in the audit scope. Instead, College management required that the audit requests for information be made through two audit liaisons who were also to process the requests and then provide the requested information to the audit team. In addition, throughout much of the audit fieldwork (March 2020 through June 2021), the requests for access to certain College records and information necessary to achieve the audit objectives were met with significant delays.</p> <p>From April 2020 to February 2021, the auditors provided 185 separate audit requests for information to the audit liaisons. As prompt responses were not provided, the auditors escalated 116 of the 185 audit request to the CFO. Due to continue lack of responsiveness, the auditors provided the CFO 83 of the written audit request 2 to 15 times. Despite the auditors' efforts to encourage prompt responses, 89 audit requests were not resolved until 22 to 181 days, or an average of 60 days, after the date of the initial request. For example, on 6/2/2020, a detailed listing of funds comprising unearned revenue of \$43.9 million as of 6/30/2019 was requested; however, the College did not provide the listing until 11/25/2020, after 176 days, 5 follow-up requests, and 15 escalated requests to the College CFO. Additional details are included in the audit report. The auditors recommend that, in future audits of the College, management demonstrate a commitment to accountability, transparency, and compliance with State law by ensuring that access to the records, information, and personnel needed to facilitate a complete and timely audit are provided upon auditor request. (See PDF Page 4)</p>	N/A	N/A	N/A	Yes

Schedule 1

State College

[Note: There were no university findings reported to the Committee this year.]

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2021-22 Fiscal Year Audit Report and the Two Preceding Audit Reports

Entity	Audit Finding	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Miami-Dade College (Continued)	<p><u>AG Report No. 2022-083 (Finding #4 -Students Accounts Receivable)</u>: On May 11, 2020, the College had 8,745 accounts receivables totaling \$3.7 million in the Current Unrestricted Fund including, for example, amounts due for insufficient student fees, fee deficiencies, over-disbursed financial aid, rejected e-checks, and returned checks. To evaluate the sufficiency of College controls over student accounts receivables, the auditors examined College records as of May 2020 for 30 selected students with 347 receivables totaling \$49,738. The auditors found that College personnel did not timely: (1) Record 9 receivables totaling \$3,292 and \$400 for 2 students, respectively, as the receivables were recorded 9 and 25 months after the term for which the amounts were due; (2) Place holds on the records of 15 students with 187 receivables; as a result, several students registered for subsequent terms when College procedures require action to prevent class enrollment, and 3 students incurred additional receivables totaling \$2,886; and (3) Refer 196 receivable to collection agencies; the delayed referrals were 61 to 259 days, or an average of 240 days, after the 120-day notices were sent notifying the students that the account would be referred to a collection agency. The auditors recommend that the College enhance procedures to ensure that student receivables are timely recorded, holds are promptly placed on records of students with receivable balances to prevent the students from enrolling in classes, and delinquent receivables are timely referred to a collection agency. (See PDF Page 9)</p>	N/A	N/A	N/A	Yes

Schedule 1

State College

[Note: There were no university findings reported to the Committee this year.]

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2021-22 Fiscal Year Audit Report and the Two Preceding Audit Reports

Entity	Audit Finding	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Miami-Dade College (Continued)	<p><u>AG Report No. 2022-083 (Finding #5 - College Ground and Facility Use):</u> Section 1013.10, Florida Statutes, authorizes the Board to permit the use of educational grounds and facilities for any legal assembly. College policies and procedures require that, two weeks prior to the rental (event), the College enter into written agreements with external organizations requesting the use of College facilities. College procedures also require that external organizations acquire insurance for general liability, worker's compensation and other liability coverage, and name the College as an additional insured at least three days prior to the rental of College grounds and facilities. For the period January through December 2019, the College reported rental fee collections totaling \$659,759 for use of College grounds and facilities. The auditors requested for examination College records, such as grounds and facility use agreements, supporting 31 selected events sponsored by external organizations with rental fee collections totaling \$175,234. The records disclosed that College monitoring procedures associated with grounds and facilities use fees could be improved. Specifically, College documents showed that the College did not follow College procedures for 18 events with rental fee collections totaling \$76,128, relating to proof of required insurance coverages and timely payment for grounds and facility usage. Additional details are included in the audit report. College personnel indicated that the payments were not collected timely due to oversight and that, although worker's compensation insurance and the additional insured endorsement showing the College name were not always obtained, College personnel did not believe that the insurance and endorsements were required in all cases. The auditors recommend that the College enhance procedures to ensure that payments and proof of required insurance are obtained prior to lessee use of College grounds and facilities. (See PDF Page 10)</p>	N/A	N/A	N/A	Yes

Schedule 1

State College

[Note: There were no university findings reported to the Committee this year.]

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2021-22 Fiscal Year Audit Report and the Two Preceding Audit Reports

LEGEND:

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

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

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

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

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

Schedule 2

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year (FY) Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Alachua	<p><u>AG Report No. 2022-099 (#9 - Adult General Education Classes)</u>:The District reported 22,073 instructional contact hours provided to 505 students enrolled in 128 classes for the Summer and Fall 2020 Semesters. The auditors examined District records for 5,957 hours reported for 80 students enrolled in 43 adult general education classes and noted that instructional contact hours were over reported a net total of 319 hours, including 522 over-reported hours (ranging from 12 to 118 hours) for 14 students and 203 under-reported hours (ranging from 3 to 36 hours) for 11 students. The auditors recommend that the District strengthen controls to ensure instructional contact hours for adult general education classes are accurately reported to the Florida Department of Education (FDOE). The auditors also recommend that the District determine to what extent adult general education hours were misreported for the Summer and Fall 2020 Semesters and contact the FDOE for proper resolution. (See PDF Pages 12-13)</p>	N/A	N/A	N/A	Yes
Bay	<p><u>CPA Report 2020-21 (#2021-001 - Financial Reporting)</u>: The District's financial reporting needs improvement to ensure that financial statement account balances and transactions, including the schedule of expenditures of federal awards, are properly reported. Various adjustments were identified during the audit which were required to properly report activity in accordance with generally accepted accounting principles. Details regarding these adjustments are included in the audit report. District personnel responsible for preparing and reviewing the District's annual financial report were unaware of the specific situations that resulted in the adjustments, and there was no subsequent review of the financial statements. The auditors recommend that the District improve internal controls procedures to ensure that financial statement account balances and transactions are properly reported and reviewed throughout the year and at year-end. The auditors also recommend that the District implement a documented review process throughout the year and at year-end. (See PDF Pages 115-116)</p>	MW	2022	<p>While the finding was the same as the previous year, the errors were technically different. In 2020, the required tables for OPEB and pension plans were excluded, and the District incorrectly reported FEMA revenue and Business-Type Liabilities. In 2019, expenses were under-accrued, property taxes were not allocated properly between funds, cash in escrow was not properly reported as restricted cash, and donated land was not properly reported. In 2018, the District incorrectly reported deferred inflows and outflows related to pension liabilities. These errors have been corrected on the 2021 Annual Financial Report.</p>	Yes

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

Schedule 2

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year (FY) Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Broward	<p><u>AG Report No. 2022-149 (#2 - Audits – School Internal Funds)</u>: The District employs internal auditing staff to audit its school internal funds and the Board established an Audit Committee to receive and evaluate the District school internal funds audits. In response to audit inquiry, the District Office of the Chief Auditor indicated that June 30 following the fiscal year end was the date that the school internal funds audit reports should be presented to the Audit Committee and the reports are typically presented at the Board meeting the following month. However, the Board had not established a deadline to provide sufficient time for the audit reports to be considered in the preparation of the District financial statements (due by September 11th after fiscal year-end) or the District financial statements audit (due by March 31st, nine months after fiscal year-end). The auditors' review of school internal funds audit reports for FY 2019-20 disclosed that 97 of the 226 school internal funds audit reports had not been completed and presented to the Board as of 9/14/2021, which was over one year after the District's 6/30/2020 fiscal year end. According to District records, for those 97 schools, the school internal funds' assets and liabilities each totaled \$14.3 million. The auditors recommend that the Board establish a completion date for school internal funds audit reports that provides sufficient opportunity for the audits to be considered in the District financial statements audit. In addition, the auditors recommend that the District enhance procedures to ensure that the audits are timely completed and considered in the preparation of accurate financial statements and available for consideration during the District financial statements audit. (See PDF Pages 5-6)</p>	N/A	N/A	N/A	Yes

Schedule 2

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year (FY) Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Clay	<p><u>AG Report No. 2022-081 (#7 - Information Technology – Data Loss Prevention Security Controls)</u>: While the District drafted an Information Technologies Incident Response Plan and Procedures document outlining procedures to undertake in the event of data security breaches, unauthorized account activity, or denial of service attack, the District had not established a data loss prevention program or comprehensive policies and procedures for the monitoring of confidential or sensitive data transmission. Significant IT personnel turnover, including three different IT Directors since the 2016 calendar year, was a contributing factor for the lack of the data loss prevention program and comprehensive policies and procedures. The auditors recommend that the District establish a data loss prevention program that includes identification of data stores and comprehensive policies and procedures for monitoring the storage and transmission of confidential and sensitive data. (See PDF Page 8)</p>	N/A	2020	<p>The District has placed two-factor authentication in place in accordance with NIST standards for District office personnel that have access to any student data or District financial systems and is continuing to expand two-factor to all District personnel and students to be completed in school year 2020-21. Clay County has purchased and deployed Google Cloud DLP. All documents are routed through this system even on the local device to control data within the District.</p>	Yes

Schedule 2

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year (FY) Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Dixie	<p><u>AG Report No. 2022-041 (#3 - Information Technology – Disaster Recovery Plan)</u>: The District obtains certain IT services, such as financial, payroll, and other critical applications, from the North East Florida Educational Consortium (NEFEC). NEFEC developed an IT disaster recovery plan whereby member districts agreed to serve as alternate-processing sites for each other in the event of a disaster that interrupts critical IT operations. In addition, the Board-established comprehensive disaster recovery plan assigns responsibilities for recovery activities to key employees and backup personnel, prioritizes critical operations and data, and details the specific procedures to be followed when NEFEC is inoperable or other events interrupt District operations and affect the recovery and restoration of financial, payroll, and other critical applications. The Board also entered an alternate site agreement with another NEFEC school district; however, due to changes in personnel and the impact of the COVID-19 pandemic on school operations, District personnel had not tested their ability to access and run critical applications and processes from the alternate site in the event of a disaster. The lack of annual testing of the IT disaster recovery plan and alternate site agreement may hinder District efforts to minimize the impact of, and timely recover from, a disaster or a disruption of operations. The auditors recommend that the District test the IT disaster recovery plan and alternate site agreement annually and document the evaluation of the test results. (See PDF Pages 6-7)</p>	N/A	2020	This finding has been fully corrected to the best of the District's ability. The School Board approved the District's most recent disaster recovery plan revision in the 2/11/2020 School Board Minutes.	Yes

Schedule 2

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year (FY) Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Glades	<p><u>AG Report No. 2022-165 (#2021-001 - School Internal Funds)</u>: As of 2/18/2022, the school internal funds financial audit report for the 2020-21 fiscal year had not been issued. On 9/28/2021, the Board contracted with an audit firm to perform the 2020-21 fiscal year audit, with an expected audit report issue date of no later than 2/15/2022. However, the contract issue date did not provide sufficient opportunity for the school internal funds audit to be considered in the preparation of the District financial statements (due by September 11th after fiscal year-end), including appropriate implementation of GASB Statement No. 84, <i>Fiduciary Activities</i>, or the District financial statements audit (due by March 31st, nine months after fiscal year-end). Also, in response to audit inquiry, District personnel indicated that on 2/2/2022 the audit firm requested certain records to complete the audit; however, as of 2/18/2022 the District had not provided the requested records.</p> <p>School internal funds provide an accounting for various school club and class activities and are reported in the District financial statements as Fiduciary Funds in the custodial funds statement of fiduciary net position; however, the statement of changes in fiduciary net position was omitted from the District financial statements. In addition, notes to the financial statements disclosing the nature of the restatement and its effect were also omitted. The auditors recommend that the Board include in the contract for school internal audit services a completion date that provides sufficient opportunity for the audit to be considered in preparation of the District financial statements. In addition, the auditors recommend that the District enhance procedures to ensure that the audits are properly considered in the preparation of accurate financial statements and available for consideration during the District financial statements audit. (See PDF Pages 67-68)</p>	MW	N/A	N/A	Yes

Schedule 2

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year (FY) Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Hernando	<p><u>AG Report No. 2022-055 (#4 - Tangible Personal Property (TPP) Inventory):</u> The auditors examined District records supporting the TPP physical inventory process during the 2020-21 fiscal year and received various TPP reports; however, the inventory date(s) were not documented, and District records did not include a reconciliation of the physical inventory results to the District TPP records or identify whether any missing items were noted and reported to the Risk Management Department and applicable law enforcement agency. Absent source records that identify physical inventory date(s), as well as reconciliations of the inventory results to the property records and identification and reporting of missing items, the District cannot demonstrate compliance with State law, DFS rules, and Board policies, and there is an increased risk that any loss or theft of District property will not be timely detected, reported to the appropriate parties, and reflected in District accounting records. The auditors recommend that the District enhance procedures to document that an annual physical inventory of TPP is timely performed and any differences are thoroughly investigated. The auditors further recommend that, after thorough investigation, District personnel timely report any items not located to the Risk Management Department of appropriate disposition and, as applicable, to the appropriate law enforcement agency. (See PDF Pages 6-7)</p>	N/A	2022	<p>A complete inventory of capital assets will be finalized by 6/30/2022, which will include reconciliations of all missing items found through the inventory throughout the District. Training has now occurred within all software to provide staff the ability to obtain reports relating to the physical inventory process. As of 11/12/2021, the issue within the District's ERP system preventing staff from updating tangible personal property records to the proper status has been corrected. District staff established written procedures on processing construction invoices for payment, which include a tracking spreadsheet for all ongoing construction projects. Additionally, open purchase order reports are run periodically throughout the year to ensure invoices paid reconcile with the services rendered within the project contract terms.</p>	Yes

Schedule 2

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year (FY) Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Jefferson	<p><u>AG Report No. 2022-110 (#5 - Adult General Education Classes)</u>: According to District personnel, the District had instructional contact hours for the Fall 2020 Term that should have been reported, but the District did not maintain records to identify instructional contact hours or report those hours to the Florida Department of Education (FDOE). Although requested, District personnel could not provide an estimate of the number of unreported instructional contact hours for that term. Since adult general education funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report the data. The auditors recommend that the District establish controls to ensure that instructional contact hours for adult general education classes are accurately reported to the FDOE. In addition, the auditors recommend that the District contact the FDOE regarding the unreported instructional contact hours for the Fall 2020 Term and take appropriate actions based on FDOE input. (See PDF Pages 7-8)</p>	N/A	2020	This item has been corrected. The District improved system parameters to ensure accurate data input and also provided additional staff training on reporting of adult education instructional hours.	Yes

Schedule 2

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year (FY) Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Polk	<p><u>AG Report No. 2022-070 (#AM 2021-001 – Budgetary Controls)</u>: District procedures did not always limit expenditures to budgeted amounts, contrary to State law and State Board of Education (SBE) rules. As of 6/30/2021, the District reported a total of \$67,970,712 for General Fund assigned and unassigned fund balance; however, District records show that expenditures were not always limited to budgeted amounts. Specifically, for the 2020-21 fiscal year, General Fund expenditures totaled \$866,815,001 for 20 functional expenditure categories, and the auditors' examination of District records disclosed that expenditures exceeded the budgeted amounts for one functional expenditure category by \$2,162,522. District personnel indicated that the budget overexpenditure occurred because, during preparation of the 2020-21 fiscal year Annual Comprehensive Financial Report, the functional expenditure category amount was inadvertently not increased to cover the actual expenditure amount. The auditors recommend that the District enhance budgetary procedures and closely monitor District activities to ensure that expenditures are limited to budgeted amounts as required by State law and SBE rules. (See PDF Page 186)</p>	N/A	2022	<p>The District has corrected this issue and continues to enhance the budgetary review process. The District reviews budget to actual expenses on a monthly basis and submits budget amendments to the Board in a timely manner. This process is also performed at year end to ensure expenditures do not exceed budgetary amounts.</p>	Yes

Schedule 2

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year (FY) Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Polk (Continued)	<p><u>AG Report No. 2022-078 (#1 – Background Screenings)</u>: The District employed 14,185 instructional and noninstructional personnel. However, as of June 2021, the FDLE shared system comprehensive report of District instructional and noninstructional personnel included 20,702 individuals or 6,517 more than the number of personnel in the District records as of June 2021. Discussions with District personnel indicated that the number of District employees noted in the District records significantly differed from that in the FDLE shared system comprehensive report because District personnel did not always remove individuals who were no longer employed by the District from the FDLE shared system comprehensive report. Consequently, the District monthly report was not a useful mechanism for monitoring required background screenings and the District may have incurred unnecessary annual costs totaling \$39,102 for FDLE services to retain screening results for individuals who were no longer District employees. Absent effective controls to ensure that required background screenings are timely obtained, there is an increased risk that individuals with unsuitable backgrounds may have direct contact with students. The auditors recommend that the District establish effective controls to identify employees who have not obtained the required background screenings; ensure the screenings of those employees are promptly obtained and evaluated; and make decisions, as necessary, based on the results of the screening evaluations. (See PDF Pages 4-5)</p>	N/A	N/A	N/A	Yes

Schedule 2

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year (FY) Audit Report and the Two Preceding Audit Reports¹

County	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Polk (Continued)	<u>AG Report No. 2022-078 (#6 – Compensation and Salary Schedule)</u> : The Board had not established a documented process to identify the instructional personnel entitled to differentiated pay using the factors prescribed in State law. For the 2020-21 fiscal year, the instructional personnel salary schedule provided for additional responsibilities differentiated pay, such as for directing bands, coaching activities, and retention bonuses and stipends based on performance at designated schools. However, contrary to State law, District records did not evidence instructional personnel differentiated pay based on school demographics, critical shortage areas, and level of job performance duties. The auditors recommend that the Board establish a documented process for identifying the instructional personnel entitled to differentiated pay using the factors prescribed by State law and adopt salary schedules that specify the differentiated pay based on those factors. (See PDF Page 11)	N/A	2020	The District and Polk Education Association acknowledge in the Teacher Collective Bargaining Agreement that Florida law requires that wages, hours, and working conditions for instructional personnel is a mandatory subject of bargaining. As such, the parties continue to work to address the spirit of differentiated pay through negotiated Memorandums of Understanding (MOU) that apply the standards of the statute for instructional and administrative personnel. As funding is calculated each fiscal year based on the district cost differential and the base student funding allocated through the Florida Education Finance Program, the parties mutually agreed to address the matters of differentiated pay (via MOUs) to comply with statutory requirements while providing an opportunity to honor the law to bargain these terms as a subject of mandatory bargaining. Additionally, the District has established an administrative model for differentiated pay. This model was previously implemented; however, due to lack of funding was not continued or included in the District's prior response. The administrative differentiated pay structure is reviewed annually based on funding and school performance factors.	Yes

Schedule 2

District School Boards

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year (FY) Audit Report and the Two Preceding Audit Reports¹

FOOTNOTE/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.

Schedule 3

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Miami-Dade	Arts Academy of Excellence	<u>2021-01 - Fund balance deficit</u> : At fiscal year-end, the Academy had a spendable unassigned fund balance deficit of \$31,814. 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 37)	N/A	N/A	Correspondence received on 7/28/2022 from the Academy stated that they voluntarily surrendered its charter to the Miami-Dade School District effective 6/30/2022. Correspondence received on 7/18/2022 from the Florida Department of Education stated that the Academy voluntarily surrendered its charter to the Miami-Dade School District effective 6/30/2022.	No
Monroe	Big Pine Elementary Academy	<u>2021-01 - Other Expenditures</u> : The auditors noted an 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	2022	The corrective action taken was to discharge the current bookkeeper, obtain recommendations from other charter schools and the district's financial personnel, and engage a CPA firm with experience in the Florida charter school market. The CPA firm has worked with the Academy's internal school finance employee to gain further training and knowledge of the accounting systems and will assist in producing timely and accurate financial statements and work with the Academy's audit firm.	Yes

Schedule 3

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Lee	Cape Coral Charter School Authority	<p><u>2021-001 - Audit Adjustment:</u> The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements, a policy that establishes what should be done and the procedure that implements the policy. The COSO Internal Control Framework also states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Authority management is responsible for establishing and maintaining internal controls for the proper recording of all the Authority's transactions in the financial statements. The Authority's financial records were misstated, and the auditors proposed adjusting entries to management to correct the financial statements. The proposed audit adjustments were recorded by management to correct the financial statements. The auditors recommend that management enhance its review over the financial statements and supporting schedules to ensure the information is accurately presented. (See PDF Page 65)</p>	MW	N/A	N/A	Yes

Schedule 3

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Broward	Championship Academy of Distinction at Davie	<p><u>2021-004 - Segregation of Duties/Policies and Procedures:</u> The auditors noted that the Academy's policies and procedures were updated in response to the prior year audit finding; however, there were subsequent changes to management and staffing and the policies and procedures were not updated to reflect current duties and responsibilities. The auditors also noted that processes are not established for the preparation and review of key journal entries (such as expense allocations) and the reconciliation and review of receivables and payables at financial closing, resulting in adjustments to reconcile receivables and payables at fiscal year-end. In addition, the Academy has only one authorized signer, who is the owner of the current management consulting company, and all checks only require one signature. The auditors recommend that the Academy update its accounting policies and procedures manual to properly document the responsibilities and duties of current management, consultants, and staff and to include procedures for the preparation, review, and reconciliation of journal entries, receivables, and payables at financial closing. In addition, the auditors recommend that the Academy require an additional authorized signer for checks or payments over a determined threshold. (See PDF Page 37)</p>	N/A	N/A	N/A	Yes

Schedule 3

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Broward	Championship Academy of Distinction at Hollywood	<p><u>2021-004 - Segregation of Duties/Policies and Procedures:</u> The auditors noted that the Academy's policies and procedures were updated in response to the prior year audit finding; however, there were subsequent changes to management and staffing and the policies and procedures were not updated to reflect current duties and responsibilities. The auditors also noted that processes are not established for the preparation and review of key journal entries (such as expense allocations) and the reconciliation and review of receivables and payables at financial closing. In addition, the Academy has only one authorized signer, who is the owner of the current management consulting company, and all checks only require one signature. The auditors recommend that the Academy update its accounting policies and procedures manual to properly document the responsibilities and duties of current management, consultants, and staff and to include procedures for the preparation, review, and reconciliation of journal entries, receivables, and payables at financial closing. In addition, the auditors recommend that the Academy require an additional authorized signer for checks or payments over a determined threshold. (See PDF Pages 36-37)</p>	N/A	N/A	N/A	Yes
Broward	Championship Academy of Distinction Middle School	<p><u>2021-002 - Disbursements:</u> The auditors noted that several disbursements were not properly supported with the original invoice or other support. The auditors recommend that the Academy properly provide support for all expenditures and verify that the payment amount equals to the invoice and the invoice has been properly recorded. (See PDF Pages 33-34)</p>	N/A	N/A	N/A	Yes

Schedule 3

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Broward (Continued)	Championship Academy of Distinction Middle School (Continued)	<p><u>2021-004 - Segregation of Duties/Policies and Procedures:</u> The auditors noted that the Academy's policies and procedures were updated in response to the prior year audit finding; however, there were subsequent changes to management and staffing and the policies and procedures were not updated to reflect current duties and responsibilities. The auditors also noted that processes are not established for the preparation and review of key journal entries (such as expense allocations) and the reconciliation and review of receivables and payables at financial closing. In addition, the Academy has only one authorized signer, who is the owner of the current management consulting company, and all checks only require one signature. The auditors recommend that the Academy update its accounting policies and procedures manual to properly document the responsibilities and duties of current management, consultants, and staff and to include procedures for the preparation, review, and reconciliation of journal entries, receivables, and payables at financial closing. In addition, the auditors recommend that the Academy require an additional authorized signer for checks or payments over a determined threshold. (See PDF Page 35)</p>	N/A	N/A	N/A	Yes

Schedule 3

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Lee	Heritage Charter Academy of Cape Coral	<u>2021-01 - Net Position and Fund Balance Deficits</u> : The Academy had a total net position deficit of \$320,034 and a total fund balance deficit of \$234,411 at fiscal year-end. Absent the outstanding payroll liability resulting from the Academy's previous management company, the Academy would have reported a positive fund balance at fiscal year-end. (See PDF Page 33)	N/A	2022	To place the situation in historical perspective, current Academy/CHOICE Management were not directly responsible for financial conditions developed in FY 2018 as CHOICE did not assume management and establish a new Governing Board until 7/1/2019. However, upon purchase of the Academy (formerly known as Unity Charter of Cape Coral), CHOICE assumed responsibility for a massive payroll tax liability established by Unity Charter during FY 2018. As of 4/13/2021, a permanent resolution with the IRS was moving into final stages of negotiation and being represented by an independent tax consultant and service provider. As stated in the 3/8/2022 letter, the Academy established a monthly payment plan of \$300 to the IRS starting 6/25/2021. Prior to that date, the Academy had been making good faith payments of \$250 monthly. Monthly installment payments to IRS have been made by the Academy, from 12/20/2020-1/25/2022. The Academy's Governing Board has updated the current corrective actions being taken to resolve this audit finding.	Yes

Schedule 3

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

County	Charter School	Audit Finding(s)	MW or SD?	Year Last Response Received	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response This Year?
Manatee	Rowlett Middle Academy	<u>2021-01 – General Fund – Fund Balance Deficit</u> : The Academy reported a general fund unassigned deficit fund balance of \$104,961 and a total deficit of \$28,103. The deficit position was caused by increased personnel costs. This is an improvement over the prior year general fund unassigned deficit fund balance of \$126,989, and total deficit of \$90,732. The auditors recommend that the Academy monitor expenditures and ensure that fund balance reserves and revenues are sufficient to cover expenditures and the needs of the Academy. (See PDF Page 53)	N/A	N/A	N/A	Yes
Martin	The Hope Center for Autism	<u>2021-1 - Segregation of Duties</u> : Due to the limited size of the Center’s accounting staff, the procedures in place do not provide adequate internal control related to segregation of employee’s duties. In particular, employee duties were not consistently and adequately separated between the authorization, custody, and record keeping processes for purchases and cash management. The auditors recommend heavy governing board involvement in the bank reconciliation and financial statement preparation processes. The auditors further recommend that the Center consider the option to hire or subcontract with accounting personnel to fulfill these duties. (See PDF Page 27)	MW	N/A	N/A	Yes

Schedule 3

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2020-21 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.

2b Three Peat:
Governmental Entities

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2020-21 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

County	Constitutional Officer	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Bradford County	Sheriff	<u>2021-01 - Financial Close and Reporting:</u> At the beginning of audit fieldwork, the auditors noted that the preliminary working trial balance for the General Fund did not include the required closing entries, including but not limited to the adjustment of balance sheet accounts. Several significant audit adjusting entries were provided to the Sheriff's staff to post to the accounting records of the General Fund for fiscal year-end. The auditors recommend that the Sheriff's Office clearly define and document a financial close and reporting process and consistently implement the process to reduce the risk of material errors. Additionally, the auditors recommend that the Sheriff consider providing training to his existing staff and acquiring additional assistance to perform the financial close and reporting process at year-end. (See PDF Page 147)	SD	2022 (FY 2019-20)	Upon consultation with the auditing firm, the Sheriff's Office has developed new procedures to make the year-end adjustments and closing entries in a timelier manner. Staff has been duly instructed and trained to bring this accounting concern into full compliance.	Yes

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

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2020-21 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

County	Constitutional Officer	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Broward County	Clerk of the Circuit Court	<p><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 collection rate, this was noted for circuit criminal, juvenile delinquency, and civil traffic. For timeliness of filing and docketing cases opened, the Clerk's performance rate exceeded the CCOC standard rate for all court types. For FY 2015-16, the first year of the finding, the auditors recommended that the Clerk work with the CCOC to review the current established standards and consider revisions of the standard rates based upon performance statewide, or explore changes in the Clerk's operating environment to achieve the established measures and standards. (See PDF Page 376)</p>	N/A	2022 (FY 2019-20)	<p>Collection rates, pursuant to Section 28.35(2), Florida Statutes, are established by the Florida Clerks of Court Operations Corporation (CCOC) for all Florida Clerks, and it 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. Under Section 28.246, Florida Statutes, the Clerk complies by employing both an internal and external process for collecting unpaid assessed amounts on cases. [Note: Additional details on the challenges faced in regard to the collection of fines are included in the Clerk's response letter.]</p> <p>Recognizing that this is a statewide issue, the 2020/2021 CCOC Annual Report recommended a workgroup to study the collection rate performance standards and determine the proper standard. The workgroup has been formed, and Broward is represented on the workgroup. In the interim, the Clerk's Office will continue to take corrective actions with all resources within its control in order to meet or exceed the established standard for the collection of fines, fees, and court costs. A review of the first quarter of FY 2021-22 data indicates that the Clerk's performance rate exceeded the CCOC standard. As of the FY 2020-21 audit, the finding as it relates to the timeliness of filing and docketing has been resolved.</p>	Yes

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Glades County	Clerk of the Circuit Court	<p><u>2021-001 - Timely Remittance of Custodial Transactions:</u> The Clerk is maintaining balances from prior years held in a custodial capacity in which there are no readily available records to determine to whom these funds are owed. The Clerk has made considerable progress identifying and clearing old balances and remitting funds back to the proper parties, but at fiscal year-end there remain accounts where proper records are still being researched and worked through. Florida laws and statutes govern the disposition and remittance of amounts collected through the court-related and official records functions of the Clerk's office. Each transaction accounted for in a custodial capacity should maintain a full record of the source and who the transaction is held for. The auditors understand that the custodial fund balances are now being reconciled timely and balances are supported. In addition, considerable progress has been made to identify and resolve old amounts. The auditors recommend that, for the remaining old amounts, the Clerk exhaust research options, document the procedures taken to find the beneficiary, and finally eliminate the balances and remit amounts to the state, if required. (See PDF Page 132)</p>	N/A	2022 (FY 2019-20)	<p>This finding has been partially corrected. The Clerk's Office fully anticipates that this finding will be fully cleared and no longer reported in the FY 2021-22 audit. Organizational changes have aided in approving the internal controls over accounting and financial reporting. All current balances in custodial (formally agency funds) are fully reconciled and reported on a monthly basis. Efforts have been undertaken to identify and reconcile all old outstanding account balances and remit funds as appropriate. The reconciliation process over the past year has included tracing all transactions back to 2002.</p>	Yes

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Hardee County	Sheriff	<p><u>2021-003 - Budgets</u>: At fiscal year-end, expenditures in the General Fund exceeded the final appropriated budget. Errors in the accounting for various accounts, as communicated in finding #2021-001, resulted in an increase in total expenditures. The reported total expenditures exceeded the final budget. The auditors recommend that budgets be monitored and amended when needed, within the time period allowed by Statute, to ensure that the Sheriff does not incur expenditures or transfers in excess of budgeted amounts. The auditors further recommend that the Sheriff request amendments to their budget for any expenditures which are going to exceed the budget, provided the availability of funding. (See PDF Page 223)</p>	N/A	2022 (FY 2019-20)	<p>The Sheriff's Office will submit budget amendments to the Board of County Commissioners (BoCC) for expenditures funded by specific charges for services and intergovernmental revenues received. The Sheriff's Office will monitor the budget and make necessary amendments, when needed, within the time allowed by Florida Statutes. Due to the complexity of the accounting software, the Finance staff will be attending a training conference in March 2022. In addition, the Sheriff will request an amendment to the budget for those expenditures funded by specific revenues that were received directly from sources other than the BoCC.</p>	Yes
		<p><u>2021-002 - Bank Reconciliations</u>: The Sheriff's operating bank account was not completely reconciled to the general ledger and the reconciliation contained errors. Cash errors identified during the audit included an unrecorded payroll tax payment, fiscal year-end accrual amounts posted to cash, and an entry which increased cash and accounts payable. The auditors recommend that management improve on its bank reconciliation process, including a final review of each month's bank reconciliation after posting all adjustments to the general ledger for a particular month. (See PDF Page 222)</p>	MW	N/A	N/A	Yes

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Hardee County (Continued)	Sheriff (Continued)	<p><u>2021-001 - 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). Material audit adjustments to correct the Sheriff's financial statements were identified during the audit. Audit procedures also detected that several balance sheet accounts are not reconciled on a monthly basis, including fiscal year-end. Accounts including prepaid items, accounts payable, accrued liabilities, due to Board of County Commissioners, 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, due to Board of County Commissioners, fund balance, and any other balances; (3) review of certain revenue and expenditure accounts be performed as well to assist in identifying errors; (4) any discrepancies be investigated and resolved; and (5) 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 221)</p>	MW	2022 (FY 2019-20)	The Sheriff's Office has addressed these issues by: (1) tasking the Finance staff to prepare monthly account reconciliations, and (2) requiring that reconciliations be performed for all balance sheet accounts including prepaid items, accounts payable, accrued liabilities, fund balance, and other balances.	Yes

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SD = Significant Deficiency (see 3. In Legend)

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Hillsborough County	Board of County Commissioners	<p><u>ML 2020-1 - Purchase Method of Accounting for Inventory and Prepaid Items</u>: Management is responsible for the preparation and fair presentation of its financial statements in accordance with generally accepted accounting principles (GAAP); this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The County utilizes the purchase method of accounting for inventories and prepaid items. Under this method, expenditures for inventories and services that extend beyond one accounting period may be considered expenditures in the period when paid; however, significant balances of inventory should be reported in the balance sheet. The Board of County Commissioners, the Clerk of Courts, the Tax Collector, the Property Appraiser, and the Supervisor of Elections treat payments for inventory and prepaid items as expenditures. A year end adjustment is then made to record the balance of inventory. Conversely, the Sheriff has elected to use the consumption method for accounting for prepaid items, but does not record inventory on its balance sheet. As a result, the County's accounting policy for inventory and prepaid items is not being applied consistently through the financial statements, and the Sheriff's inventory has not been recorded in the financial statements of the General Fund or the governmental activities of the County. The auditors recommend that the County review its current policies and procedures over accounting and financial reporting including the year-end closing processes and design review procedures to identify potential GAAP departures. The auditors also recommend that, since they are part of the County reporting entity, procedures be put in place to monitor the accounting policies of the Constitutional Officers to ensure the County financial statements are compiled from financial data that has been recorded using consistent measurement methods. (See PDF Page 495)</p>	N/A	N/A	N/A	Yes

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Hillsborough County (Continued)	Board of County Commissioners (Continued)	<p><u>ML 2020-2 - Renewal and Replacement Reserves:</u> In auditing the net position of the Water System Enterprise Fund, the auditors noted that the bond indenture for this enterprise fund requires the establishment of a renewal and replacement account and that the net position associated with this account is treated as restricted as it is limited to paying for the addition or replacement of capital assets of the Water System. In audit testing, it appeared that the County did not have a good system for clearly tracking and documenting the maximum amount of reserves that it intended to maintain in the account and, therefore, better controls could be established to the level of reserves required to be maintained. With respect to the Water System fund, the required annual deposit into the renewal and replacement account of the Water fund is equal to 5% of the prior year gross revenues of the system or such greater or lesser amount as determined by a Qualified Independent Consultant. The auditors did not see evidence that the total amount set aside was equal to an amount determined by the Qualified Independent Consultant, and, as such the balance in the renewal and replacement account may be more than required. The auditors recommend that the County consult with the Qualified Independent Consultant to perform an analysis to determine the amount required to be in the renewal and replacement account for the Water System and then reclassify any excess funds from restricted to unrestricted for financial reporting purposes. (See PDF Page 496)</p>	N/A	N/A	N/A	Yes

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Leon County	Board of County Commissioners	<p><u>2021-007 - Florida Springs Grant Program, Grant Number LP37113</u>: Reporting requirements of the Florida Springs Grant Program (Program) include the submission of quarterly status reports to the State Grant Manager describing the work performed during the reporting period, problems incurred, problem resolutions, scheduled updates, and proposed work for the next reporting period. Quarterly status reports are due no later than 20 days following the completion of the quarterly reporting period. The December 2020 quarterly report was not prepared or submitted by the County, and the March 2021, June 2021, and September 2021 quarterly reports were prepared, but not submitted timely by the County. The County Grant Manager receives status updates from the County Project Manager, who oversees individual projects under the Program. Due to turnover in the County Project Manager position, there were delays in the project status updates from the County Project Manager to the County Grant Manager. Those delays resulted in quarterly status reports that were not submitted to the State Grant Manager within the time period outlined in the grant agreements. The auditors recommend that the County Grant Manager work more closely with the County Project Managers to ensure that the quarterly status updates are submitted within the time period outlined in the grant agreement. (See PDF Page 120)</p>	N/A	N/A	N/A	Yes

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Okeechobee County	Sheriff	<u>2021-001 - Recording Revenue and Expenditures:</u> The auditors proposed adjustments to correct the following errors in the Sheriff's financial statements: (1) General fund capital outlay expenditures were materially understated, and debt service expenditures were materially overstated because a capital purchase was recorded in the debt service – principal account; and (2) Community donations fund revenues and expenditures were materially understated because several cash receipts were recorded in expenditure accounts, while several expenditures were recorded in revenue accounts. The auditors recommend that individuals responsible for reviewing transactions ensure they are posted to the proper accounts. Additionally, the auditors recommend that management perform a review of account balance detail to identify transactions posted to inappropriate accounts. (See PDF Page 242)	MW	N/A	N/A	Yes

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Pasco County	Board of County Commissioners	<p><u>2021-002 - 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 Financial Assistance (Schedule). Federal expenditures were understated on the client-prepared Schedule by approximately \$12,100,000 related to four grant programs; additionally, three assistance listing numbers were incorrectly reported on the Schedule. 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 398)</p>	MW	2022 (FY 2019-20)	<p>Mid-year in FY 2020-21 the County implemented procedures to review, track, and report grant-related expenditures for the Schedule of Federal Awards and State Financial Assistance Grants in order to help mitigate both control and reporting weaknesses noted within the Single Audit for FY 2019-20. To successfully implement the procedures, the County re-designed the chart of accounts and went live with the redesign in FY 2021-22. This update has enhanced the level of detail within the financial module of the County's ERP system to improve reporting capabilities. In addition, changes have been made to how the County utilizes and retains grant information in the ERP system's Grant Master module. This module is a subsidiary ledger which will retain all grant documentation and links back to the General Ledger. When utilized in conjunction with the chart of accounts redesign, it will allow the County to easily identify grants, strengthen internal controls during the review process, and reduce reporting errors for future Single Audits.</p>	Yes

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Sumter County	Sheriff	<p><u>2021-001 - 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 Service Organization Controls audit reports (SOC-1, Type 2) 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 a 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 provider. (See PDF Page 198)</p>	MW	2022 (FY 2019-20)	The Sheriff's Office (Office) has requested the Service Organizations Controls, Type 2 reports (SOC-1, Type 2) 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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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>Sheriff 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 174)	SD	2017 (FY 2014-15)	The Sheriff's Office is a very small agency. Limited funding prohibits the hiring of additional staff to 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>SOE2004-001 - 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 Supervisor of Elections' 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 administrative staff in the Supervisor of Elections' 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 201)	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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Glades County	Board of County Commissioners	<u>2021-001 - Audit Adjustments</u> : The auditors proposed audit adjustments to revise the County's financial statements at fiscal year-end. These adjustments involved moving debt payment out of the capital project fund, to correct transfer recorded as revenue and expense, and to record a deferred inflow of resources for unavailable revenue. The auditors understand that County management has made improvements over the last year. The auditors recommend that County management continue to improve procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop additional internal control policies to ensure proper recording of these items as needed. (See PDF Page 93)	MW	2017 (FY 2014-15)	The Clerk's office implemented a Reconciliation Policy effective 6/6/2014. A policy has also been implemented that requires all journal entries to be reviewed and approved by the Finance Director or the Clerk prior to entry. There are a limited number of personnel in the Finance Office; however, the Clerk's office is working diligently to improve policies and procedures to prevent future audit adjustments after the year-end trial balance is presented to the external auditing firm.	No
Holmes County	Property Appraiser	<u>2012-02 - Disbursement Controls</u> : Due to a limited number of personnel involved in the cash disbursement process, some critical duties are not adequately segregated. The Chief Deputy Property Appraiser's (Chief Deputy) responsibilities include recording accounts payable, check register review and approval, establishing vendor files, and preparation of bank account reconciliations. The Chief Deputy is not an authorized check signer but has access to the general ledger and Information Technology (IT) rights to create vendors files. 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 audit report for details). (See PDF Page 180)	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

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Holmes County (Continued)	Sheriff	2010-01 - Segregation of Duties: Due to the limited number of personnel involved in the cash disbursement process, some control duties are not adequately segregated. The Finance Director's responsibilities include accounts payable, check register review and approval, and preparation of bank account reconciliations. The Finance Director is not an authorized check signer. In addition, the Finance Director has Information Technology (IT) rights to create vendors and general ledger access and authorization. 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 audit report for details). (See PDF Page 244)	MW	2017 (FY 2014-15)	Due to limited staff and resources this finding may never be fully resolved. The Sheriff's Office has implemented various internal control measures. The Sheriff now reviews, approves, and signs checks, and a third party distributes the checks. Additional details are provided in the response.	No
Jackson County	Sheriff	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 125)	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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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.

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Municipality	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Town of Alford	Jackson County	<u>2010-001 - Other Post-Employment Benefits:</u> The Town did not implement GASB Statement No. 75 or obtain the actuarial report necessary to determine the amounts to report in the financial statements related to other post-employment benefits (other than pensions). The auditors recommend that an actuarial study and all other items necessary to implement GASB Statement No. 75 be performed. (See PDF Page 49)	MW	2022 (FY 2019-20)	The Town is a very small rural community with a very limited budget and a staff of four employees. The Town Clerk has reached out to other similar small towns to research who can perform these services and for how much. At this time, the Town budget for next year may not allow the Town to purchase these services, but the Town will make every effort to have this actuarial report completed as soon as it is feasible.	Yes
City of Apopka	Orange County	<u>2021-001 - Audit Adjustments:</u> During testing of the City's accounts receivable and premium tax revenues, the auditors noted that certain entries provided during the prior year audit related to intergovernmental receivables and revenues were not properly posted by management, causing journal entries to be posted to these accounts, along with fund balance within the General Fund. Additionally, during testing of the City's cash, the auditors noted that, while the bank accounts were reconciled within the pooled cash fund, an adjustment to the interfund allocation of the cash balances was required to ensure each fund's allocation of the pooled cash was accurate. Both entries were required to ensure the financial statements were free from material misstatement. Audit adjustments were required to be posted within the General Fund for the fair presentation of the financial statements. The auditors recommend that the City implement a review process to ensure final audited balances received from the auditor are properly posted to the City's records. The auditors also recommend 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 132)	MW	2022 (FY 2019-20)	This finding has been corrected. The City Finance Department implemented procedures to ensure all accounts receivables and revenues are posted and accounted for in the appropriate year.	Yes

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City of Arcadia	DeSoto County	<u>2021-001 - Bank Reconciliations</u> : The City's pooled cash bank accounts were not completely reconciled to the general ledger and reconciliations contained errors. A cash posting error for a transaction related to the close out of a debt service account earlier in the fiscal year and a complex pooled cash environment contributed to unidentified variances in the pooled cash reconciliation at fiscal year-end. The auditors recommend that management continue to improve its bank reconciliation process by preparing more accurate and timely reconciliations, which include all banking and cash general ledger accounts. (See PDF Page 96)	SD	2022 (FY 2019-20)	Management concurs with this finding and is intent on improving its bank reconciliation processes. Each year steps have been taken to improve processes. Accounts are reconciled monthly, and issues are identified and resolved in a timelier manner.	Yes
Village of Biscayne Park	Miami-Dade County	<u>2019-02 - Citizens Independent Transportation Trust (CITT) Fund</u> : The Village received an external monitoring report expressing various concerns regarding the Village's use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County for the two-year period ended September 30, 2019. The Village may be required to return \$65,997 in cash proceeds that are not currently supported by claimed expenditures and not included as cash available in the CITT fund. The auditors recommend the Village implement proper internal controls over the completion, review and approval of the compliance reports required to support the use of Surtax Proceeds including, but not limited to, the required quarterly reports as well as the Five (5) Year Transportation Plan. (See PDF Page 73)	N/A	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. The fund was not required to borrow from other funds as of fiscal year-end, for operating cash shortages. 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 118)	N/A	2022 (FY 2019-20)	In FY 2020-21, the Wastewater Fund (Fund) showed no improvement in operations, primarily due to unanticipated increases in expenses due to the equipment failure of an integral part of the Wastewater Treatment Plant. It should also be noted that the likelihood of the Fund to fully repay the interfund borrowings in the near future is remote. Consequently, management is working with the City Council to develop a plan to consider reporting these loans in the future as a permanent transfer from the Electric Fund to the Fund, with no anticipation of repayment.	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 improvement in net financial position during the year due to less spending overall and receipt of ARPA funds. However, the City was informed that the operating plant has a tank rupture that will require extensive financial commitment to repair. 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	2022 (FY 2019-20)	<p>The Wastewater Fund (Fund) continued to show a decrease in net position wherein revenues were less than expenses in FY 2020-21. The financial condition of the Fund trended in a negative position due to unforeseen repair and replacement costs that occurred at the City's Wastewater Treatment Facility during FY 2020-21.</p> <p>In the current fiscal year, the City Council and management are working to develop a plan to secure funding through grant programs to help offset the cost of making necessary upgrades and repairs to the aging infrastructure and Wastewater Treatment Plant. The City has several ongoing projects to make necessary repairs and upgrades to the wastewater infrastructure which will allow the City to keep the repair and maintenance costs at a more manageable level in future years. While none of these measures will completely resolve this audit issue quickly, the City's corrective actions will enable the Fund to show improvement in overall revenues and cash flows and help to improve the overall financial position of the Fund. It is anticipated that the combination of all of these measures will allow the City to operate the Fund with a positive cash balance in the future.</p>	Yes
City of Carrabelle	Franklin County	<u>2021-006 - 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	2022 (FY 2019-20)	On 11/24/2020, the City adopted a Final Amended FY 2019-20 Budget as part of the budget amendment. The City properly brought forward the fund balances from the FY 2019-20 audited financial statements, the auditors have identified additional accruals, and the City continues to try to maintain a level of expenditures within the adopted budget.	Yes

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City of Carrabelle (Continued)	Franklin County (Continued)	<u>2021-003 - 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	2022 (FY 2019-20)	In 2014 the City began making payments from the General Fund to the Special Revenue Fund. The final payment is funded, and the City expects this finding to be resolved by FY 2021-22.	Yes
		<u>2021-005 - Utility Receivables</u> : The auditors noted a significant amount of old outstanding utility accounts receivable which is the result of the accumulation of old receivables that have not been written off. Although management has recorded an appropriate allowance for doubtful accounts in the financial statements. The auditors recommend that the City Council review its old outstanding amounts receivable for write off consideration. (See PDF Page 57)	N/A	N/A	N/A	Yes
Town of Caryville	Washington County	<u>2020-05 - Capital Asset Recording</u> : Per the audit firm: The Town did not have an inventory of capital assets. The Town has since generated such an inventory, as well as a depreciation schedule for such assets. Per the Town: An equipment inventory has been performed, but not yet prepared. Fixed Equipment and Building Asset list was prepared by our insurance representative FMIT, but not yet properly documented. Procedures to identify and document all capital assets are still being evaluated. (See PDF Page 30)	N/A	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 auditors recommended a disaster recovery plan be developed and the recovery requirements tested to determine the viability of the Plan and the organization's readiness to achieve the defined business objectives. The City developed a Disaster Recovery Plan, which is expected to be approved July 1, 2022. The auditors were also informed IT is planning a recovery test of the City's systems; and (2) the auditors recommended that the City mature its IT policies and procedures to define how critical processes are performed, monitored, and enforced. The City has documented a policy on Cyber Security Awareness and Training, and Acceptable Use of Information Technology Resources, which is expected to be approved July 1, 2022. The auditors were informed that policies on IT Risk Assessment, IT Incident Response, Change Management, Identification and Authentication, and a standard on Information Security Risk Management are a work-in process. (See PDF Page 90)	N/A	2022 (FY 2019-20)	The City has drafted and expects to formalize the following policies/plans/standards by 7/1/2022 relating to Information Technology (IT): IT Disaster Recovery Plan, Computer Emergency Response Policy, Cyber Security Awareness Training Policy, IT Risk Assessment Policy, and IT Incident Response Policy. The City is also currently writing and reviewing additional policies/plans/standards in the following areas: Configuration and Change Management Policy, Identification and Authentication Policy, Equipment Replacement Plan, Data and Backup Restoration Plan, and Information Security Risk Management Standard.	Yes
City of Daytona Beach	Volusia County	<u>2019-002 - Unexpended Balance – Building Permits:</u> The City's unexpended building permit funds at fiscal year-end exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years by \$7,868,077. Prior to July 1, 2019, there was no provision in the Florida Statutes limiting the amount of carryforward of unexpended building permit funds. In prior fiscal years, the annual revenue derived from building permit fees exceeded anticipated amounts. The auditors recommend that the City identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes. (See PDF Page 218)	N/A	N/A	N/A	Yes

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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. The auditors recommend that the City reconcile the general ledger accounts on a monthly basis. (See PDF Page 179)	SD	2022 (FY 2019-20)	City management has been in the process of strengthening related internal controls. The City contracted with the GFOA's (Government Finance Officers Association) Research and Consulting team in late February 2021, and the City has concluded business process review and mapping with GFOA's team to analyze and map out the City's business processes. Through this exercise, the GFOA provided recommendations management could implement ahead of a new Enterprise Resource Planning (ERP) system. One of these recommendations related to the City's chart of accounts. Both the City's independent auditors and the GFOA noted the complexity of the chart of accounts and its effects on preparation and reconciliation of the financial statements. Having recommended immediate restructuring, effective Fiscal Year 2022, the City has eliminated and/or consolidated several Funds to improve the recording, reconciliation, management and overall transparency of the City's financials. More details related to the City's financial system are included in the City's response letter.	Yes
City of Delray Beach	Palm Beach County	<u>SD 2021-001 - Internal Controls Over Payroll Process</u> : The payroll software ERP system as currently configured for payroll, is lacking the adequate audit trail and automation of many sub-processes within payroll are manual processes which increases the possibility of errors. The City utilizes manual (Excel) timesheets for some employees which require manual input by the various City departments. There was also a lack of formal policies and procedures manuals for payroll processing. The auditors recommend that management review the current payroll processes and consider actions to ensure that employee timesheets are complete, accurate and timely when submitted to Finance for processing. (See PDF Page 213)	SD	N/A	N/A	Yes

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City of Hampton	Bradford County	<u>2021-002 - Bank Reconciliations</u> : The City has bank reconciliations with numerous old outstanding items and there is currently no procedure in place to review the bank reconciliation after it is completed. The auditors recommend that bank accounts be reconciled and reviewed and all differences between book and bank balances be investigated on a timely basis by appropriate accounting personnel so errors and adjustments can be quickly identified and corrected. (See PDF Page 30)	MW	2022 (FY 2019-20)	The City has hired an accountant to perform monthly reviews of the trial balance, general ledger detail, and bank reconciliation each month. Focus will be on accuracy of the bank reconciliation, looking for any potentially large or unusual transactions and inquiring as needed, and identifying potentially miscoded transactions based on trial balance and general ledger detail review. In addition, a member of the City Council is provided all EFT invoices to review and initial. It should be noted that the City has been struggling to get audits current due to FDLE having the City's records for several years, so there has been a lag in correcting findings due to this. The City anticipates having no findings in FY 2022.	Yes
		<u>2021-004 - Reserve Fund Policy</u> : The City's Financial Policies and Practices manual indicates the City maintain a level of Water Fund unrestricted net position balance of 25% of the next year's operating budget. The auditors noted that the City is not in compliance with this requirement. The auditors recommend a review of the current policy to ensure that it is appropriate for the City and a plan be implemented to monitor and communicate the reserve levels to the City Council. (See PDF Page 32)	N/A	2022 (FY 2019-20)	This was recently reviewed at a meeting with the auditors and the City's accountant. It was decided that, if capital improvement funds (grants) are not being considered, then the current policy is sufficient and being met. It should be noted that the City has been struggling to get audits current due to FDLE having the City's records for several years, so there has been a lag in correcting findings due to this. The City anticipates having no findings in FY 2022.	Yes

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City of Hampton (Continued)	Bradford County (Continued)	<u>2021-001 - Segregation of Duties</u> : Due to the limited number of City staff, many of the critical duties are combined and assigned to the available employees. Presently, there is only one individual that performs the majority of the accounting functions. The auditors recommend that, 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 29)	MW	2022 (FY 2019-20)	The City has hired an accountant to perform monthly reviews of the trial balance, general ledger detail, and bank reconciliation each month. Focus will be on accuracy of the bank reconciliation, looking for any potentially large or unusual transactions and inquiring as needed, and identifying potentially miscoded transactions based on trial balance and general ledger detail review. It should be noted that the City has been struggling to get audits current due to FDLE having the City's records for several years, so there has been a lag in correcting findings due to this. The City anticipates having no findings in FY 2022.	Yes

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City of Hialeah	Miami-Dade County	<p><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 \$27,036,043, \$59,265,565, and \$371,046, respectively. However, the Solid Waste Utility Fund reported a positive change in net position during the 2020-21 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 178)</p>	SD	2023 (FY 2019-20)	<p>The City attributes the increase in Water and Sewer Utility system operating expenses in FY 2021 in part due to increased sewer treatment costs paid to the Miami-Dade Water and Sewer Department (MDWASD) during the fiscal year. The sewer treatment price per million gallons increased 5.37% while sewer flows increased by approximately 10.06% in FY 2021. Also, sewer cost expenses may be affected in subsequent years due to potential overcharges by MDWASD related to the routing of other municipalities' sewer flows through the City's facilities over the past six years. These overcharges are estimated to be \$12.6 million from FY 2016 to FY 2021. Payments in lieu of franchise fees that have been paid to the City annually over the past seven years have had a direct effect upon operating expenses over this period (average \$4.9 million per year). A financial study has been completed and was approved by the City Council in FY 2021, adjusting the franchise fee rate range from 10%-7.5% to 6%-3% for FY 2021 and beyond.</p> <p>The Solid Waste Utility System had an operating surplus of \$623,000 in FY 2021. This is expected to continue due to privatization efforts in prior years. In addition, the City is considering extending the existing solid waste contracts currently schedule to expire in FY 2023, with these efforts the City will be able to operate the fund at a surplus and continue to reduce the negative net position in this fund. The Stormwater Utility fund will continue to reduce its capital expenses without impacting the level of services in order to reduce operating losses and will continue its efforts to adjust the Stormwater Utility rates and use all available resources and technology to enhance the efficiency of its financial operations.</p>	Yes

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Town of Highland Beach	Palm Beach County	<u>2021-03 - Adjusting Journal Entries</u> : It was necessary for the auditors to propose numerous journal entries to adjust the Town's account balances, as the auditors noted that it appears year-end reconciliations were not performed resulting in incorrect balances provided for the audit. The auditors recommend that the Town ensure timely reconciliations are performed in order to report accurate financial information. (See PDF Page 111)	SD	2022 (FY 2019-20)	The Town accepted the resignation of the former Finance Director and began the process of recruiting a licensed CPA with Governmental experience. Effective 5/2/2022, the Town's new Finance Director has been working to adjust the Town's account balances on a monthly basis and ensure a culture of accuracy, Generally Accepted Accounting Practices and Principles, and timely accounting closing procedures. The Town's forecast is that all outstanding audit findings should be cleared and non-repetitive by the audit cycle for FY 2021-22.	Yes

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City of Hollywood	Broward County	<p><u>MLC 2019-001 - SHIP Grant – Noncompliance With Reporting Requirements:</u> The State Housing Initiatives Partnership (SHIP) program is designed to create affordable housing for low-income and moderate-income households through assistance to purchase a home, money to repair or replace a home, and many other types of housing assistance. As of 9/15/2019, the SHIP program was required to prepare a close-out report relating to the funding received for the 2016-17 fiscal year. However, during the audit year, the City's housing department noted that there were still monies relating to the 2016-17 fiscal year funding that were not expended as the result of the following: (1) Contractor procurement delays; (2) Construction delays due to unanticipated repairs; (3) Negotiations to include the sale of the homes with the First Time Home Buyer's Program; and (4) Delay in the approval of the First Time Home Buyer's Program.</p> <p>The City was not in compliance with the reporting requirements of the SHIP program and the granting agency can withhold future funding until the reporting requirements are met. The auditors recommend that SHIP funds received by the City be properly tracked to ensure they are encumbered and fully expended within the required three-year period in order to ensure that all annual reports are filed in a timely manner. (See PDF Page 256)</p>	N/A	N/A	N/A	Yes

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Town of Jay	Santa Rosa County	<u>2021-1 - 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 prior audit adjustments be reviewed and discussed to reduce the adjustments made by auditors. (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.	Yes
City of Lake Worth Beach	Palm Beach County	<u>2019-09 - Interlocal Agreement</u> : The Interlocal Wastewater Service and Wastewater Facilities Cost Sharing Agreement was entered into in 2013 and requires audited statements. In addition, certain balances in the City's financial statements are derived from the interlocal financial statements and schedules. During the current year, the auditors noted that supporting schedules and records were not available timely to satisfy certain interlocal agreement requirements. The cause of these conditions is the lack of a formal closing process which incorporates a thorough review by finance personnel. The auditors recommend that the City reconcile interlocal schedules on a regular basis to avoid delays in financial reporting and to ensure the accuracy of them. (See PDF Page 200)	N/A	N/A	N/A	Yes

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City of Lake Worth Beach (Continued)	Palm Beach County (Continued)	<u>IC 2021-001 - Revenues/Collections</u> : Material and other accounting adjustments were made to the financial statements to comply with generally accepted accounting principles (GAAP). This included adjustments to the financial statements and related footnote disclosures in order to properly report the unearned revenues related to American Rescue Plan Act balance. Although management have made significant improvements as compared to prior year, management's efforts to address the staffing issues were still ongoing and established controls requiring the reconciliation and review of account balances failed to identify the errors noted. The financial statements were adjusted to properly report balances. The auditors recommend that management continues to review the design of established controls and implement the changes necessary to allow for the accurate recording and disclosure of accounting transactions on an ongoing basis. (See PDF Page 196)	MW	N/A	N/A	Yes
City of Lynn Haven	Bay County	<u>2021-001 - Reconciliation of Account Balances and Audit Adjustments</u> : 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 74)	MW	2022 (FY 2019-20)	A new Deputy Finance Director was hired in the winter of 2020, a new Staff Accountant was hired in the fall of 2020, and the team continues to work through the complex accounting matters as a result of Hurricane Michael. The Deputy Finance Director and the Staff Accountant will continue to work with the audit team to further develop procedures to assure compliance with general accepted accounting principles. Since Hurricane Michael, the City's focus has been on rebuilding and recovery, much of which is funded by FEMA. The accounting for the City is far more complex than it was in the past. The City will make every effort to address this finding.	Yes

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City of Maitland	Orange County	<u>2019-002 - Information Technology General Controls</u> : The City has not performed a documented risk assessment over its use of information technology to prioritize evaluation of information technology risks such as: (1) Ensuring user access privileges are limited to those necessary for the users' job responsibilities and enforce an appropriate logical segregation of duties; and (2) Establishment of an information technology disaster recovery plan for the restoration of the City's information technology resources, nor periodic testing plan to ensure the backed up data is useable. The City may not have or may not design controls appropriately to mitigate the risks they deem unacceptable. As a result, the City may experience issues related to the availability or accessibility of various applications or IT resources. The auditors recommend that the City perform a risk assessment over information technology, and adopt an information technology framework to use as a gauge in the design and performance of related internal controls. (See PDF Page 148)	N/A	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 59)	N/A	2022 (FY 2019-20)	The Town has established and properly identified payroll liabilities in the accounting system. Payroll records are reviewed monthly to ensure accuracy.	Yes

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Town of Mayo (Continued)	Lafayette County (Continued)	<u>2016-2 - Customer Deposits</u> : The utility billing software's customer deposits records did not match the financial reporting software. The utility billing reports displayed multiple customers with credit balances when those accounts had been closed. Management manually reviewed this log and updated it to reflect current balances. The auditors recommend that management meet with the utility billing software vendor to locate and correct the source of these errors, as well as conduct routine reconciliation of the deposits on the utility billing software to the financial report software. (See PDF Page 59)	N/A	2022 (FY 2019-20)	The Town has completed a review of the customer deposit log and updated it to show the correct amount. A monthly review ensures immediate reconciliations for customer deposits are correct for financial reporting.	Yes
Town of McIntosh	Marion County	<u>2019-1 - Financial Statement Preparation</u> : The Town 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 38)	N/A	N/A	N/A	Yes

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Town of Medley	Miami-Dade County	<u>2021-01 - 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. Although the Town is currently pursuing the conveyance of pump stations, the programs to convey the pump stations were not complete at fiscal-year end. 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 91)	MW	2022 (FY 2019-20)	The Town has a program in place 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. 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
		<u>2021-02 - 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 91)	SD	2022 (FY 2019-20)	The Town's purchasing procedures are governed by Ordinance C-357. The Town has found several deficiencies and contradictions in this Ordinance which have been corrected by enacting Ordinance C-451 in June 2021. The Town believes that the new purchasing procedures will correct noted deficiencies. The use of credit cards continues to be a major issue. Although restricted by ordinance, 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. As of 2/7/2022, the Town Council placed new restrictions on the use of credit cards, reducing the number of employees who have them and restricting the type of goods and services which can be purchased using a credit card.	Yes

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Town of Melbourne Beach	Brevard County	<u>2021-001 - Reconciliation of Account Balances and Accruals</u> : Audit adjustments were required to correct account balances due to cutoff issues related to cash, 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 56)	SD	2022 (FY 2019-20)	An increase in the review process has been implemented to ensure that journal entries have been made to the correct accounts to prevent future audit adjustments after the year-end trial balance is presented to the external auditing firm. Taking into account the limited resources and staff that the Town has, entries are being made by the Finance Manager and are being reviewed by the Town Manager.	Yes
Town of Melbourne Village	Brevard County	<u>2021-01 - Fiscal Year-End Schedule</u> : A schedule of due dates for completion of each major year-end process was created that served to inform all parties of expected turnaround times required to meet deadlines and to facilitate an earlier delivery period for the audit. The agreement in the audit contract to provide the auditor with a final trial balance and complete and final set of financial statements no less than thirty (30) days prior to the expected delivery of bound annual financial reports was not met even though the year-end schedule provided ample time to meet this clause. The auditors recommended that the Town adhere to a year-end schedule in order to facilitate the timely submission of accurate financial reports and other data for audit and provide ample time for financial statement review. (See PDF Page 49)	N/A	2022 (FY 2019-20)	The Town has hired an accounting firm to assist in checking financial reports for accuracy on a weekly basis. This in turns aids to the timeliness of reports. The Town expects this issue to be rectified this fiscal year.	Yes

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Town of Melbourne Village (Continued)	Brevard County (Continued)	<u>2021-03 - Purchasing Policy</u> : The Town's purchasing policy is intended to clearly describe the requirements of the procurement process. The purchasing policy has not been formalized in writing, regarding when purchase orders and quotes are required and the manner in which sole source justification may be used. In the current fiscal year, auditors discovered expenditures over \$250 with no purchase order attached and instances where sole source justification was not noted on the supporting documents or in the Commission minutes. The auditor was unable to determine definitively whether the policy was followed for several items selected for testing due to varying interpretations of the policy. With the sole source justification not being required by the policy, the Town is not mitigating potential abuses. The auditors recommended that the Town formally revise its purchasing policy for distribution to department heads in order to: (1) further clarify when purchase orders and comparative quotes are required, and (2) add a requirement that sole source purchases include the reason for using the sole source option. The auditors also recommend that management ensure all documents submitted for payment are properly authorized and in compliance with the purchasing policy before the payment is generated whenever possible. (See PDF Page 50)	N/A	N/A	N/A	Yes

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Town of Melbourne Village (Continued)	Brevard County (Continued)	<u>2021-02 - Building Permits and Inspection Fees</u> : There was no evidence in the current year's audit that the Town tracked how many inspections were being charged by the Building Official on permits that required multiple inspections. Although the Town has procedures for closing out permits, it did not have reconciling the Building Official's invoices with the inspections performed included in those procedures. Permit holders may not have paid for an accurate number of actual inspections. The auditors recommended that the Town reconcile actual inspections to estimated inspections for all or certain types of permits, along with the procedures for handling adjustments, if any, to the permit closing process. (See PDF Page 49)	N/A	2022 (FY 2019-20)	The Town has held several public meetings since September 2021 to fix its process of permit fee tracking, scheduling, and collections. Additionally, the Town is currently in the process of obtaining a new Building Official. The Town is looking at three current options and will decide on the issue by the end of April 2022. This issue will be corrected this fiscal year.	Yes

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City of North Miami	Miami-Dade County	<p><u>2020-01 - General Fund Deficit:</u> The General Fund, which serves as the primary operating fund of the City, reported negative fund balances for fiscal years ended September 30, 2016 through 2020, with the largest negative fund balance of \$14,697,136 occurring in the 2018-19 fiscal year. Actual expenditures exceeded operating revenues on a cumulative basis for these fiscal years. The auditors stated that, if the General Fund's expenditures continue to exceed operating revenues, and management and those charged with governance fail to establish financially sound budgets and implement a fund balance (deficit) reduction plan going forward, this could result in a state of financial emergency as defined in Section 218.503(1), Florida Statutes. The auditors recommended 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 and stated that this plan will require that management budget for a surplus of revenues over expenditures in each fiscal year. Additionally, the auditors recommended 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.</p> <p><u>Current Year Status:</u> The General Fund reported a fund balance of \$3,897,785 for the fiscal year ended September 30, 2021. The auditors state that the City received American Rescue Plan Act funding, of which \$5,000,000 was used to offset the General Fund negative fund balance. (See PDF Page 250 & 265)</p>	MW	2022 (FY 2019-20)	The City developed a five-year plan to eliminate the fund deficit that was presented as part of the FY 2019 audited financial statements. The plan contained a number of measures that, working together, would achieve the expected result. The first measure taken was the sale of two land parcels owned by the City during FY 2020; though significant, the two sales were not able to completely eliminate the General Fund's deficit. Another key action taken by the City involved changing the annual budget preparation methodology. Instead of budgeting expenditures in excess of revenues and the revenue shortfall covered by cash reserves, the General Fund's budget is now prepared with revenues exceeding expenditures and the balance of expenditures recorded as contingency. If the contingency amount is unspent and actual reviews track to budgeted revenues, the savings will over time build back a positive fund balance. The City is pleased to report that for FY 2021, the General Fund is expected to report a positive fund balance of \$3.9 million. This result was achieved through a combination of fiscal measures, such as freezing employee merit increases, eliminating unneeded unfilled positions, and employee furloughs. The City was also fortunate to benefit from an allocation from the American Rescue Plan Act of 2021 (Act). Under the provisions of the Act, the City was able to use some of its allocation to offset losses in revenues stemming from the COVID-19 pandemic.	Yes

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SD = Significant Deficiency (see 3. In Legend)

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City of North Miami (Continued)	Miami-Dade County (Continued)	<p><u>2020-03 - Water & Sewer and Stormwater Accounts Receivables</u>: The City currently bills for water & sewer and stormwater services provided on a quarterly basis, which allows for the accumulation of significant unpaid accounts receivable balances on an ongoing basis. Additionally, the City has experienced a steady increase in the rate of nonpaying customers for fiscal years 2016 through 2020. This has resulted in a higher than normal rate of accounts receivable write-offs, nonpayment for services received by residents and businesses over time and an ultimate loss of revenues to the City. For the fiscal year-ended 6/30/2020, management recorded an estimated allowance of \$3,462,307 for customer balances not considered to be collectible in future periods. If not addressed, this will result in a cash flow shortage to the City. <u>Current Year Status</u>: Similar increasing Water & Sewer and Stormwater Accounts Receivable trend noted for the fiscal year ended 6/30/2021. Accounts receivables increased from \$16,440,475 to \$18,076,425, an increase of approximately \$1.63 million. The auditors recommend that management consider taking the following actions to address the condition identified above: 1) Implement monthly billing cycles for all accounts; 2) Update City policy to establish customer credit limits; 3) Increase collection efforts on all past due balances to include taking legal action as necessary to collect significant individual account balances due; and 4) Record liens on properties for nonpayment to ensure that outstanding receivable balances are collected at a future date. (See PDF Page 253 & 268)</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 63)	N/A	2022 (FY 2019-20)	The Town has hired a new, smaller consulting group that can offer more of an individual presence. The Town will continue to work closely with the consultant on audit preparation. The Town's goal is to clear this finding by FY 2021-22.	Yes
Town of Pierson	Volusia County	<u>2018-01 - Budgetary Control</u> : The auditors noted general fund expenditures for the 2020-21 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	2022 (FY 2019-20)	The Town's accounting department is several months in arrears with the monthly financial reports. By the time the Town finds out that general fund expenditures have exceeded budgeted appropriations it is beyond the 60-day limit at year-end in which the budget may be amended. The Town has limited resources and staffing issues, but is making every effort to get more timely monthly financials so that the Town can improve its budgetary control in the future. The Town has begun to monitor its expenditures more closely, and amendments will be approved by the Town Council if needed.	Yes

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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 27)	N/A	2021 (FY 2019-20)	The Town does not have anyone on staff available to produce the Management Discussion and 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 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.	Yes
City of Riviera Beach	Palm Beach County	<u>2019-012 - Purchasing Card Usage by Employee and Elected Official Out of Town Travel</u> : There is a lack of compliance with policies and procedures over purchasing card process and for compliance with purchasing card policies and procedures and payments to council members for out of state travel expenditures and their compliance with the travel policy and tuition reimbursements. The auditors recommend that the Finance Department implement through the elected and appointment officials a procedure for independent and accurate time tracking all purchase card transactions, travel expenditures, and tuition reimbursements. (See PDF Page 249)	SD	N/A	N/A	Yes

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City of Riviera Beach (Continued)	Palm Beach County (Continued)	<p><u>2019-007 - Human Resources Employee Files were Noted to have a High Rate of Errors:</u> Prior year finding: Based on the auditors inspection of the Human Resource employee files, The auditors noted that 3 of 6 (50%) of the new retired files were noted to have errors and 21 out of 25 (84%) newly terminated employee files were noted to have errors. The auditors selected 125 current and active employee files for audit inspections and noted that 122 of 125 (98%) files contained errors. Additionally, the auditors noted that 3 employee files were not located. Furthermore, the auditors noted that several executive level City staff employee files did not contain key documents such as a signed Code of Ethics form or signed job descriptions. The auditors recommend that all employee files are reviewed and all noted corrective actions are taken during the fiscal year 2020 to ensure all required HR documents are associated with each personnel file. <u>Current Year Status:</u> Not implemented. The audit firm retested employee files as a part of the current external audit and noted a continuing elevated error rate in active employees (100%), terminated employees (100%) and retired employees (100%). (See PDF Page 247)</p>	MW	N/A	N/A	Yes

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City of Riviera Beach Beach (Continued)	Palm Beach County County (Continued)	<u>2019-011 - Utility District Time Tracking</u> : The Utility District did not implement a time tracking mechanism to determined and independently report the time in hours and minutes from the commencement of a request for service until the end of the service for all stand by employees. There should be maximum time granted to the stand by employee for travel to and from the location based on GPS or miles to be traveled. The auditors recommend that the Utility District Department implement through the elected and appointment officials a procedure for independent and accurate time tracking for all stand by employees. (See PDF Page 248)	N/A	N/A	N/A	Yes
		<u>2019-014 - Contract Copies</u> : Prior year finding: The City's Procurement Department does not have a current signed agreement / contract on file for every selected vendor after the formal award process has concluded. The auditors recommend that the City implement a mechanism to ensure that all agreements and contracts for all procurements are maintained and retained in accordance with the retention policy of Florida Statutes. <u>Current Year Status</u> : Not implemented. (See PDF Page 249)	SD	N/A	N/A	Yes

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City of Sarasota	Sarasota County	<u>2019-1 - Period End Closing Routine</u> : There were several post year-end client adjustments needed to clean up areas not fully reconciled during the year. The auditors recommend that the City look into additional targeted training for newer accounting staff and develop comprehensive period end accounting closing routines that identify all key areas, who is responsible for them and all steps necessary for proper recording, reconciliation and financial reporting with appropriate follow-up and review. The auditors also recommend that the City review and consolidate the number of sub funds contained in the accounting structure to simplify this area. (See PDF Page 259)	N/A	N/A	N/A	Yes
City of Springfield	Bay County	<u>2021-007 - Operating Expenditures in Excess of Budget</u> : General fund expenditures exceeded the approved budget in the City's capital outlay and debt service. The City prepared a budget amendment after year end but did not take into consideration year-end adjustments. The auditors recommend routine review of budget variances and amendments to the budget as needed and timely adjustment being made at year-end to identify year-end accruals. (See PDF Page 95)	SD	2022 (FY 2019-20)	Proper budgeting procedure are now in place to ensure the budget is amended in a timely manner. Due to Hurricane Michael, the City is still waiting on reimbursement from the state so the City is paying out of pocket, but is watching that the City does not go over budget due to the delay in reimbursements.	Yes

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City of Springfield (Continued)	Bay County (Continued)	<p><u>2021-003 - 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 92)</p>	MW	2022 (FY 2019-20)	<p>The City is in the process of catching up current period bank reconciliations, and, once those are caught up, the City intends to complete reconciliations in a timely manner, on a monthly basis. In the meantime, the City completes daily a similar report which monitors all bank activity including deposits, transfers, cleared checks, and EFT transactions. The City's software does have a good reconciliations report available, and, from that report, the City will be able to quickly complete monthly reconciliations of 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.</p>	Yes
		<p><u>2021-008 - 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 95)</p>	SD	2022 (FY 2019-20)	<p>The City is current on all bills and SRF loans. The City has been updating all the vehicles in its fleet as the vehicles were old and requiring more in maintenance. The City surpluses old vehicles and equipment. The City has also increased water rates by 3% and sewer utilities rates by 7% to help with expenses in the City. Due to the hurricane, the City experienced a great deal of damage, which in turn caused loss in revenue from Water, Sewer, and Sanitation for a quarter and is striving to improve from this disaster and grow.</p>	Yes

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City of Springfield (Continued)	Bay County (Continued)	<u>2021-001 - 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 91)	MW	2022 (FY 2019-20)	The City is making strides at minimizing the audit adjusting entries and does not believe that it will ever reach a point where there will be no adjustments necessary due to the costs involved. It is the City's intent that within the next audit year (2022) to have a significantly reduced number of adjustments to the financials.	Yes
		<u>2021-005 - Account Balances</u> : Accounts receivable, customer deposits, and accounts payable were not reconciled to the subsidiary ledger at year-end or on a regular basis throughout the year. Various payroll-related liabilities were inconsistent with expected balances by significant amounts 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 93)	MW	2022 (FY 2019-20)	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 is ongoing for accounts payable and accounts receivable clerks to get familiar with all aspects of the general ledger. The payroll clerk performs a review of each payroll to make sure they are in balance with no adjustments. The City has started a monthly review of all accounts. The City is running monthly reports for the accounts payable, which are kept for the year. Also, these reports are looked at on a monthly basis by another person in finance.	Yes

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City of Springfield (Continued)	Bay County (Continued)	<u>2021-006 - Month-end Closing</u> : 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 94)	MW	2022 (FY 2019-20)	The City is continuing to focus on drawing up a month-end closing process. The auditors have helped with ideas and closing forms for each department.	Yes
City of St. Cloud	Osceola County	<u>2021-1 - Notice of Event of Default</u> : 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. A principal distribution and payment was made in December 2020. Partial interest payments were made in June 2017, February 2020, and December 2020 for interest accrued during the period November 1, 2011 through October 31, 2020. The District is not in compliance with certain provisions of the Bonds. (See PDF Page 159)	N/A	2022 (FY 2019-20)	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. On 4/30/2021, the District closed on the sale of three parcels that resulted in \$509,293.24 being distributed to the bond trustees for allocation to the outstanding bonds. Currently, the District has three pending contracts totaling \$2,875,000; it is anticipated that these transactions will close by April 2022. 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, 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.	Yes

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City of St. Cloud (Continued)	Osceola County (Continued)	<p><u>2021-2 - 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 \$1,067,555, 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 169)</p>	N/A	2022 (FY 2019-20)	See response to finding 2021-1 above.	Yes

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City of Tallahassee	Leon County	<u>2019-003 - Utility Accounts Receivable Aging Reports:</u> During the auditors testing of utility accounts receivable, it was noted that the City was not able to produce a detailed utility accounts receivable aging by customer. The City's Customer Information System (CIS) does not have the capability to generate the report. The City may not able to properly analyze its utility customer accounts receivable including: the general aging of receivables, are there significant aged credit balances and which customers are significantly past due. The City is currently considering upgrading to a new CIS software. The auditors recommend that that the City require that the detailed accounts receivable customer aging reports be part of the reporting package for the new CIS software. The auditors also recommend that the City include the Financial Services Department (FSD) as part of the evaluation and conversion team for any new CIS software. (See PDF Page 228)	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 40% 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 75)	N/A	2022 (FY 2019-20)	The Town realizes that natural resources are not in unlimited supply and will 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. The Town meters and accounts for all the usage with detailed records for all Town facilities which are not considered for billed revenue vs gallons pumped. The Town Council and staff closely monitor the monthly billing and pump reports.	Yes

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City of West Melbourne	Brevard County	<u>MC 2019-001 - Unexpended Balance – Building Permits:</u> While the City has begun to spend down building permit funds and has plans to further reduce this balance, the City's unexpended building permit funds at fiscal year-end exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years by \$2,457,497. The auditors recommend that the City identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a), Florida Statutes. Such action may require the City to modify its 2021-22 fiscal year budget. (See PDF Page 152)	N/A	N/A	N/A	Yes
City of West Park	Broward County	<u>2021-01 - Law Enforcement Trust Fund (LETf) Bank Account and Transfers:</u> Approximately \$192,000 over the past three years has been paid by the operating account for LETf expenditures, and cash has not been transferred from the LETf bank account to the operating account. The auditors recommend that the City's General Fund be reimbursed for current and longstanding funds due from the LETf fund. (See PDF Page 62)	N/A	2022 (FY 2019-20)	<p>This finding was repeated in the FY 2021 audit. The City believed it had complied with the need to transfer money between bank accounts, which it views more as a bank reconciliation matter. After audit field work was completed for the FY 2021 audit, and once the final entries had been made, the City physically moved the annual differences between the two bank accounts. However, the auditors feel that the transaction should be done at fiscal year-end and prior to submitting a trial balance to them for audit purposes. If adjustments need to be made because of the audit (which would be possible but not likely), then a subsequent adjustment could be made.</p> <p>While the City believes this to be more form over function, it has agreed, beginning with the FY 2022 audit, to make a fiscal year-end adjustment prior to the final trial balance being submitted to the auditors. The City believes that this finding will not be repeated.</p>	Yes

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City of Winter Haven	Polk County	<u>2021-001 - 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. Various assets, liabilities, revenues, and net position fund balances were misstated. Errors in account balances were not detected during the year-end close process. 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 228)	MW	2022 (FY 2019-20)	<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 FY 2017-18, the finding was based on Airport grant revenue recognition and Utility service 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. In FY 2019-20, the finding was based on grant revenue accruals and actuarially determined prepaid pension plan contributions.</p> <p>Although, each of the scenarios noted above has been remedied, the City will have the same finding for FY 2020-21, which will primarily be based on grant revenue recognition and balance sheet reclassifications. 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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Town of Alford	Jackson County	<u>2007-002 - Segregation of Duties</u> : There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Town assets because the Town has limited personnel in the accounting department. The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected. The auditors realize that, due to the size of the Town's administrative staff, it is difficult to achieve ideal separation of duties. However, the auditors recommend that the Mayor remain very active and involved in the day-to-day operations, and controls be implemented to help compensate for these weaknesses and to provide checks and balances. (See PDF Page 49)	MW	2017 (FY 2014-15)	The Town will continue to incur this finding due to limited number of office staff (1). The Town only employs a Town Clerk who handles all of the accounting and collections. The Council will continue to have oversight of monthly expenses. The Clerk can only prepare checks and not sign them. Two signatures are required on all checks, and a list of monthly expenses for current and prior month are provided to the Council on a monthly basis.	No

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City of Archer	Alachua County	<u>2012-1 - Financial Statement Preparation</u> : The City does not have the expertise necessary to prevent, detect, and correct misstatements, and is not capable of drafting the financial statements and all required footnotes disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 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 21-01 - 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 79)	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
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

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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	2022 (FY 2019-20)	Management continually reviews current segregation of duties and reassigns job duties as permitted to allow for more appropriate segregation. More tasks have been assigned to both the Accounts Payable Specialist and the Procurement Administrative Assistant to improve the segregation of duties in the Finance Department. However, due to the loss of the previous City Manager/Finance Director, the staff requirements have become limited again. The City is hopeful that in the coming year the additional staff can be added to fulfill the requirements for the segregation of duties, but due to the small size of the current City staff it is unlikely that complete segregation of duties can be achieved in the coming fiscal year.	No
Town of Callahan	Nassau County	<u>2020-001 - Incompatible Duties</u> : Billing of utilities is performed by the same person that collects payments for utilities and enters payments into the accounting system. The prior auditor recommended that "steps should be taken to separate duties so that no person has access to both assets and the related accounting records, or to all phases of a transaction." The current auditor could not find where this situation had been fully addressed, and also recommended that greater control be implemented on these accounting functions. (See PDF Page 65)	N/A	2017 (FY 2014-15)	In prior years in response to similar findings, the Town implemented a system in which the water and sewer clerk and bookkeeper do not receive mail. A third person collects the mail and maintains logs of all funds received via the mail. Beyond this, the Town cannot sufficiently segregate duties to address the audit finding without hiring additional personnel. The Town has not had sufficient income to afford additional personnel and does not anticipate having sufficient income in the foreseeable future. The Town will address the audit finding to the best of its abilities by continuing to separate duties to the greatest extent possible given its budgetary limitations.	No

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City of Carrabelle	Franklin County	<u>2021-001 - 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
		<u>2021-002 - 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

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City of Coleman	Sumter County	<u>2021-1 - 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)	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
		<u>2021-2 - 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)	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>2021-001 - 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
Town of Ebro	Washington County	<u>2009-03 - Segregation of Duties:</u> The Town lacks sufficient personnel to design and implement adequate separation of duties. The finding could result in the misappropriation of assets and material misstatements to the financial statements. The auditors recommend that the Town Council, the Mayor, or a representative monitor ongoing operations to include systematic reviews of monthly financial activity and reporting. (See PDF Page 41)	MW	2017 (FY 2014-15)	While the Town lacks sufficient personnel to design and implement adequate separation of duties, the financial operations are monitored by the Mayor on a daily basis. The response includes specific information relating to compensation controls.	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 61)	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 Glen Saint Mary	Baker County	<u>2021-002 - 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 48)	MW	2017 (FY 2014-15)	Due to budget constraints, it is not feasible to have someone on staff with the knowledge and experience to correctly prepare the financial statements.	No
		<u>2021-001 - 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 48)	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 63)	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 63)	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>2021-001 - 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 55)	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
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 79)	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 45)	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>2021-001 - 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 36)	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 Macclenny	Baker County	<u>2021-001 - 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
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	<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 43)	MW	2017 (FY 2014-15)	The Town does not consider it cost effective due to its small size to develop and maintain a system of internal accounting control sufficient to prepare financial statements in accordance with generally accepted accounting principles or maintain internal staff.	No
		<u>2004-001 - Separation of Duties:</u> Custody of assets, record keeping, and recording of assets should have adequate separation. Due to the size of the Town, proper separation of duties may not be feasible. The auditors recommend that management remain very active and involved in the day-to-day operations and controls be established to provide checks and balances. (See PDF Page 43)	SD	2017 (FY 2014-15)	The Town is a small town and only has two office staff members. This is a remaining issue and the Town does not see it changing soon. The Mayor and Town Council will continue to be active and involved in the day-to-day operation of the Town's finances.	No

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Town of Mayo	Lafayette County	<u>2011-1 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 57)	SD	2017 (FY 2014-15)	The Town has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Mayor and the Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation before the Town Council.	No
City of Moore Haven	Glades County	<u>2021-001 - Audit Adjustments</u> : It was necessary for the auditors to propose audit adjustments to revise the City's books at year-end. These adjustments involved the recording of accruals, reclassifications of revenues and disbursements to the proper accounts, and fund balance reclassifications. The auditors acknowledge that this material weakness is already known to management and represents a conscious decision by management and the City Council to accept that degree of risk because of cost or other considerations. (See PDF Page 91)	MW	2017 (FY 2014-15)	The City is a very small community and receives approximately \$185,000 per annum in ad valorem revenue. The City is not in a financial position to hire additional staff to oversee the areas reported in the audit finding and the system which has been implemented provides for more than sufficient checks and balances by the City's auditors.	No

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City of Oak Hill	Volusia County	<u>SD01(2009) - Segregation of Duties</u> : 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	<u>2021-01 - 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)	SD	2017 (FY 2014-15)	Because of the financial disadvantage of the City, it does not have funding to staff an employee with the credentials that would be required to complete the financial statements according to generally accepted accounting principles. Therefore, the City relies on its accountants (auditors) to complete this task.	No
		<u>2021-02 - 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)	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
Town of Penney Farms	Clay County	<u>2011-1 - Financial Statement Preparation</u> : The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements, and is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. A deficiency in internal control exists in such instances. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Page 49)	SD	2017 (FY 2014-15)	The Town is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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Town of Pierson	Volusia County	<p><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)</p>	MW	2020 (FY 2017-18)	This finding relates to an area that may never be fully resolved due to limited staff and resources.	No
		<p><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)</p>	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

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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 27)	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>2021-002 - 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 91)	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>2021-004 - 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 92)	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
Town of St. Lucie Village	St. Lucie County	<u>2016-1 - Organizational Structure</u> : The size of the Town's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimal segregation of duties. The auditors recommend that the Town Commission remain involved in the financial affairs of the Town to provide oversight and review functions to assist the segregation of duties in the accounting department. (See PDF Page 21)	N/A	2017 (FY 2014-15)	The Town is a 2.6 mile by 0.4 mile area populated by approximately 600 residents, faced with the challenges of a small, part-time staff. The Town continues to keep its governing Board involved for oversight and creating mitigating controls. The response includes specific information relating to compensating controls implemented by the Town. With the procedures and oversight established, the Town is confident that adequate safeguards are in place to ensure protection of the Town's resources.	No

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City of St. Marks	Wakulla County	<u>2021-001 - 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 39)	MW	2017 (FY 2014-15)	The financial resources of the City are limited. The City has two employees who must perform all accounting duties. The City will try to segregate duties of handling cash, checks, posting receipts, and disbursements whenever possible. The City has also engaged another outside CPA firm to assist in bank reconciliations and budget versus actual comparisons to present for the City Council on a monthly basis. Therefore, as a compensating control, the City Council reviews the financial statements and budget comparison on a monthly basis. This control provides the additional level of review necessary to mitigate the lack of segregation of duties finding.	No
City of Trenton	Gilchrist County	<u>2009-1 - Financial Statement Preparation</u> : The City does not have the expertise necessary to prevent, detect, and correct misstatements, and is not capable of drafting the financial statements and all required 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 63)	SD	2017 (FY 2014-15)	The City is a very small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No

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Town of Wausau	Washington County	<u>2021-001 - 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 68)	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
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 54)	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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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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Avalon Beach / Mulat Fire Protection District	Santa Rosa County	<u>2021-003 - Reporting of Wages to FRS Understated and Lack of Reconciliation of Wages Reported to Payroll Reports:</u> Wages reported to the Florida Retirement System (FRS) for the current fiscal year were understated by an estimated \$62,417, which resulted in an estimated understatement of retirement contributions for the fiscal year of approximately \$15,490. This amount is combined with the understatement estimated for the prior two fiscal years of \$52,191 for a total estimated underpayment to FRS of \$67,681. This understatement was due to overtime not being reported, potential new employees not enrolled properly, and a lack of a reconciliation between the wages reported to FRS and amounts paid in regular salaries (as well as amounts deducted from employee's paychecks) with the wages reported to FRS. Wages were understated, in part, due to limited knowledge about what are considered pensionable wages by FRS. Per the FRS Employer Handbook, regular salaries include "all normal earnings of a member paid for work performed during the calendar month being reported and overtime payments." The auditors recommend that the District contact the State of Florida Retirement System to determine how best to correct this issue in prior years and moving forward. The auditors also recommend that the District review the FRS Employer Handbook to better understand the requirements of the retirement plans. (See PDF Page 46)	MW	N/A	N/A	Yes
Baker Fire District	Okaloosa County	<u>2021-02 - 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 35)	SD	2022 (FY 2019-20)	The District now has a Capital Asset Inventory.	Yes

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Big Bend Water Authority	Dixie County, Taylor County	<u>2021-001 - Utility Utilization</u> : During testing of utility billing, the auditors noted that the water system has an annual utilization percentage of approximately 58%, which is inefficient compared to other water systems. Additionally, the auditors noted that monthly utilization is highly volatile with large utilization variances month to month. The auditors recommend that the Authority work with its engineers and software vendor to determine ways to increase utilization and minimize potential water loss/uncaptured consumption. (See PDF Page 26)	N/A	N/A	N/A	Yes
Buckeye Park Community Development District	Manatee County	<u>IC2015-03 - Debt Administration</u> : The District is not in compliance with certain provisions of its Bond Indenture including those relating to: (1) collecting assessments to provide payment of debt service; (2) maintaining adequate funds in debt service reserve accounts; and (3) making its semi-annual debt service principal and interest payments. (See PDF Page 33)	N/A	2022 (FY 2019-20)	<p>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.</p> <p>The District is working towards a conclusion to this finding and foresees a conclusion by 9/30/2022.</p>	Yes

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Buckeye Park Community Development District (continued)	Manatee County (continued)	<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 33)	MW	2022 (FY 2019-20)	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. Most recent status: The District has worked with the Trustee to ensure that appropriate backup for expenditures taken from the debt service fund by the Trustee is provided to the District for its records.	Yes
CFM Community Development District	Lee County	<u>IC2010-01 - Failure to Comply with Bond Indenture:</u> The District did not collect adequate assessments to make the required debt service payments. The auditors recommend that the District use all available remedies to collect adequate assessments to make the required debt service payments. (See PDF Page 32)	N/A	2022 (FY 2019-20)	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). 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 (Series 2004A Bonds; Capital Improvement Revenue Bonds, Series 2004A-1; and Capital Improvement Revenue Bonds, Series 2004A-2). 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 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. In May 2021, the District issued \$10,545,000 Capital Improvement Revenue Bonds, Series	Yes

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CFM Community Development District (continued)	Lee County (continued)				2021. Contemporaneous with this issuance, the bondholders cancelled the outstanding Series 2004A-1 Bonds. As of 2/23/2022, the District is in compliance with the terms of the bond indentures, including the fully funding of the debt service reserve, collecting debt service assessments, and making its semi-annual debt service payments, and no further corrective measures need to be taken.	
Champion's Reserve Community Development District	Polk County	<u>2021-01 - Budget</u> : Actual expenditures exceeded appropriations in the general fund at fiscal year-end. The auditors recommend that the District amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted. (See PDF Page 30)	N/A	N/A	N/A	Yes
City-County Public Works Authority	Glades County	<u>2021-003 - No Review of Cash Reconciliations</u> : The Authority has no formal review of the bank reconciliations. As a compensating control, the Board reviews the disbursement detail, and one Board member must sign each check. However, there is no review performed over the existing check stock, and there is no log maintained of check numbers that could be used to verify there are no gaps in sequence between check runs and the Board-approved checks. While new policies and procedures were approved by the Board, they were not implemented during the fiscal year. The auditors recommend that the Authority appoint a Board member to review the bank statements and view returned checks to ensure dual signatures are listed (making sure one is from a Board member). The auditors further state that management could also maintain a running list of check numbers and, as the Board member signs checks, they initial by the check numbers that have been signed. By doing this, they can track to make sure there are no checks they did not see and approve. (See PDF Page 23)	N/A	2022 (FY 2019-20)	All Bank Statements and Reconciliations are available for any member of the Authority's Board to review. They are signed by the City of Moore Haven's City Clerk and one Board member. There is now a list passed around at every meeting with all check numbers, which is initialed by all Board members that are at that meeting. In addition, the City of Moore Haven's City Manager reviews them also.	Yes

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Clearwater Cay Community Development District	Pinellas County	<u>2019-01 - Debt Administration</u> : The District is not in compliance with certain provisions of its bond indenture including those relating to: 1) levying and collecting assessments to provide debt service payments, 2) maintaining adequate balances in the debt service reserve account, and 3) making its semi-annual debt service payments. The auditors recommend that the District take the necessary steps to be in compliance with the bond indenture. (See PDF Page 35)	N/A	2022 (FY 2019-20)	<p>Since 2015, the District has been a party to litigation brought by the property owners within the District against the District and the District's bondholders. The litigation is over the amount of the assessment for payment to the bondholders and remains pending in Circuit Court. One assessment supported by the bondholders was held invalid by the court, and no assessment has been subsequently validated.</p> <p>The District continues to seek resolution of the dispute between the property owners and the bondholders, but the matter is made difficult because there were no actual benefits resulting from the use of the bond proceeds, so the imposition of assessments against property owners to repay any portion of the bonds is unlikely to withstand judicial scrutiny. The District, is of course, complying with orders of the court and will continue to do so and to pursue a resolution to the action.</p>	Yes
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	2022 (FY 2019-20)	The District has been pursuing resolution to the financial emergency condition for a number of years. Pursuant to Resolution 2018-12, District counsel was authorized to pursue foreclosure on properties with delinquent non-ad valorem assessments and filed a foreclosure lawsuit against all delinquent landowners with delinquent assessments against their property. On 11/1/2017, the District's Series 2011B Bonds matured and were due and owed. The District then filed an amended foreclosure complaint to include the Series 2011B Bonds against all landowners with delinquent Bond Special Assessments against their property, with the exception of one landowner who filed for bankruptcy and was protected by the automatic stay. With regards to this landowner (Debtor), during the pendency of the Chapter 13 bankruptcy case, the Court ordered the sale of various properties owned by the Debtor and subsequently entered	Yes

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Concorde Estates Community Development District (continued)	Osceola County (continued)				<p>an Order Confirming the Chapter 13 Plan wherein the Chapter 13 Trustee was directed to hold proceeds from the sale of the Lots pending further order of the Court.</p> <p>The Debtor then filed an adversarial proceeding with the bankruptcy Court challenging the validity of the District's claims; the District then filed a Motion for Summary Judgment, and a pretrial conference was held on 10/14/2021. Prior to the pretrial conference, the Debtor filed a Voluntary Dismissal of both the bankruptcy proceeding and the adversarial proceeding. The Court scheduled a hearing for 1/13/2022 regarding the disposition of sale proceeds for the lots sold for which the District held claims. Prior to the 1/13/2022 hearing, the Debtor and the District entered into a stipulation for the disposition of proceeds from sale of the subject lots. The Court approved the stipulation, and an Order was entered on 1/6/2022 directing the disposition of funds for the lots sold for which the District held claims. On 1/13/2022, the bankruptcy Court dismissed the adversarial proceeding. On 1/14/2022, the bankruptcy Court granted an Ore Tenus Motion to Modify Confirmed Plan and directed the Trustee to disburse the balance on hand being held by the Trustee (approximately \$120,989.21) to the District, immediately upon entry of the order, relating to the District's claims.</p> <p>After almost four years of litigation, the Court entered, in favor of the District, a Final Judgment of Foreclosure on 5/18/2022. The District is currently finalizing court filings for the reimbursement of attorney's fees and costs which were awarded by the Court. Thereafter, the District will coordinate the foreclosure sale of the subject lots with the Clerk of Court.</p>	

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Creekside Community Development District	St. Lucie County	<u>2021-01 - 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. During the current fiscal year, 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 land sale closing is expected to occur within two years of the current fiscal year. In addition, the District has not been able to pay vendors for amounts for previous years due to a lack of funding. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31)	N/A	2022 (FY 2019-20)	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. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response other than negotiations between bondholders and property owner continue towards a permanent solution.	Yes
Crossings At Fleming Island Community Development District, The	Clay County	<u>15-01 - Failure to Make Debt Service Payments When Due</u> : In the current and prior years, the District did not pay the entire principal and interest due on the Golf Course Revenue Bonds Series 1999 because 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	2022 (FY 2019-20)	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	Yes

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Crossings At Fleming Island Community Development District, The (continued)	Clay County (continued)				the viability of a tender offer to redeem the defaulted bonds from current bondholders at a discount. Most recent status: The District continues to make necessary capital improvements to 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 does not require any financial assistance from the State.	
		15-02 - Failure to Meet Debt Service Reserve Account Requirement: 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	2022 (FY 2019-20)	See Response to Finding #15-01 above.	Yes
Fred R. Wilson Memorial Law Library	Seminole County	2011-3 - <u>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 institutions electronic fund disbursement system. As of 9/30/2021, the Library is not using such a system for disbursements and is handwriting said checks. (See PDF Page 26)	N/A	2022 (FY 2019-20)	The Board has since voted to discontinue the use of the creditors' automatic bill paying from the account, and has gone back to making payment by checks, with the self-imposed requirement that all checks are to be signed by two Board members.	Yes
		2018-2 - <u>Enhance Financial Position of Library</u> : The Library has been spending more than it has been earning. In addition, funding from Seminole County has been decreasing. The auditors state that the Library must reduce costs or find ways to generate additional revenue to continue operating in the foreseeable future. (See PDF Page 26)	N/A	N/A	N/A	Yes

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Gramercy Farms Community Development District	Osceola County	<p><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)</p>	N/A	2022 (FY 2019-20)	<p>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.</p>	Yes
		<p><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)</p>	N/A	2022 (FY 2019-20)	<p>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, 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.</p>	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 could not audit the records nor 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 of the District's government-wide financial statements. (See PDF Page 34)	N/A	2022 (FY 2019-20)	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 through 2019-20 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
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 Bonds, which are secured by the pledged revenue of the Golf Course and Restaurant. (See PDF Page 41)	N/A	2022 (FY 2019-20)	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,	Yes

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Heritage Isles Community Development District (continued)	Hillsborough County (continued)				<p>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. 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.</p> <p>Most recent status: The Restaurant and the Golf Course did operate at a small profit during FY 2019-20, and both operations have continued to trend in a positive direction from a business perspective. However, as of March 2022, the operations of the Golf Course and the Restaurant have not made an adequate enough 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 Series 1999 Bonds because these funds are still being used to maintain the operations and viability of the Golf Course and the Restaurant.</p>	

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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 fiscal years ended 2020 and 2021. (See PDF Page 42)	N/A	2022 (FY 2019-20)	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. 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 programming. Further, like most businesses dependent upon physically present customers, both the Facilities and	Yes

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Heritage Isles Community Development District (continued)	Hillsborough County (continued)				<p>the Restaurant suffered impacts directly associated with the COVID-19 pandemic.</p> <p>Most recent status: Fortunately, as the cloud of the COVID-19 pandemic has somewhat lifted, business at both the Facilities and the Restaurant has been trending in a positive direction. Also, there is no indication that the District does not have sufficient funds on hand to pay its general operations and maintenance expenses. Based on the foregoing, it appears likely that the repeat audit findings will continue until such time that the market for golf demonstrates significant, steady, and sustained improvement. The Board has no plans to close either the Facilities or the Restaurant, 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.</p>	
Holley-Navarre Fire Protection District	Santa Rosa County	<p><u>2021-01 - 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 45)</p>	SD	2022 (FY 2019-20)	The District has complied with requests suggested by the audit finding. The pensionable and nonpensionable wages have been differentiated by highlighting the pensionable wages. Also, a second administrative assistant double checks pension wages for discrepancies.	Yes

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Holley-Navarre Fire Protection District (continued)	Santa Rosa County (continued)	<u>2021-02 - Incorrect Compensation</u> : During audit testing of a sample of approved employee pay rates, the auditors found that two 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 45)	SD	2022 (FY 2019-20)	The District has complied with requests suggested by the audit finding. A second administrative assistant checks pay rates for discrepancies.	Yes
Holt Fire District	Okaloosa County	<u>2021-04 - 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 37)	SD	2022 (FY 2019-20)	On 10/1/2021, the District hired a new contractor to be the District's bookkeeper. The District also bought a new version of QuickBooks and finally succeeded in loading the old data from FY 2021 and earlier into it. For FY 2021 the District has made the requested changes, namely each credit card transaction would be loaded individually and bank reconciliations would be done on a regular basis. The District expects the FY 2021 audit to show a great improvement in both of these areas.	Yes
		<u>2021-05 - Timely Completion of Bank Account Reconciliations</u> : During the 2014, 2017, 2018, 2019, and 2020 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 2021 audit, the auditor discovered that bank reconciliations in QuickBooks were not completed on a regular basis. The auditor recommends that the District prepare bank reconciliations in QuickBooks on a regular basis. (See PDF Page 38)	SD	2022 (FY 2019-20)	See Response to Finding #2021-04 above.	Yes

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Holt Fire District (continued)	Okaloosa County (continued)	<u>2021-03 - 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 37)	SD	2022 (FY 2019-20)	The District has a purchasing policy that is very simple because the District is small: 1) All purchases under \$500 must be approved by the Fire Chief and a receipt provided; 2) Any purchase of \$500 and over must be approved by the District Commissioners in an official board meeting and have a receipt; 3) This applies to all purchases (credit card, cash, etc.); 4) The District's contracted bookkeeper will review and ensure all purchases have a source document (i.e., receipt); 5) This policy will be briefed to all firemen and District commissioners by 6/30/2022; and 6) This policy will be posted in the District's Book of Standard Operating Procedures after it is formally approved in the 6/14/2022 Commission meeting.	Yes
Housing Finance Authority of Volusia County	Volusia County	<u>2021-001 - 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, accounts payable, deferred revenue, operating revenue, and operating expenses. 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 17)	MW	2022 (FY 2019-20)	For many years, the Authority has kept its financial records on a cash basis accounting method. This proved to be a reliable method for many years and was an efficient use of the Authority's resources during that time, particularly given the fact that the Authority was not actively issuing bonds for many years, which resulted in lower revenue. Nonetheless, in 2018 the Authority began issuing bonds once again, and its revenues increased. After discussions with the Authority's auditors and other financial professionals, the Authority's Board members have decided to change the method of keeping its financial records from cash basis to accrual to correct the audit findings. The Authority's Board believes that this decision will fully resolve the audit findings and is actively working with its financial professionals to ensure the change goes smoothly and is accomplished quickly.	Yes

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Indian River Soil and Water Conservation District	Indian River County	<u>2021-001 - 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 23)	SD	N/A	N/A	Yes
Indigo Community Development District	Volusia County	<u>2021-01 - Financial Condition Assessment</u> : The District's financial conditions continue to deteriorate. The debt service fund had a negative fund balance of \$2,436,391 at fiscal year-end. In the prior and current 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 for the Series 1999C and 2005 Bonds. 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 33)	N/A	2022 (FY 2019-20)	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	Yes

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Indigo Community Development District (continued)	Volusia County (continued)				represents significant progress towards that accomplishment. The District continues to pursue resolution to the continued repeat audit finding as expeditiously as possible. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response. The District's operating revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the state.	
Leon County Educational Facilities Authority	Leon County	<u>2021-001 - 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 (5.22). 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 37)	N/A	2022 (FY 2019-20)	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 court-appointed Receiver and not LCEFA Ocala Road, LLC.	Yes
		<u>2021-002 - 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 \$66,147, which is less than the debt service requirement. (See PDF Page 38)	N/A	2022 (FY 2019-20)	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 court-appointed Receiver and not LCEFA Ocala Road, LLC.	Yes

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Leon County Educational Facilities Authority (continued)	Leon County (continued)	<u>2021-003 - 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 (Fund) resulting from the classification of long-term debt as current due to noncompliance with certain debt covenants associated with the Fund's 2003 bond series. 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 the 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. Although proceeds from the settlement are being used to repair the existing structural damage, occupancy is expected to be lower until repairs are completed. (See PDF Page 40)	N/A	2022 (FY 2019-20)	On 10/29/2019, 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 have not been enough to remediate the extensive deficiencies resulting from the original construction, make the needed upgrades, operate the property, and service the existing debt. By the Fall of 2021, a new receiver had been approved by the court and the existing Bonds have changed hands. As a result, extensive repair work has been initiated with funding supported by the new Bondholder. The expectation is that all of the buildings will be remediated and upgraded by the end of calendar year 2023. In addition, the existing clubhouses will be modified to provide additional amenities to tenants and a new leasing center. The Authority does not believe these improvements and upgrades would have been possible outside of the receivership.	Yes
Levy Soil and Water Conservation District	Levy County	<u>19-01 - Budgets:</u> The District did not prepare a budget for the entire operations of the District for the 2020-21 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 the Board adopt an annual budget based upon its goal for the upcoming year. (See PDF Page 25)	N/A	N/A	N/A	Yes

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Longleaf Community Development District	Pasco County	<u>2021-01 - 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 33)	N/A	2022 (FY 2019-20)	For FY 2021, the District approved the refinancing of the existing bonds. Once the bonds have been refinanced, the capital improvements paid from the operations of the District will be reimbursed.	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	2022 (FY 2019-20)	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. As of 2/3/2022 (date of response letter), 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 the Series 2017A bonds and \$280,000 of the 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 because the reserve account was utilized in a prior year to make debt service payments. The auditors recommend that the District use all available remedies to restore the reserve account to the required balance. (See PDF Page 33)	N/A	2022 (FY 2019-20)	As stated in the response to 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, as noted in the response to Finding #16-01 above, are not presently being collected in full as a result of Bondholders and Trustee direction.	Yes

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Madison County Health and Hospital District	Madison County	<u>2021-001 - General Accounting Records</u> : Estimates for accounts receivable allowances were calculated based on revenues rather than current collection history which resulted in a significant understatement. Accounts receivable allowances should be based on history and expectations of reimbursement. The allowance methodology currently utilized does not consider actual reimbursement on existing accounts receivable. Rather, it is based on total revenue, regardless of expected collections. The District's financial statements could be materially misstated. The auditors recommend that allowances be adjusted according to current reimbursement percentages based on actual collection history to determine the collectability of the accounts. (See PDF Page 36)	MW	N/A	N/A	Yes
		<u>2021-002 - General Accounting Records</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 37)	SD	2022 (FY 2019-20)	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 Chief Financial Officer (CFO) and the 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 the human resource officer to perform tasks outside their normal duties. The Hospital has implemented additional reviews by the Chief Executive Officer where possible. The Hospital has also hired an executive assistant to also assist with reviews where possible.	Yes

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Magnolia Creek Community Development District	Walton County	<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 34)	N/A	2022 (FY 2019-20)	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. In September 2021, and pursuant to the tri-party agreement, the LLC sold the property acquired at foreclosure. As a result of such sale, in November 2021 \$4,558,898.71 in accrued interest was paid. In December 2021, at the direction of a majority of the owners of the Series 2007 Bonds, the Trustee and the District entered into an amendment to the Trust Indenture adjusting the Series 2007A reserve fund requirement to \$77,032 based on the Trustee's cancellation of all Series 2007B Bonds and right-sizing of outstanding Series 2007A Bonds in the aggregate principal amount of \$840,000. The District's position is that corrective action, within the ability of the District, has been taken relating to the finding.	Yes

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Meadow Pointe IV Community Development District	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 remains in noncompliance 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	2022 (FY 2019-20)	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 various tri-party agreements (whereby the SPE assumed responsibility for the prior year debt service assessments owed to the District related to the land owned by the SPE, per a prior year response). They also entered into restructuring agreements and restructured portions of the bonds, but left some bonds unexchanged. As noted in a prior year response, the SPE subsequently sold all of the remaining lots to a developer to complete the development. As the developer continues to sell lots, funds are remitted to the Trustee to pay principal and interest on the unexchanged bonds. The principal on the unexchanged 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
		<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	2022 (FY 2019-20)	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	Yes

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Meadow Pointe IV Community Development District (continued)	Pasco County (continued)				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. The SPE is no longer a landowner within the boundaries of the District. The District's position is that corrective action, to the extent it can be at this time, has been taken relating to the finding.	
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	2022 (FY 2019-20)	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's revenues continue to exceed expenses less depreciation, which is a non-cash item. As well, during the past three years the net position deficit has been reduced by 21%.	Yes
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,	N/A	2022 (FY 2019-20)	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, the Trustee, and the 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,	Yes

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Montecito Community Development District (continued)	Brevard County (continued)	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)			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. Most recent status: The Board of Supervisors and the Trustee have approved the Second Amendment to the Master Trust Indenture and First Supplemental Trust Indenture related to the Special Assessment Bonds, Series 2006A and 2006B, effective 11/1/2021. This finding has been corrected.	
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	2022 (FY 2019-20)	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,	Yes

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Naturewalk Community Development District (continued)	Walton County (continued)				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.	
		<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	2022 (FY 2019-20)	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 2019-20 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	2022 (FY 2019-20)	Management does not agree that the SPE should be included as a discretely-presented component unit on the government-wide financial statements. Management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit for the following reasons: (1) The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE; and (2) The District has not benefitted from the activities of the SPE.	Yes

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North Pointe Special Dependent Tax District	Hillsborough County	<u>2021-01 - Required Website</u> : The District does not have an official website as required in Section 189.069, Florida Statutes. The auditors recommend that the District create and maintain a website to comply with Florida Statutes. (See PDF Page 26)	N/A	N/A	N/A	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 2020-21 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)	N/A	2022 (FY 2019-20)	The Board will adopt a budget as required for the upcoming fiscal years. Due to the small size and limited resources of the District, this issue may never be fully resolved. The District considers the cost to implement and maintain a system of internal control to be prohibitive.	Yes
Portofino Vista Community Development District	Osceola County	<u>2021-01 - 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 2011-2021, 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 \$5,338,478 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	2022 (FY 2019-20)	Prior years' correspondence described the history and status of the District: The developer stopped paying assessments in prior fiscal years, and the District filed a lawsuit seeking to foreclose on all property benefitted by Series 2006 Bonds for which there were delinquent assessments. The District dismissed the foreclosure lawsuit subject to negotiations of a settlement agreement between landowner, debt holders, and the District. The District entered into a settlement agreement in November 2014 and established a special purpose entity (SPE) to own, maintain, and market for resale the property within the District that has delinquent assessments. Once the property is sold, the outstanding delinquent assessments will be satisfied, and the bonds secured by the assessments on this property will be paid or cancelled. Unfortunately, the District is not able to correct the findings while this process continues. Most recent status : There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes

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Reunion East Community Development District	Osceola County	<u>2021-01 - 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 and Series 2005 Bonds. In addition, the debt service fund reported a fund balance of \$11,204,611 at fiscal year-end. The auditors recommend that the District continue to take the necessary steps to alleviate the situation. (See PDF Page 33)	N/A	2022 (FY 2019-20)	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 evidenced by exchanged bonds. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year 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 the 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	<p><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)</p>	N/A	2022 (FY 2019-20)	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 are being 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
		<p><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)</p>	N/A	2022 (FY 2019-20)	The Developer has assumed responsibility for the operations and maintenance assessments of the District. 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
		<p><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</p>	N/A	2022 (FY 2019-20)	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, 2018-19, and 2019-20 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	Yes

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Riverwood Estates Community Development District (continued)	Pasco County (continued)	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 government-wide financial statements. (See PDF Page 33)			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 not be paid to the District for any purpose; 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.	
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 34)	N/A	2022 (FY 2019-20)	The District utilized a portion of the Series 2011-A-1 bond reserve to make the related debt service payment in May 2018. This action was appropriate and necessary as assessment collections were not sufficient due to unpaid property taxes by certain landowners. As a result, those properties escheated to the County. That said, the District, the Trustee, and the Bondholders are all working to address the issue. It is also worth noting that all debt service payments have since been paid as directed by the Bondholders via the Trustee.	Yes
Sterling Hill Community Development District	Hernando County	<u>12-03 - Failure to Meet Debt Service Reserve Account Requirement:</u> At fiscal year-end, the Series 2003 Debt Service Reserve Account was not in compliance with the Trust Indenture, which requires the District to maintain a minimum balance in the Reserve Account. The balance in the Debt Service Reserve Account was used to pay debt service in prior years. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 32)	N/A	2022 (FY 2019-20)	During a prior year, pursuant to the Indenture, the District filed a foreclosure action against three landowners for failure to pay assessments due on the Series 2003B Bonds. The Trustee created a Special Purpose Entity (SPE) to own and maintain the property subject to foreclosure of the 2003 assessment liens. Also, in a prior year one landowner voluntarily conveyed land to the SPE in lieu of foreclosure. Unfortunately, the sale of the lands by the SPE to a builder did not generate enough funds to redeem the outstanding Series 2003B Bonds and, since the assessments were foreclosed upon or surrendered in lieu of foreclosure, there was no longer an assessment lien	Yes

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Sterling Hill Community Development District (continued)	Hernando County (continued)				securing such Series 2003B Bonds. Funds from the Debt Service Reserve Account were used to make partial payments and, as there is no source of funds to replenish the account, they do not meet the requirements in the Indenture. The District's position is that corrective action, to the extent it can be at this time, has been taken.	
		<u>12-04 - Failure to Make Debt Service Payments When Due:</u> In current and prior years, the District did not pay all required debt service payments due on the Series 2003 Bonds. The auditors recommend that the District bring the debt service payments current. (See PDF Page 33)	N/A	2022 (FY 2019-20)	The explanation for Finding #12-03 above also applies to this finding. 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 or restructuring 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
Stevens Plantation Community Development District	Osceola County	<u>2021-01 - Financial Condition Assessment:</u> The District's financial conditions continue to deteriorate. The debt service fund had a negative fund balance of \$3,430,423 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 32)	N/A	2022 (FY 2019-20)	The proximate cause of the District's financial condition issues was the failure of the certain landowners within the District (Delinquent Lands) to pay special assessments (Delinquent Assessments) pledged to repay the District's Special Assessment Revenue Bonds, Series 2003A and 2003B (collectively, the "Series 2003 Bonds"), issued by the District to assist in financing the construction of the District's public infrastructure. The Delinquent Lands are generally commercial parcels and one undeveloped multi-use parcels, which have not been sold to end users for development. The unpaid assessments created events of default with regards to the Series 2003 Bonds which, thereafter, created certain remedial rights and remedies in favor of the Bond Trustee who, along with its counsel	Yes

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Stevens Plantation Community Development District (continued)	Osceola County (continued)				<p>and the Bondholders, are actively working towards remedying the default.</p> <p>The Bondholders are continuing to receive certain payments on the bonds; as of 12/3/2020 the Bond Trustee was directed by 100% of the Bondholders of the outstanding Series 2003A Bonds to pay all past-due, accrued interest for the period 5/1/2019 through 10/31/2020, and principal distribution for the same period in the aggregate amount of \$1,036,298.78. The Bond Trustee also received direction from 100% of the beneficial holders of the outstanding Series 2003B Bonds to make interest distributions, representing payment of all past-due, accrued interest for the period 11/1/2019 through 10/31/2020, in the aggregate amount of \$442,680.00 and a distribution on the Series 2003B Bonds in the amount of \$1,432,958.23, thereby reducing the principal balance of those bonds.</p> <p>The unsold commercial parcels of the Delinquent Lands are owned primarily by the City of St. Cloud (City), and those properties are currently listed for sale through a licensed real estate broker. The undeveloped multi-use parcel was sold recently to a residential developer and two commercial parcels were sold to multi-family developers. A small number of parcels of the Delinquent Lands are residential lots that are defaulted in their 2003B lump sum bond payment; foreclosure actions have been filed and a substantial number have settled while others remain in litigation and/or a judgment has been granted. The Bond Trustee and the Bondholder representatives are actively working with the District and the City to negotiate a resolution to the issues. Sales of the remaining</p>	

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Stevens Plantation Community Development District (continued)	Osceola County (continued)				<p>Delinquent Lands are expected to occur in the next few years. The large multi-use parcel is under contract for sale at this time.</p> <p>Considering the current facts referenced above, the District does not and will not need State assistance to resolve the identified conditions. However, because the Series 2003 Bonds remain in default and certain of the Delinquent Lands remain unsold, the work with the Bondholders and the Bond Trustee will continue for several more years to fully resolve the defaults.</p>	
Treeline Preserve Community Development District	Lee County	<p><u>2021-01 - Financial Condition Assessment</u>: The District did not have sufficient funds to make the Series 2007 debt service payments due during fiscal years 2010- 2021, 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 \$8,394,375 in the debt service fund. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 33)</p>	N/A	2022 (FY 2019-20)	<p>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</p>	Yes

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Treeline Preserve Community Development District (continued)	Lee County (continued)				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. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response.	
Waterford Estates Community Development District	Charlotte County	<u>2021-01 - 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 \$4,778,929 at fiscal year-end, and the reserve requirement has not been met. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31)	N/A	2022 (FY 2019-20)	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. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response.	Yes
West Palm Beach Downtown Development Authority	Palm Beach County	<u>2019-003 - Non-Interest Bearing Bank Account:</u> At fiscal year-end, the Authority had approximately \$4.3 million in a non-interest bearing checking account. The auditors recommend that the Authority consider alternative financial products that will provide interest on this significant amount of funds. (See PDF Page 40)	N/A	N/A	N/A	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	2022 (FY 2019-20)	<p>In 2008, the original developer defaulted on payments of its Debt Assessments. As a result, the District was unable to make full debt service payments on its Series 2004A Bonds. The bonds are limited obligation revenue bonds, secured solely from a pledge of the Debt Assessments and are not a full faith and credit obligation of the District. In 2009, the District received direction from the Bond Trustee not to foreclose on the delinquent Debt Assessments, and in 2013 a Forbearance Agreement was entered into and the District was directed not to undertake any enforcement actions on the delinquent Debt Assessments.</p> <p>In 2017, the District, the Bond Trustee, and a subsequent landowner entered into a settlement agreement relating to a proposed sale of one undeveloped parcel, which brought the delinquent Debt Assessments current for that parcel. In 2020 the District, the Bond Trustee, and a subsequent landowner entered into a settlement agreement relating to a proposed sale for two undeveloped parcels that is expected to bring the delinquent Debt Assessments current for those two parcels. The parcels are being sold in phases and so far three phases have already closed and have been brought current, and the remainder phases are currently under contract for sale to a homebuilder and are expected to close by 12/31/2022.</p> <p>Certain other undeveloped parcels with delinquent Debt Assessments are currently involved in litigation. The District received a letter proposing a similar settlement agreement in late 2021 for two of these parcels, but the litigation must first be resolved. Given the strong demand</p>	Yes

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Woodlands Community Development District, The (continued)	Sarasota County (continued)				<p>for housing in Florida, the District hopes that the litigation will be settled or adjudicated quickly, and the remainder delinquent Debt Assessments will be brought current and parcels developed as was facilitated by the District previously.</p> <p>The District has performed all of its obligations under the Indenture and the Forbearance Agreement and has attempted in good faith to resolve the findings, but it cannot compel the property owners to bring the assessments current and resolve this issue and has been explicitly directed by the bondholders and the Bond Trustee to not make any attempts to do so. The findings will most likely be repeated in the FY 2020-21 audit report.</p>	
		<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)</p>	N/A	2022 (FY 2019-20)	See Response to Finding #13-01 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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Alligator Point Water Resources District	Franklin County	<u>2021-001 - Preparation of Financial Statements:</u> A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). For the current fiscal year, 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)	MW	2017 (FY 2014-15)	While it has been the District's practice to have its Fiscal Administrator prepare monthly financial reports for the Board of Directors and financial reports in preparation of the annual audit, the District has relied on the audit firm to identify and draft the financial statements and related note disclosures. It would be cost prohibitive to engage another accounting firm to draft the financial statements and related disclosures in advance of the year-end audit procedures.	No
		<u>2021-002 - Segregation of Duties:</u> Due to the size of the District's accounting and administrative staff, certain internal controls are not in place that would be preferred if staff were large enough to provide optimum segregation of duties. One employee is responsible for billing utility customers, collecting payments, entering deposits into the accounting system, 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)	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, Jefferson, Madison, Taylor Counties	<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>2021-002 - Adjustments to Financial Statements:</u> Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to be materially correct and conform to generally accepted accounting principles. While the auditors realize it would not be 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 45)	MW	2020 (FY 2017-18)	The District hired an outside bookkeeper in September 2019. The District expects this will help to continue to reduce the number of proposed audit entries required by the auditors each year. Additional oversight by the Board has been implemented in order to reduce the risk caused by this internal control weakness. The District requests that: (1) it not be required to acquire the resources necessary to completely eliminate this finding in future audits, and (2) the auditors be allowed to continue to assist in proposing certain adjusting journal entries when necessary. The District will continue to be vigilant in seeking to continue to reduce the number of required audit entries every year.	No
		<u>2021-001 - 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	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,	No

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Avalon Beach / Mulat Fire Protection District (continued)	Santa Rosa County (continued)	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 45)			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 the Treasurer.	
Baker County Development Commission	Baker County	<u>2021-002 - 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
		<u>2021-001 - 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 receiving process prepares bank reconciliations. Finally, the Board reviews and approves all expenses before checks are approved.	No

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Baker County Hospital District	Baker County	<u>2021-002 - Financial Reporting</u> : As part of the audit process, the auditors proposed material adjustments to the District's financial statements and assisted with the preparation of the financial statements. The proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the District consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving this process, the District will have an enhanced ability to monitor its budget position on an ongoing basis. (See PDF Page 22)	MW	2017 (FY 2014-15)	Because of limited staff, no one on staff has the education, training, or experience to always prepare the financial statements perfectly. However, with 30 years of business experience, the executive director has the ability to discuss entries and approve corrections when they are suggested by the accounting firm conducting the audits.	No
		<u>2021-001 - 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>2021-01 - 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	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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Baker Fire District (continued)	Okaloosa County (continued)	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)				
Bay Medical Center	Bay County	<u>2021-001 - 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 50)	MW	2022 (FY 2019-20)	The Bay Medical Center d/b/a Bay Health Foundation (Foundation) has a small accounting and administrative staff, which precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. The Board of Directors (Board) is very involved in the operations of the Foundation. For example, staff cannot sign checks for any amount. Checks are signed by two Board officers and invoices are reviewed and initialed at that time by those officers. The Board and staff understand that having a small staff dictates that the Board remain involved in the financial affairs of the Foundation to provide oversight and independent review functions. The Board currently and will continue to maintain the following review functions: (1) Financial statements are prepared and presented to the Board monthly; (2) Two members of the Board sign checks and review invoices; and (3) An officer of the Board opens operating bank statements monthly and reviews for any irregularities. The Board understands that this issue may never be fully resolved due to limited staff and resources and will continue to be very involved in the operations.	No
Beach Mosquito Control District	Bay County	<u>2021-1 - 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	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	No

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Beach Mosquito Control District (continued)	Bay County (continued)	(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 50)			reviewing the monthly deposits and expenditures and including approval and comments in the minutes of the Board meetings.	
Cedar Key Water and Sewer District	Levy County	<u>2021-001 - 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 continue its practice of ongoing oversight to mitigate the control deficiency. (See PDF Page 17)	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
City-County Public Works Authority	Glades County	<u>2021-002 - Audit Adjustments:</u> The auditors proposed audit adjustments to revise the Authority's books at fiscal year-end. These adjustments involved the recording of accruals. The Authority has a limited number of personnel, and some accounts do not get reconciled properly due to time constraints. The auditors understand that this material weakness is already known to management and represents a conscious decision by management and the Board of Supervisors to accept that degree of risk because of cost or other considerations. (See PDF Page 20)	MW	2017 (FY 2014-15)	The Authority is located in a small rural community with limited resources. Unfortunately, the Authority is not in a financial position to hire additional staff. The system which has been implemented provides for more than sufficient checks and balances.	No

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City-County Public Works Authority (continued)	Glades County (continued)	<u>2021-001 - Segregation of Duties</u> : The Authority does not have adequate segregation of the accounting functions due to a limited number of personnel, which is necessary to ensure adequate internal controls. The auditors understand that this material weakness is already known to management and represents a conscious decision by management and the Board of Supervisors to accept that degree of risk because of cost or other considerations. If additional segregation is not feasible, the auditors recommend that Authority management and the Board of Supervisors continue to implement and perform oversight procedures to help mitigate the lack of segregation of duties as much as possible. (See PDF Page 19)	MW	2017 (FY 2014-15)	The Authority is located in a small rural community with limited resources. Unfortunately, the Authority is not in a financial position to hire additional staff. The system which has been implemented provides for more than sufficient checks and balances.	No
Fellsmere Water Control District	Indian River County	<u>2021-001 - 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
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	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	No

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Fred R. Wilson Memorial Law Library (continued)	Seminole County (continued)	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 26)				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.	
		<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. The auditors state that 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 26)	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	
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	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	No	

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Gilchrist Soil and Water Conservation District (continued)	Gilchrist County (continued)	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)			District or in the safeguarding of District assets. The procedures for the handling of these aspects are examined in the audit.	
Holt Fire District	Okaloosa County	<u>2021-01 - 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 36)	MW	2022 (FY 2019-20)	The relative size and financial condition of the District has not changed. The District's Commissioners decided to continue to rely on an external auditor to propose audit adjustments and prepare the annual financial statements in accordance with GAAP. The District's Commissioners will continue to review the financial situation of the District at its monthly meeting.	No
		<u>2021-02 - 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 36)	MW	2019 (FY 2016-17)	The Commission believes that, because of the limited manpower and fiscal constraints that the District has, it will not be able to segregate certain incompatible duties so that no one employee has access to all phases of a transaction. Currently the Board of Commissioners (Board) reviews all monthly expenditures over \$500 and most expenditures below that amount to ensure that all expenses are valid and needed by the District. The District believes this procedure and the yearly audit will mitigate the shortfall in personnel and resources. Everyone in the Fire Department and the Board is a volunteer with only one part-time contractor working as a bookkeeper. The Board will continue to review this write-up yearly and, when possible, begin segregating incompatible duties.	No

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Indian River Farms Water Control District	Indian River County	<u>2021-001 - 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
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 53)	SD	2017 (FY 2014-15)	The Authority is a very small government and has used its available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. Both staff and the Board of Trustees review the annual financial reports prepared by the audit firm utilizing these records and have the opportunity to ask any questions regarding the reports prior to its formal presentation at a scheduled meeting of the Board of Trustees. At this time, the Authority does not believe it would not be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements.	No
Levy Soil and Water Conservation District	Levy County	<u>13-01 - Financial Statement Preparation Knowledge</u> : District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 24)	N/A	2017 (FY 2014-15)	As a small county it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The District appreciates the efforts of the auditors in preparing the financial statements and will continue to rely on their expertise in the future.	No

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Madison County Soil and Water Conservation District	Madison County	15-01 - Financial Statement Preparation Knowledge: District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor encourages District personnel to increase their knowledge of the standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Page 24)	N/A	2019 (FY 2016-17)	The size and budget of the District does not allow the employment of an experienced accountant. The financials and the audit are reviewed by the District's Board, which includes a local accountant.	No
Marion County Law Library	Marion County	2021-2 - Financial Reporting: 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

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Marion County Law Library (continued)	Marion County (continued)	<u>2021-1 - Segregation of Duties</u> : The accounting function is primarily handled by one employee of the Library, often handling complete accounting cycles and having access to the complete accounting system, including the handling of cash receipts and reporting of cash receipts 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
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)	N/A	2020 (FY 2017-18)	The District is a small governmental entity with no employees. This comment will continue to be repeated in future audits as the District does not have the resources to hire an accountant with expertise to prepare governmental financial statements. The District will continue to rely on its auditing firm to prepare the financial statements.	No

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North Okaloosa County Fire District	Okaloosa County	<u>2021-01 - 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 to perform non-attest services, including assistance with the preparation of the financial statements in accordance with generally accepted accounting principles. The auditor stated that: (1) 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; and (2) The District also signs a management representation letter acknowledging its responsibility for the financial statements. (See PDF Page 38)	MW	2022 (FY 2019-20)	This finding has not been corrected by the District and relates to an area that may never be fully resolved due to limited staff and resources of the District. The District continues to believe the cost borne by taxpayers in fully correcting the weakness outweighs the benefits derived from additional controls because of the limited financial resources available and small size of the District. The District understands its responsibility as management to review and approve the draft financial statements and audit adjustments. As such, the District continues to implement an internal control of having Board members with years of business and accounting experience review and approve the financial statements and all audit adjustments prior to the issuance of the audit report.	No
North St. Lucie River Water Control District	St. Lucie County	<u>ML 2021-1 - 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 hiring additional staff. (See PDF Page 33)	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
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 in order to ensure that they were presented in conformity with generally accepted accounting principles. The auditors recommend	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	No

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Palatka Gas Authority (continued)	Putnam County (continued)	that the Authority consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process and fiscal year close-out process. (See PDF Page 34)			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.	
Polk Soil and Water Conservation District	Polk County	<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)	N/A	2022 (FY 2019-20)	Due to the small size and limited resources of the District, 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 the Board members review the financial statements at regularly scheduled meetings.	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	N/A	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	No

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Putnam Soil and Water Conservation District (continued)	Putnam County (continued)	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)			continue to rely on its auditing firm to prepare the financial statements.	
Seminole County Port Authority	Seminole County	<u>2010-2 - Improve Knowledge of Internal Control over Financial Reporting:</u> The person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles (GAAP) in recording the Authority's financial transactions or preparing its financial statements and related disclosures. The basis for this control issue is that the auditor cannot be considered part of the Authority's internal control (i.e., cannot be substituted for elements within the Authority's internal control system). The auditors recognize that it requires the Authority's assessment of a cost-effective solution 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 37)	N/A	2017 (FY 2014-15)	The Authority's Board and management have decided from a cost/benefit analysis, it is not practical to expend funds to employ additional personnel to correct this deficiency. The Authority has engaged the auditors to assist in the preparation of the year-end financial statements and required notes and other information. The only benefit the Authority would realize from having the internal expertise to produce the financial statements would be to remove this finding.	No
		<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 upon an 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. The auditors state that increased involvement of the Board of Directors mitigates, to a limited degree, for the absence of adequate segregation of duties. (See PDF Page 37)	N/A	2017 (FY 2014-15)	The Authority has limited staff that consists of one executive secretary/assistant and one executive director. The Authority's Board and management have decided from a cost/benefit analysis, it is not practical to expend funds to employ additional personnel to correct this deficiency. Procedures implemented to mitigate the deficiency are described in the response.	No

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

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2020-21 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
South Seminole and North Orange County Wastewater Transmission Authority	Orange County, Seminole County	<u>2021-01 - 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 48)	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
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

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

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Special District	County	Audit Finding	MW or SD?	Year Last Response Received (RE: Fiscal Year)	Summary of Entity's Most Recent Response	Recommend Requiring a Written Response this Year?
Taylor County Development Authority	Taylor County	2017-1 - Financial Statement Preparation: 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, Jackson, Washington Counties	2007-001 - Financial Reporting: 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 cost and benefits of developing and implementing such a system with the understanding that, due to the size of its accounting department, it will likely continue to need external assistance in preparing the accounting records to produce the financial statements in accordance with GAAP. (See PDF Page 20)	MW	2017 (FY 2014-15)	The Authority's Treasurer monitors the banking account on line, and all checks written on the account are required to be signed by both the Chairman and the Treasurer. A local accounting firm has been hired to assist with the preparation of the monthly statements and providing the required checks and balances needed.	No

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

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
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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.

Notification from Auditor General:
State Universities and Florida College System Institutions

From: JAIME HOELSCHER <JAIMEHOELSCHER@aud.state.fl.us>
Sent: Wednesday, July 06, 2022 8:43 AM
To: Dubose, Kathy <DUBOSE.KATHY@leg.state.fl.us> GREG CENTERS
<GREGCENTERS@AUD.STATE.FL.US>
Cc:
Subject: Notification pursuant to Section 11.45(7)(j) Florida Statutes

Ms. Dubose,

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

This e-mail is to notify you that audit reports issued during the period July 1, 2021, through June 30, 2022, for the 12 State universities and 28 colleges disclosed that Miami Dade College was the only institution that failed to take full corrective action in response to one or more recommendations included in the two preceding financial or operational audit reports, as linked below.

Institution	Report Numbers	Finding Numbers
Miami Dade College	2022-083	1,4,5
	2018-209	1,9,7
	2016-190	8,6,3

Sincerely,

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

From: TED WALLER <TEDWALLER@AUD.STATE.FL.US>
Sent: Thursday, June 30, 2022 4:53 PM
To: Dubose, Kathy
Subject: Notification pursuant to Section 11.45(7)(j) Florida Statutes
Attachments: 2022 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, 2021, through June 30, 2022, for the 67 district school boards disclosed 9 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, 2021, THROUGH JUNE 30, 2022, 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. Alachua	<u>2022-099</u>	Operational: 9
	<u>2019-085</u>	Operational: 1
	<u>2016-079</u>	Operational: 5
2. Bay	<u>CPA Firm FY 2020-21</u>	Financial: 2021-001
	<u>2021-173</u>	Financial: 2020-001
	<u>CPA Firm FY 2018-19</u>	Financial: 2019-001
3. Broward	<u>2022-149</u>	Operational: 2
	<u>2019-210</u>	Operational: 3
	<u>2016-180</u>	Operational: 5
4. Clay	<u>2022-081</u>	Operational: 7
	<u>2019-115</u>	Operational: 13
	<u>2017-069</u>	Operational: 8
5. Dixie	<u>2022-041</u>	Operational: 3
	<u>2019-060</u>	Operational: 6
	<u>2016-094</u>	Operational: 5
6. Glades	<u>2022-165</u>	Financial: 2021-001
	<u>2021-140</u>	Financial: 2020-001
	<u>2020-175</u>	Financial: 2019-001
7. Hernando	<u>2022-055</u>	Operational: 4
	<u>CPA Firm FY 2019-20</u>	Financial: 2017-1
	<u>CPA Firm FY 2018-19</u>	Financial: 2017-1
8. Jefferson	<u>2022-110</u>	Operational: 5
	<u>2019-208</u>	Operational: 2
	<u>2016-169</u>	Operational: 5

AUDIT REPORTS ISSUED
 JULY 1, 2021, THROUGH JUNE 30, 2022, FOR
 DISTRICT SCHOOL BOARDS THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION
 THAT WAS INCLUDED IN TWO PRECEDING AUDIT REPORTS

DISTRICT
 SCHOOL BOARD

REPORT NUMBERS

FINDING NUMBERS

9. Polk	<u>2022-070</u>	Financial: AM 2021-001
	<u>CPA Firm FY 2019-20</u>	Financial: 2020-003
	<u>CPA Firm FY 2018-19</u>	Financial: 2019-001
	<u>2022-078</u>	Operational: 1, 6
	<u>2019-204</u>	Operational: 1, 5
	<u>2016-081</u>	Operational: 2, 1

Note: 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: JACQUELINE BELL <JACQUELINEBELL@AUD.STATE.FL.US>
Sent: Monday, June 13, 2022 2:37 PM
To: Zika, Ardian; Baxley, Dennis
Cc: White, Deborah; Dubose, Kathy
Subject: 2020-21 FY Notification Pursuant to Section 218.39(8), Florida Statutes
Attachments: 2021 PPY Findings Notification.xlsb

Good afternoon,

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

This email is to notify you of the 2020-21 fiscal year charter school and technical career center audit reports that indicate the audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.

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

Thank you,

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

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

Charter School	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
Arts Academy of Excellence	Miscellaneous	2021-01	2020-01	2019-01	37	No
Big Pine Elementary Academy	Other Expenditures	2021-01	2020-01	2019-01	25	No
Cape Coral Charter School Authority	Records Management	2021-001	2020-001	2019-001	65	No
Championship Academy of Distinction at Davie	Separation of Duties	2021-004	2019-003	2019-003	37	No
Championship Academy of Distinction Hollywood	Separation of Duties	2021-004	2019-003	2019-003	36	No
Championship Academy of Distinction Middle	Other Expenditures	2021-002	2019-001	2019-001	33	No
	Separation of Duties	2021-005	2019-003	2019-003	35	No
Heritage Charter Academy of Cape Coral	Miscellaneous	2021-01	2020-02	2019-2	33	No
Rowlett Middle Academy	Miscellaneous	2021-01	2020-01	2019-03	53	No
The Hope Center for Autism	Separation of Duties	2021-1	2020-1	2019-1	27	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:

Cape Coral Charter School Authority has one finding (2021-001) that we identified as an uncorrected finding in the 2020-21 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: DEREK NOONAN <DEREKNOONAN@AUD.STATE.FL.US>
Sent: Wednesday, October 05, 2022 3:42 PM
To: Zika, Ardian; Baxley, Dennis
Cc: White, Deborah; Dubose, Kathy
Subject: 2020-21 FY Notification Pursuant to Section 218.39(8), Florida Statutes
Attachments: 2020-21 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 e-mail is to notify you of the 2020-21 fiscal year local governmental entity audit reports that indicate the audited entity had 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,

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

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.

**Local Governmental Entities That Failed To Take Full Corrective Action In Repose To A Recommendation
Included In The 2020-21 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								
C00400	Bradford County	Sheriff	General Accounting Records	2021-01	2020-01	2019-01	147	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	Sheriff 2004-002	Sheriff 2004-002	2004-002	174	No
		Supervisor of Elections	Separation of Duties	SOE2004-001	SOE 2004-01	2004-001	201	No
C02100	Glades County	Board of County Commissioners	General Accounting Records	2021-001	2020-001	2019-001	93	No
		Clerk of the Circuit Court	Distribution of Funds	2021-001	2020-002	ML 2019-002	132	No
C02400	Hardee County	Sheriff	General Accounting Records	2021-001	2020-001	2019-001	221	No
		Sheriff	Cash	2021-002	2020-002	2019-002	222	No
		Sheriff	Budget Administration	2021-003	2020-003	2019-003	223	No
		Board of County Commissioners	General Accounting Records	ML 2020-1	ML 2020-1	ML 2019-1	495	No
C02800	Hillsborough County	Board of County Commissioners	Fund Equity	ML 2020-2	ML 2020-2	2019-3	496	No
		Sheriff	Separation of Duties	2010-01	2010-01	2010-01	244	No
C02900	Holmes County	Property Appraiser	Expenditures/Expenses	2012-02	2012-02	2012-02	180	No
		Sheriff	Separation of Duties	SH2006-001	SH2006-001	SH2006-001	125	No
C03100	Jackson County	Board of County Commissioners	Financial Reporting	2021-007	2020-005	2019-005	120	No
C03600	Leon County	Sheriff	Revenues/Collections	2021-001	2020-001	2019-004	242	No
C04600	Okeechobee County	Board of County Commissioners	Financial Reporting	2021-002	2020-004	2019-001	398	No
C05000	Pasco County	Sheriff	Revenues/Collections	2021-001	2020-001	2019-002	198	No
C05900	Sumter County	Sheriff	Revenues/Collections	2021-001	2020-001	2019-002	198	No
SPECIAL DISTRICTS								
D01000	Alligator Point Water Resources District		Financial Reporting	2021-001	2020-001	2019-001	19	No
			Separation of Duties	2021-002	2020-002	2019-002	19	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	2021-001	2020-001	2019-001	45	No
			Financial Reporting	2021-002	2020-002	2019-002	45	No
			Payroll and Personnel Administration	2021-003	2020-003	2019-003	46	No
D03000	Baker County Development Commission		Separation of Duties	2021-001	2020-001	2019-001	28	No
			Financial Reporting	2021-002	2020-002	2019-002	28	No
D03100	Baker County Hospital District		Separation of Duties	2021-001	2020-001	2019-001	22	No
			Financial Reporting	2021-002	2020-002	2019-002	22	No
D03200	Baker Fire District		Financial Reporting	2021-01	2020-01	2019-01	35	No
			Fixed Assets	2021-02	2020-02	2019-07	35	No
D04300	Bay Medical Center		Separation of Duties	2021-001	2020-002	AG1	50	No
D04900	Beach Mosquito Control District		Separation of Duties	2021-1	2020-1	2019-1	50	No
D05190	Big Bend Water Authority		Revenues/Collections	2021-001	2020-001	2019-002	26	No
D08980	Buckeye Park Community Development District		Debt Administration	IC2015-03	IC2015-03	IC2015-03	33	No
			Expenditures/Expenses	IC2016-01/IC2015-01	IC2016-01/IC2015-01	IC2016-01/IC2015-01	33	No
D09200	CFM Community Development District		Debt Administration	IC2010-01	IC2010-1	IC2010-1	32	No
D11100	Cedar Key Water and Sewer District		Separation of Duties	2021-001	2020-001	2019-001	17	No
D11955	Champion's Reserve Community Development District		Budget Administration	2021-01	2020-01	2019-01	30	No
D16050	City-County Public Works Authority		Separation of Duties	2021-001	2020-001	2019-001	19	No
			General Accounting Records	2021-002	2020-002	2019-002	20	No
			Cash	2021-003	2020-007	2019-004	23	No
D16490	Clearwater Cay Community Development District		Debt Administration	2019-01	2019-01	2019-01	35	No
D18370	Concorde Estates Community Development District		Financial Condition	13-01	13-01	13-01	32	No
D19630	Creekside Community Development District		Financial Condition	2021-01	2020-01	2019-01	31	No
D19900	Crossings At Fleming Island Community Development District, The		Debt Administration	15-01	15-01	15-01	38	No
			Debt Administration	15-02	15-02	15-02	38	No
D27000	Fellsmere Water Control District		Separation of Duties	2021-001	2020-001	2019-001	36	No
D29300	Fred R. Wilson Memorial Law Library		Financial Reporting	2011-1	2011-1	ITEM-1	26	No
			Separation of Duties	2011-2	2011-2	ITEM-2	26	No
			Expenditures/Expenses	2011-3	2011-3	ITEM-3	26	No
			Financial Condition	2018-2	2018-2	ITEM-5	26	No
			Financial Reporting	14-01	14-01	14-01	24	No
D30700	Gilchrist Soil and Water Conservation 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
D34130	Heritage Isles Community Development District		Debt Administration	2009-01	2009-01	2009-01	41	No
			Financial Condition	2014-01	2014-01	2014-01	42	No
D36800	Holley-Navarre Fire Protection District		Payroll and Personnel Administration	2021-01	2020-01	2019-01	45	No
			Payroll and Personnel Administration	2021-02	2020-02	2019-02	45	No

**Local Governmental Entities That Failed To Take Full Corrective Action In Reposeponse To A Recommendation
Included In The 2020-21 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)
D37200	Holt Fire District		Financial Reporting	2021-01	2020-01	2019-01	36	No
			Separation of Duties	2021-02	2020-02	2019-02	36	No
			Purchasing/Contract Management	2021-03	2020-03	2019-03	37	No
			General Accounting Records	2021-04	2020-04	2019-04	37	No
			Cash	2021-05	2020-05	2019-05	38	No
D86300	Housing Finance Authority of Volusia County		General Accounting Records	2021-001	2020-001	2018-001	17	No
D38800	Indian River Farms Water Control District		Separation of Duties	2021-001	2020-001	2019-001	36	No
D39100	Indian River Soil and Water Conservation District		Separation of Duties	2021-001	2019-001	2019-001	23	No
D39600	Indigo Community Development District		Financial Condition	2021-01	2020-01	2019-01	33	No
D44000	Lake Shore Hospital Authority		Financial Reporting	2011-1	2011-1	2011-1	53	No
D46600	Leon County Educational Facilities Authority		Debt Administration	2021-001	2020-001	2019-001	37	No
			Debt Administration	2021-002	2020-002	2019-002	38	No
			Financial Condition	2021-003	2020-003	2019-006	40	No
D47100	Levy Soil and Water Conservation District		Financial Reporting	13-01	13-01	13-01	24	No
			Budget Administration	19-01	19-01	19-01	25	No
D47510	Longleaf Community Development District		Budget Administration	2021-01	2020-01	2019-01	33	No
D47880	Madeira Community Development District		Debt Administration	16-01	16-01	16-01	33	No
			Debt Administration	16-02	16-02	16-02	33	No
D48000	Madison County Health and Hospital District		General Accounting Records	2021-001	2020-001	2019-001	36	No
			General Accounting Records	2021-002	2020-002	2019-002	37	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		Debt Administration	2019-02	2019-02	2019-02	34	No
D49500	Marion County Law Library		Separation of Duties	2021-1	2020-1	2019-1	24	No
			General Accounting Records	2021-2	2020-2	2019-3	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
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	2021-01	2020-01	2019-01	38	No
D55600	North Pointe Special Dependent Tax District		Transparency Requirements	2021-01	2020-01	2019-02	26	No
D56100	North St. Lucie River Water Control District		Separation of Duties	ML 2021-1	ML 2020-1	ML 2019-1	33	No
D61300	Palatka Gas Authority		Financial Reporting	2019-001	2019-001	2018-001	34	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
D67835	Portofino Vista Community Development District		Financial Condition	2021-01	2020-01	2019-01	31	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	2021-01	2020-01	2019-01	33	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	2010-1	37	No
			Financial Reporting	2010-2	2010-2	2010-2	37	No
D74900	South Seminole and North Orange County Wastewater Transmission Authority		Separation of Duties	2021-01	2020-01	2019-01	48	No
D75475	Southern Hills Plantation I Community Development District		Debt Administration	2018-01	2018-01	2018-01	34	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	33	No
D78220	Stevens Plantation Community Development District		Debt Administration	2021-01	2020-01	2019-01	32	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
D82975	Treeline Preserve Community Development District		Debt Administration	2021-01	2020-01	15-01/15-02	33	Yes
D83000	Tri-County Airport Authority		Financial Reporting	2007-001	2007-001	2007-001	20	No
D87280	Waterford Estates Community Development District		Financial Condition	2021-01	2020-01	2019-01	31	No
D88200	West Palm Beach Downtown Development Authority		Investments	2019-003	2019-003	2019-003	40	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
MUNICIPALITIES								
M00200	Alford, Town of		Separation of Duties	2007-002	2007-002	2007-002	49	No
			Payroll and Personnel Administration	2010-001	2010-001	2010-001	49	No
M00700	Apopka, City of		General Accounting Records	2021-001	2020-001	2018-001	132	See additional information below.
M00800	Arcadia, City of		Cash	2021-001	2020-001	2019-001	96	No

**Local Governmental Entities That Failed To Take Full Corrective Action In Repose To A Recommendation
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Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
M00900	Archer, City of		Financial Reporting	2012-1	2012-1	2012-1	60	No
M02200	Bell, Town of		Financial Reporting	2009-1	2009-1	2009-1	37	No
M02400	Belle Isle, City of		Separation of Duties	ML 21-01	ML 20-01	ML 19-01	79	No
M03100	Biscayne Park, Village of		Policies and Procedures	2019-02	2019-02	2019-02	73	No
M03900	Branford, Town of		Financial Reporting	2010-1	2010-1	2010-1	49	No
M04600	Bushnell, City of		Separation of Duties	2008-2	2008-2	2008-2	115	No
			Financial Condition	2011-1	2011-1	2011-1	118	No
			Debt Administration	2014-1	2014-1	2014-1	118	No
M04700	Callahan, Town of		Separation of Duties	2020-001	2020-001	2019-001	65	No
M05200	Carrabelle, City of		Financial Reporting	2021-001	2020-001	2019-001	54	No
			Separation of Duties	2021-002	2020-002	2019-002	54	No
			Distribution of Funds	2021-003	2020-003	2019-005	55	No
			Revenues/Collections	2021-005	2020-004	2019-006	57	No
			Budget Administration	2021-006	2020-005	2019-008	58	No
M05300	Caryville, Town of		Fixed Assets	2020-05	2020-05	2019-11	30	See additional information below.
M07000	Coleman, City of		Financial Reporting	2021-1	2020-1	2019-1	61	No
			Separation of Duties	2021-2	2020-2	2019-2	61	No
M07700	Cross City, Town of		Separation of Duties	2021-001	2020-001	2019-001	39	No
M07900	Dade City, City of		Information Technology	2015-2	2015-2	2015-2	90	No
M08300	Daytona Beach, City of		Budget Administration	2019-002	2019-002	2019-002	218	No
M08600	Deerfield Beach, City of		General Accounting Records	SD 2018-002	SD 2018-002	SD 2018-002	179	No
M08900	Delray Beach, City of		Payroll and Personnel Administration	SD 2021-001	2019-001	2019-001	213	No
M09700	Ebro, Town of		Separation of Duties	2009-03	2009-03	2009-03	41	No
M10400	Fanning Springs, City of		Financial Reporting	2013-1	2013-1	2013-1	61	No
M12100	Glen St. Mary, Town of		Separation of Duties	2021-001	2020-001	2019-001	48	No
			Financial Reporting	2021-002	2020-002	2019-002	48	No
M12500	Graceville, City of		Separation of Duties	2006-001	2006-001	2006-001	63	No
			Financial Reporting	2007-001	2007-001	2007-001	63	No
M12900	Greensboro, Town of		Separation of Duties	2021-001	2020-001	2019-001	55	No
M13900	Hampton, City of		Separation of Duties	2021-001	2020-001	2019-001	29	No
			Cash	2021-002	2020-003	2019-003	30	No
			Fund Equity	2021-004	2020-006	2019-005	32	No
M14500	Hialeah, City of		Financial Condition	2015-02	2015-02	2015-02	178	No
M14700	Highland Beach, Town of		General Accounting Records	2021-03	2020-05	2019-02	111	No
M15000	Hilliard, Town of		Financial Reporting	2009-1	2009-1	2009-1	79	No
M15300	Hollywood, City of		General Accounting Records	MLC 2019-001	MLC 2019-001	MLC 2019-001	256	No
M15600	Horseshoe Beach, Town of		Financial Reporting	2011-1	2011-1	2011-1	45	No
M16600	Interlachen, Town of		Financial Reporting	2021-001	2020-001	2019-001	36	No
M17300	Jay, Town of		General Accounting Records	2021-1	2020-1	19-1	50	No
M19900	Lake Worth, City of		Financial Reporting	2019-09	2019-09	2019-09	200	No
			Revenues/Collections	IC 2021-001	IC 2020-003	2019-04	196	See additional information below.
M21600	Lynn Haven, City of		General Accounting Records	2021-001	2020-002	2019-003	74	No
M21700	Macclesney, City of		Separation of Duties	2021-001	2020-001	2019-001	63	No
M21900	Madison, City of		Financial Reporting	2012-1	2012-1	2012-1	77	No
M22000	Maitland, City of		Information Technology	2019-002	2019-002	2019-002	148	No
M22200	Malone, Town of		Separation of Duties	2004-001	2004-001	2004-001	43	No
			Financial Reporting	2007-001	2007-001	2007-001	43	No
M23000	Mayo, Town of		Financial Reporting	2011-1	2011-1	2011-1	57	No
			Payroll and Personnel Administration	2016-1	2016-1	2016-1	59	No
			Revenues/Collections	2016-2	2016-2	2016-2	59	No
M23100	McIntosh, Town of		Financial Reporting	2019-1	2019-1	2019-1	38	No
M23200	Medlev, Town of		Fixed Assets	2021-01	2020-02	2019-02	91	No
			Purchasing/Contract Management	2021-02	2020-03	2019-03	91	No
M23400	Melbourne Beach, Town of		General Accounting Records	2021-001	2020-001	2019-001	56	No
M23500	Melbourne Village, Town of		Financial Reporting	2021-01	F2020-1	Comment 001	49	No
			Revenues/Collections	2021-02	2020-03	Comment 003	49	No
			Purchasing/Contract Management	2021-03	2020-04	Comment 004	50	No
M24800	Moore Haven, City of		General Accounting Records	2021-001	2020-002	2019-002	91	No
M26000	North Miami, City of		Fund Equity	2020-01	IC 2020-01	IC 2019-01	250 & 265	Yes
			Revenues/Collections	2020-03	ML 2020-02	ML 2019-02	253 & 268	Yes
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	63	No
M29500	Paxton, City of		Financial Reporting	2021-01	2020-01	2019-01	49	No
			Separation of Duties	2021-02	2020-02	2019-02	49	No
M29800	Penney Farms, Town of		Financial Reporting	2011-1	2011-1	2011-1	49	No

**Local Governmental Entities That Failed To Take Full Corrective Action In Repose To A Recommendation
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Entity ID	Entity	Constitutional Officer (For Counties)	Finding Category	CY Finding No	PY Finding No	PPY Finding No	PDF page # (1)	Revision or Addendum (2)
M30100	Person, 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
M31800	Reddick, Town of		Financial Reporting	IC2009-1	IC2009-1	IC2009-1	27	No
			Financial Reporting	ML2009-1	ML2009-1	ML2009-1	27	No
M32100	Riviera Beach, City of		Payroll and Personnel Administration	2019-007	2019-007	2019-007	247	No
			Payroll and Personnel Administration	2019-011	2019-011	2019-011	248	No
			Expenditures/Expenses	2019-012	2019-012	2019-012	249	No
			Purchasing/Contract Management	2019-014	2019-014	2019-014	249	No
			General Accounting Records	2019-1	2019-1	2019-1	259	No
M32800	Sarasota, City of		General Accounting Records	2021-001	2020-001	2019-001	91	No
M34300	Springfield, City of		Financial Reporting	2021-002	2020-002	2019-002	91	No
			Cash	2021-003	2020-003	2019-003	92	No
			Separation of Duties	2021-004	2020-004	2019-005	92	No
			General Accounting Records	2021-005	2020-005	2019-007	93	No
			General Accounting Records	2021-006	2020-006	2019-010	94	No
			Budget Administration	2021-007	2020-007	2019-011	95	No
			Financial Condition	2021-008	2020-008	2019-013	95	No
			Debt Administration	2021-1	2020-1	2019-1	159	No
M34600	St. Cloud, City of		Revenues/Collections	2021-2	2020-2	2019-3	169	No
M34800	St. Lucie Village, Town of		Separation of Duties	2016-1	2016-1	2016-1	21	No
M34900	St. Marks, City of		Separation of Duties	2021-001	2020-001	2019-001	39	No
M35700	Tallahassee, City of		Revenues/Collections	2019-003	2019-003	2019-003	228	No
M36600	Trenton, City of		Financial Reporting	2009-1	2009-1	2009-1	63	No
M37500	Wausau, Town of		Revenues/Collections	2017-01	2017-01	2017-01	75	No
			Separation of Duties	2021-001	2010-01	2010-01	68	No
M38000	West Melbourne, City of		Fund Equity	MC 2019-001	IC 2019-001	IC 2019-001	152	No
M38250	West Park, City of		Cash	2021-01	2020-01	2019-01	62	No
M38500	Wewahitchka, City of		Financial Reporting	2011-1	2011-1	2011-1	54	No
M39200	Winter Haven, City of		General Accounting Records	2021-001	2020-001	2019-001	228	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 2020-21 fiscal year audit report that should be viewed.

Additional Information:

Apopka, City of (entity ID M00700) has one finding (2021-001) that we identified as an uncorrected finding in the 2020-21 fiscal year audit report. However, in the audit report, the auditor did not note that the finding was uncorrected in the two previous audit reports. We attempted to contact the auditor on multiple occasions for clarification; however, as of the date of this notification, the auditor had not provided written or verbal clarification.

Caryville, Town of (entity ID M05300) has six findings that we identified as uncorrected findings in the 2020-21 fiscal year audit report; however, the status of the prior fiscal year findings was not stated. Upon request, we received an e-mail, dated June 16, 2022, indicating that all but one of the findings (finding 2020-05) were corrected.

Lake Worth, Town of (entity ID M05300) has one finding (IC 2021-001) that we identified as an uncorrected finding in the 2020-21 audit report. However, in the audit report, the auditor did not note that the finding was uncorrected in the two previous audit reports. We attempted to contact the auditor on multiple occasions for clarification; however, as of the date of this notification, the auditor had not provided written or verbal clarification.

3 Lobbying Firm
Quarterly Compensation
Reports (2021)

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 2021 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 2021, three 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 2022, 23 lobbying firms (11 executive branch firms; 12 legislative branch firms) were selected for an audit of their 2021 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 2021 compensation were completed by December 13, 2022. 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.

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KATHLEEN PASSIDOMO
President of the Senate



Senator Jason Brodeur
Senator Tracie Davis
Senator Nick DiCeglie
Senator Corey Simon

THE FLORIDA LEGISLATURE
JOINT LEGISLATIVE AUDITING COMMITTEE

Senator Jason Pizzo, Chair
Representative Mike Caruso, Vice Chair

PAUL RENNER
Speaker of the House



Representative Daniel Alvarez, Sr.
Representative Christopher Benjamin
Representative Peggy Gossett-Seidman
Representative Dianne Hart
Representative Vicki Lopez

January 9, 2023

The Honorable Kathleen Passidomo, President
The Florida Senate
409 The Capitol
Tallahassee, Florida 32399-1100

The Honorable Paul Renner, Speaker
The Florida House of Representatives
420 The Capitol
Tallahassee, Florida 32399-1300

Dear President Passidomo and Speaker Renner:

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 2021 Quarterly Lobbying Firm Compensation Reports filed by randomly selected lobbying firms.

Enclosed for your review are bound and electronic 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, electronic copies of the AUP reports related to executive branch compensation reporting are also provided on the CD.

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 13 of the AUP reports.

The Honorable Kathleen Passidomo, President
The Honorable Paul Renner, Speaker
January 9, 2023
Page 2

Excluding Legislative member and staff time, the total cost of this year's AUP engagements was \$150,439.00. Of this amount, \$104,073.50 will be paid by the Executive Branch Lobbyist Registration Trust Fund for the audits of executive branch compensation, and \$46,365.50 will be paid by the Legislative Branch Lobbyist Registration Trust Fund for audits of legislative branch compensation.

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

Best regards,



Senator Jason Pizzo
Chair



Representative Mike Caruso
Vice Chair

cc (w/o reports): Members of the Joint Legislative Auditing Committee
Christie Letarte, President's Office
Audrey Mathews, Senate Administration
Amelia Angleton, Speaker's Office
Celeste Lewis-Hemanes, 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

2021 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	4	6	7	8	11	15	25	28	36	84	94					
1 Baker Donelson	1	X														Executive	Warren Averett	\$ 1,011.50	No	
2 Barker Strategic Solutions, LLC		X															Legislative	Carroll & Company	\$ 2,380.00	Yes
3 Colon Government Affairs		X															Executive	Carroll & Company	\$ 2,160.00	No
4 Doster and Associates Inc		X															Legislative	Carroll & Company	\$ 1,440.00	No
5 Driggers Law, PA		X															Executive	Carroll & Company	\$ 1,700.00	No
6 The Mathis Group		X															Legislative	Warren Averett	\$ 1,623.50	Yes
7 John Ray Consulting LLC		X															Executive	Carroll & Company	\$ 1,900.00	No
8 Patsy Eccles & Associates		X															Executive	Carroll & Company	\$ 2,500.00	No
9 DLT Consulting				X													Legislative	CliftonLarsonAllen	\$ 2,875.00	Yes
10 Macy Island Consulting				X													Legislative	Carroll & Company	\$ 2,760.00	No
11 Smith & Associates						X											Legislative	Carroll & Company	\$ 3,340.00	Yes
12 Ard Shirley & Rudolph PA								X									Executive	Warren Averett	\$ 2,227.00	Yes
13 Flagler Strategies LLC										X							Legislative	Carroll & Company	\$ 5,360.00	Yes
14 Cullen Legislative Group	2	X														Legislative	Warren Averett	\$ 1,385.50	No	
15 Cerra Consulting Group Inc				X													Legislative	Carroll & Company	\$ 3,740.00	Yes
16 NorthPointe LLC						X											Executive	Carroll & Company	\$ 3,680.00	Yes
17 Jeff Kottkamp PA								X									Legislative	Warren Averett	\$ 2,881.50	Yes
18 Leath Consulting									X								Legislative	Carroll & Company	\$ 5,600.00	Yes
19 Waypoint Strategies, LLC	3									X						Executive	Carroll & Company	\$ 13,740.00	No	
20 Johnson & Blanton	5												X			Executive	Carroll & Company	\$ 22,560.00	Yes	
21 PinPoint Results LLC	6											X				Legislative	Carroll & Company	\$ 12,980.00	Yes	
22 Smith Bryan & Myers Inc	8													X		Executive	Carroll & Company	\$ 37,220.00	Yes	
23 Holland & Knight LLP	10									X						Executive	CliftonLarsonAllen	\$ 15,375.00	No	
Total																		\$ 150,439.00	13	

**2021 Lobbying Firm Compensation Audits
Summary of Executive Branch Engagements**

Listed in Alphabetical Order

	Lobbying Firm	Audit Firm Selected	Cost of Engagement	Exceptions (Findings) Reported?
1	Ard Shirley & Rudolph PA	Warren Averett	\$ 2,227.00	Yes
2	Baker Donelson	Warren Averett	\$ 1,011.50	No
3	Colon Government Affairs	Carroll & Company	\$ 2,160.00	No
4	Driggers Law, PA	Carroll & Company	\$ 1,700.00	No
5	Holland & Knight LLP	CliftonLarsonAllen	\$ 15,375.00	No
6	John Ray Consulting LLC	Carroll & Company	\$ 1,900.00	No
7	Johnson & Blanton	Carroll & Company	\$ 22,560.00	Yes
8	NorthPointe LLC	Carroll & Company	\$ 3,680.00	Yes
9	Patsy Eccles & Associates	Carroll & Company	\$ 2,500.00	No
10	Smith Bryan & Myers Inc	Carroll & Company	\$ 37,220.00	Yes
11	Waypoint Strategies, LLC	Carroll & Company	\$ 13,740.00	No
	Total		\$ 104,073.50	4

**2021 Lobbying Firm Compensation Audits
Summary of Legislative Branch Engagements**

Listed in Alphabetical Order

	Lobbying Firm	Audit Firm Selected	Cost of Engagement	Exceptions (Findings) Reported?
1	Barker Strategic Solutions, LLC	Carroll & Company	\$ 2,380.00	Yes
2	Cerra Consulting Group Inc	Carroll & Company	\$ 3,740.00	Yes
3	Cullen Legislative Group	Warren Averett	\$ 1,385.50	No
4	DLT Consulting	CliftonLarsonAllen	\$ 2,875.00	Yes
5	Doster and Associates Inc	Carroll & Company	\$ 1,440.00	No
6	Flagler Strategies LLC	Carroll & Company	\$ 5,360.00	Yes
7	Jeff Kottkamp PA	Warren Averett	\$ 2,881.50	Yes
8	Leath Consulting	Carroll & Company	\$ 5,600.00	Yes
9	Macy Island Consulting	Carroll & Company	\$ 2,760.00	No
10	PinPoint Results LLC	Carroll & Company	\$ 12,980.00	Yes
11	Smith & Associates	Carroll & Company	\$ 3,340.00	Yes
12	The Mathis Group	Warren Averett	\$ 1,623.50	Yes
	Total		\$ 46,365.50	9

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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 2021. In March 2022, 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 three 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 December 2022 on the 2021 Quarterly Lobbying Firm Compensation Reports filed.

Of the 23 AUP engagements performed, exceptions (findings) were reported for 13 lobbying firms (57%). Findings were reported for 4 of the 11 AUP engagements (36%) performed related to executive branch compensation and for 9 of the 12 AUP engagements (75%) performed related to legislative branch compensation.

Compensation was overstated by five lobbying firms for one or more quarters for one or more principals. Compensation was understated by five lobbying firms for one or more quarters for one or more principals. Of these, one lobbying firm both overstated and understated compensation for one or more quarters for one or more principals. In addition, one lobbying firm overstated total compensation for one quarter.

Exceptions noted that did not relate to the compensation amounts reported during 2021 include:

- Two lobbying firms failed to list the Prime Contractor Firm for one or more principals for one quarter each.
- Two lobbying firms had verbal contracts with principals and failed to provide documentation regarding the terms of these agreements prior to the beginning of the CPA firm's field work.
- One lobbying firm's sole lobbyist failed to register to represent one principal in 2021; however, the firm received and reported compensation during the year.
- The compensation report for one lobbying firm for one quarter listed a principal with \$0.00 compensation; however, the lobbying firm was not registered for that principal.
- One lobbying firm reported compensation for one principal for three quarters; however, it did not have a signed agreement with the principal. Rather, the agreement was with an organization that purportedly wholly owned the principal. The agreement did not include any references to the principal.

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

- Compensation for one lobbying firm was paid by multiple individuals and entities on behalf of the principal.
- One lobbying firm did not provide original receipt documentation for certain expenses reimbursed by two principals during 2021.

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 2021 Executive Branch Compensation

(Listed in alphabetical order)

1. Ard Shirley & Rudolph PA

The firm's sole lobbyist failed to register to represent one principal, Farm Share, Inc., during 2021. Subsequently, in June 2022, the lobbyist registered to represent this principal; however, the registration is only effective from that date forward during 2022. The lobbying firm received and reported compensation from Farm Share, Inc. for the second quarter of 2021.

In addition, the lobbying firm has verbal agreements with each of its principals; however, it failed to provide documentation regarding the terms of these agreements prior to the beginning of the CPA firm's fieldwork for the engagement.

Number of Registered Lobbyists: 1; Number of Registered Principals: 8

CPA Firm: Warren Averett

2. Colon Government Affairs

One observation was reported:

Per the audit firm, "[t]he lobbying firm received payment from a third-party vendor that its principal, Susan B. Anthony List, contracted with to provide accounts payable services, rather than directly from the principal. The lobbying firm provided documentation to support the contractual arrangement."

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

CPA Firm: Carroll and Company, CPAs

3. Johnson & Blanton

Compensation for one principal was incorrectly reported for one quarter of 2021, as noted below:

Time Period	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Rackspace Technology	\$0.00	\$57,000.00	Understated

Per the lobbying firm: “We are in receipt of your report for lobbying compensation report audit with the Rackspace Technologies finding. Although, we understand the finding, we wanted to clarify why we reported \$0 on our compensation reports for Rackspace Technologies. We felt it most transparent with the reporting since although we invoiced Rackspace Technologies for the first quarter of 2021, we never received payment and will never receive payments for those invoices and wanted to report \$0 as to not make our compensation report look artificially higher. Even though we do not agree with the finding, we have corrected our Q1 2021 compensation report to reflect the fee.”

On July 12, 2022, the lobbying firm filed an amended compensation report for the first quarter reflecting the correct amount of compensation for lobbying services for this principal.

In addition, two observations² were reported:

First, the executive branch compensation reports for all four quarters included a duplicate principal due to a minor typographical difference (Bank of America and Bank of America Corporation). For each quarter, compensation was consistently reported under only one of the principals and was therefore not duplicated.

Second, per the audit firm “[t]he lobbying firm received payment from a third-party vendor that one of its principals, Gainwell Technologies LLC, contracted with to provide accounts payable services, rather than directly from the principal. The lobbying firm provided documentation to support the contractual arrangement.”

*Number of Registered Lobbyists: 5; Number of Registered Principals: 84
CPA Firm: Carroll and Company, CPAs*

² An observation is not a finding and is not an indication that the lobbying firm did anything incorrectly. Rather, it provides additional information regarding anomalies found by the audit firm.

4. NorthPointe LLC

Compensation for one principal was incorrectly reported for one quarter of 2021, as noted below:

Time Period	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
4th Quarter			
OneStream	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated

On June 22, 2022, the lobbying firm filed an amended compensation report for the fourth quarter reflecting the correct range of compensation for lobbying services for this principal.

*Number of Registered Lobbyists: 2; Number of Registered Principals: 7
CPA Firm: Carroll and Company, CPAs*

5. Smith Bryan & Myers Inc

Compensation for the following principals was incorrectly reported for 2021, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
BusPatrol America LLC	\$10,000.00-\$19,999.00	\$20,000.00-\$29,999.00	Understated
4th Quarter			
Palm Beach County Tax Collector	\$10,000.00-\$19,999.00	\$68,000	Understated

Per the lobbying firm: “As a result of the audit, we understand that you are making two exceptions related to how we reported compensation for two clients, both of whom paid us early on one occasion. The members of our firm take immense pride in our ethical standards, and we strive to follow the letter of the law in everything we do. It is in that vein that we submit our explanation and rebuttal to those exceptions.

On March 26, 2021, we received BusPatrol’s April retainer four days earlier than the contracted date of April 1, 2021. Based on our understanding of the law, which requires reporting on an accrual basis (i.e., when owed not received), we reported the compensation in the 2nd Quarter of 2021. *See Rule 34-12.400(3), Florida Administrative Code, Commission on Ethics.* Likewise, on December 20, 2021, the Palm Beach County Tax Collector paid off the remainder of the contract’s balance for January, February, March, and April 2022. Using an accrual basis of accounting, we reported that compensation in the 1st and 2nd Quarters of 2022.

However, despite the plain and unambiguous language in Rule 34-12.400(3), F.A.C., you believe we should have reported that compensation on a cash basis (when received not owed) and recommended that we file amended compensation reports for the 1st and 4th Quarters of 2021, which we did on December 1, 2022.

The basis for your exceptions that we should have used a cash basis of accounting for those early payments is based on a document posted on the Joint Legislative Auditing Committee's website titled *FAQs Related to Audits of Lobbying Firm Compensation Reports* ("FAQs").

Specifically, you reference the following:

14. Is the compensation to be reported on a cash basis or accrual basis?

Per Joint Rule 1.4(1)(c) and Commission on Ethics Rule 34-12.400(3), Florida Administrative Code, the accrual basis is to be used. However, because the compensation report is a compliance report, there may be instances in which the amount of compensation required to be reported by Florida Statutes is in conflict with what would be required to be reported in accordance with professional accounting standards. In such cases, compensation should be reported when it is owed or has been provided by the principal, whichever occurs earlier.

While we appreciate that you believe this is binding on your firm based on your Agreed Upon Procedures engagement with the Legislature, we respectfully disagree that the FAQs have the effect of law and somehow abrogate Rule 34-12.400(3), F.A.C.

Pursuant to section 112.3215(15), Florida Statutes, the Commission on Ethics ("the Commission") was given rulemaking authority to promulgate rules to administer Executive Branch lobbying compensation reporting. In doing so, the Commission adopted Rule 34-12.400(3), F.A.C., which plainly states:

Compensation "provided or owed" shall be reported using an accrual basis of accounting.

The hybrid cash and accrual basis accounting model mentioned in the FAQ is not mentioned in the rule and in fact directly conflicts with the Commission's rule which we believe we are lawfully bound to follow. If we use an accrual basis of accounting, as contemplated by the Commission, our original compensation reports properly reported the early payments received from both clients. Accordingly, we respectfully request that your audit be based on the rule adopted by the Commission on Ethics and not on the FAQs document."³

On December 1, 2022, the lobbying firm filed amended compensation reports for the first and fourth quarters reflecting the correct range of compensation for BusPatrol America LLC and Palm Beach County Tax Collector.

In addition, two observations⁴ were reported:

First, per the audit firm, "Crystal Stickle, who is not an employee of [the lobbying firm] registered as a lobbyist for the principal, Palm Beach County Tax Collector, and erroneously indicated she was affiliated

³ Committee staff acknowledge the conflict and confusion with the use of the accounting term accrual basis. The Quarterly Lobbying Firm Compensation Reports are compliance reports. They are not accounting reports. The intent of the FAQ referenced is to ensure that compensation reporting complies with the Florida Statutes. Section 112.3215(1)(c), Florida Statutes, defines compensation as a payment, distribution, loan, advance, reimbursement, deposit, salary, fee, retainer, or anything of value provided or owed [emphasis added] to a lobbying firm, directly or indirectly, by a principal for any lobbying activity. Lobbying firms are provided a printed and/or an electronic copy of the FAQs prior to the engagement and have an opportunity to amend/correct previously filed compensation reports prior the commencement of the audit firm's field work.

⁴ An observation is not a finding and is not an indication that the lobbying firm did anything incorrectly. Rather, it provides additional information regarding anomalies found by the audit firm.

with the lobbying firm. The lobbying firm provided documentation that the ‘association’ by Ms. Stickle with the lobbying firm was a mistake due to a misunderstanding of the requirement for disclosing a lobbying firm. Upon notification of the error, the lobbying firm requested that Ms. Stickle withdraw her registration.” The audit firm noted that “Ms. Stickle was not included on any of the lobbying firm’s 2021 Executive Branch lobbying compensation reports.”

Second, per the audit firm “[t]he lobbying firm received payment from a third-party vendor that the following principals or prime contractor firm contracted with to provide accounts payable services rather than directly from the principal or prime contractor firm:

- Arc of Florida, Inc., The
- Internet Association
- Jackpocket, Inc.
- Tremont Strategies Group (prime contractor firm for Prolacta Bioscience, Inc.)”

Number of Registered Lobbyists: 8; Number of Registered Principals: 94
CPA Firm: Carroll and Company, CPAs

6. Waypoint Strategies LLC

Two observations⁵ were reported:

First, per the audit firm, “Jacob Horner, an employee of one of the lobbying firm’s principals, Nemours Foundation, registered as a lobbyist for the principal and erroneously indicated he was affiliated with the lobbying firm. The lobbying firm provided documentation that Mr. Horner is not an employee of the lobbying firm, and the “association” by Mr. Horner with the lobbying firm was a mistake due to a misunderstanding of the requirement for disclosing a lobbying firm. Upon notification of the error, Mr. Horner contacted the Lobbyist Registration Office, and the error was corrected.”

Second, executive branch compensation reports for the second, third, and fourth quarters included a duplicate principal due to a minor typographical difference (Astellas Pharma US, Inc and Astellas Pharma US, Inc.). For each quarter, compensation was consistently reported under only one of the principals and was therefore not duplicated.

No exceptions regarding the procedures performed by the audit firm were reported.

Number of Registered Lobbyists: 3; Number of Registered Principals: 25
CPA Firm: Carroll and Company, CPAs

⁵ *Id.*

Reports on 2021 Legislative Branch Compensation

(Listed in alphabetical order)

1. Barker Strategic Solutions, LLC

Compensation for one principal was incorrectly reported for one quarter of 2021, as noted below:

Time Period	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Florida Press Association	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated

The compensation reported for the first quarter for the Florida Press Association, as noted above, reflected the full amount of compensation received from this principal for this quarter. However, a portion of the total amounts should have been allocated to non-lobbying services.

Per the lobbying firm: “As a result of Carroll and Company’s review, it was determined that services provided to the Florida Press Association could be categorized as a combination consulting and lobbying. Therefore, after consultation with the client, we agreed the majority was in the consulting category. As a result, we lowered our Q1 report to reflect compensation only for the lobbying allocated portion.”

On June 13, 2022, the lobbying firm filed an amended compensation report for the first quarter reflecting the correct range of compensation for lobbying services for this principal.

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

2. Cerra Consulting Group Inc

Compensation for one principal was incorrectly reported for one quarter of 2021, as noted below:

Time Period	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
2nd Quarter			
Flagler County Schools	\$1.00-\$9,999.00	\$0.00	Overstated

Per the lobbying firm, in a memo addressed to the audit firm: “This memo is to acknowledge that the audit firm is correct and that I agree that I was in error in making the report in question because of a misunderstanding on my part about how to properly report the earnings of the firm. I do not wish to excuse my mistake, but I wish to offer the following mitigating factors:

- I had a totally clean audit previously and maintained the same bookkeeping practices following.
- I had/have no intention of misleading either the Legislature or the public with my report that was in error, but I simply misunderstood the guidance.

- I had no expectation to ever receive a payment early, so I did not have a bookkeeping practice in place to catch such an occurrence.
- We were amid COVID during the period under audit and when the updated guidance was issued meaning that I was absorbing this new information in a “different” environment and also trying to maintain records both at the office and at home.
- I will review and update my reports post audit to make sure that those reports are correct.
- I will update my bookkeeping practices moving forward to make sure that this does not ever happen again.

Thank you for your work on this audit. You were extremely professional. “

On May 4, 2022, the lobbying firm filed an amended compensation report for the second quarter reflecting the correct range of compensation for this principal.

*Number of Registered Lobbyists: 2; Number of Registered Principals: 4
CPA Firm: Carroll and Company, CPAs*

3. DLT Consulting

The compensation report for the second quarter listed the principal UnifyIT with \$0.00 compensation; however, the lobbying firm was not registered to represent this principal.

In addition, the lobbying firm had contracts with three principals, two of which were verbal contracts. However, the terms of the two verbal contracts, with UnifyIT and Florida Business Blockchain Association, were not summarized and provided to the CPA firm prior to the start of field work.⁶

Per the lobbying firm: “We agree with the auditors’ findings that this Principal should have been registered since they were on the compensation report. However, it was a clerical error to include UnifyIT on the compensation report for quarter two since we did not perform any work for this Principal.”

*Number of Registered Lobbyists: 1; Number of Registered Principals: 3
CPA Firm: CliftonLarsonAllen LLP*

⁶ Written contracts are not required; however, lobbying firms should document the terms of any verbal agreements/contracts that were in effect for the calendar year under audit, and sign and date such statement. This statement must be provided to the CPA prior to the start of audit fieldwork. Otherwise, it will be reported as a finding.

4. Flagler Strategies LLC

For the first quarter of 2021, the lobbying firm did not report the Prime Contractor Firm for the following principals: (1) CNH Industrial c/o MultiState Associates, Inc; (2) John Deere c/o MultiState Associates, Inc.; and (3) RedSpeed USA.

On May 31, 2022, the lobbying firm filed an amended compensation report for the first quarter reflecting Floridian Partners LLC as the Prime Contractor for these three principals.

*Number of Registered Lobbyists: 1; Number of Registered Principals: 15
CPA Firm: Carroll and Company, CPAs*

5. Jeff Kottkamp PA

The lobbying firm reported compensation for the principal Antonel Second Corp for the first, second, and third quarters of 2021; however, it did not have a signed agreement with the principal. The lobbying firm provided its agreement with Cresco Labs, which it stated wholly owns Antonel Second Corp. The agreement did not include any references to Antonel Second Corp. Compensation was provided to the lobbying firm by Cresco Labs, not Antonel Second Corp. The audit firm confirmed that compensation for the principal Antonel Second Corp was paid by Cresco Labs.

In addition, compensation for the principal, Guardians of American History, Inc., was paid from multiple individuals and entities on behalf of the principal. These individuals and entities were:

- David R McCallister
- Lunelle M Siegel McCallister
- Ailene G. Mizell Living Trust
- Lunelle M Siegel, TTEE
- Save Southern Heritage, Inc.
- Sons of Confederate Veterans Florida Division, Inc.

Per the audit firm, “[t]he lobbying firm stated that all the lobbying efforts performed for this principal was for the specific organization and not for any other various parties that had paid the compensation on behalf of this principal. The lobbying firm indicated that Guardians of American History, Inc. is an umbrella organization.”

*Number of Registered Lobbyists: 2; Number of Registered Principals: 11
CPA Firm: Warren Averett*

6. Leath Consulting

Compensation for the following principals was incorrectly reported for 2021, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
2nd Quarter			
Florida Center for Child and Family Development	\$10,000.00-\$19,999.00	\$20,000.00-\$29,999.00	Understated
3rd Quarter			
Ocean City-Wright Fire Control District	\$0.00	\$1.00-\$9,999.00	Understated
4th Quarter			
Solar Energy Industries Association, Inc.	\$20,000.00-\$29,999.00	\$10,000.00-\$19,999.00	Overstated

In addition, for the fourth quarter of 2021, the lobbying firm did not report the Prime Contractor Firm for the principal First Step of Sarasota.

On June 2, 2022, the lobbying firm filed amended compensation reports for the second and third quarters reflecting the correct range of compensation for Florida Center for Child and Family Development and Ocean City-Wright Fire Control District. On June 13, 2022, the lobbying firm filed an amended compensation report for the fourth quarter reflecting the correct range of compensation for Solar Energy Industries Association, Inc. and identifying McGuire Woods as the Prime Contractor Firm for First Step of Sarasota.

In addition, per the audit firm, “[t]he lobbying firm did not provide original receipts documentation for certain expenses reimbursed by two principals during the year.”

*Number of Registered Lobbyists: 2; Number of Registered Principals: 15
CPA Firm: Carroll and Company, CPAs*

7. PinPoint Results LLC

Compensation for the following principals was incorrectly reported for 2021, as noted below:

Time Period / Principal	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Florida Community Care	\$1.00-\$9,999.00	\$0.00	Overstated
2nd Quarter			
Florida Community Care	\$1.00-\$9,999.00	\$0.00	Overstated
3rd Quarter			
Florida Community Care	\$1.00-\$9,999.00	\$0.00	Overstated
KinderVision/The Greatest Save	\$1.00-\$9,999.00	\$0.00	Overstated
4th Quarter			
Elder Source, Inc.	\$1.00-\$9,999.00	\$0.00	Overstated
Endeavor Forward, Inc.	\$1.00-\$9,999.00	\$0.00	Overstated
Florida Community Care	\$1.00-\$9,999.00	\$0.00	Overstated
WellSky	\$10,000.00-\$19,999.00	\$1.00-\$9,999.00	Overstated

In addition, total legislative branch compensation was incorrectly reported for one quarter of 2021, as noted below:

Time Period	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
4th Quarter			
Total Compensation	\$250,000.00-\$499,999.00	\$100,000.00-\$249,999.00	Overstated

Per the lobbying firm: “We have no comments related to the observations. Regarding the findings, we would like to provide the following comments.

We note that Joint Rules of the Florida Legislature state the following:

- Pursuant to S[CR] 2-Org, Adopted November 2020, Joint Rule One, Lobbyist Registration and Compensation Reporting, 1.4 Reporting of Lobbying Financial Compensation, (1)(a)... The report must include the: 3. Total compensation provided or owed to the lobbying firm...
- This same rule states that a lobb[y]ing firm must report anything of value.

Our interpretation of the statements above from Joint Rule One is the reason we reported compensation as we did, per below:

- 1) We reported the fee owed by Florida Community Care, Kinder Vision/The Greatest Save and Elder Source, Inc. at \$1.00. These are clients who owed no revenue; however, we frequently have lunch and/or dinner meetings at which the client pays for our meal; therefore, we interpreted this statement in Joint Rule One regarding “anything of value” to mean meals, etc. We provided calendar items indicating when our firm had lunch, dinner, meetings, etc. with these clients and meals and/or refreshments were always provided, however, we were told there must be actual receipts. And since

we were not the ones who paid for the meals, or provided the refreshments, we did not have said receipts.⁷

- 2) On the last finding regarding WellSky compensation, we again interpreted Joint Rule One 3. Total compensation provided or owed to the lobbying firm..., to mean that our firm should report the compensation owed, even if it had not yet been 'collected,' or is paid early.⁸

We would humbly request the Joint Legislative Auditing Committee to address/provide clarification regarding these issues, as I am confident we are not the only firm who has interpreted the rules as we have. I will point out, as the audit firm did in their findings and observations, that we did amend our reports per the audit firm's interpretation of the JLAC rules. The audit firm pointed out to us the following:

The guidelines detail the compensation-related records required to be maintained by the lobbying firm (starting on page 4), as well as the agreed-upon procedures we are to perform (starting on page 8).

Per the guidelines, '*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...*' The calendar items you provided for lunch, dinner, etc. would not meet the definition of "payment records and original receipts documentation.' "

The lobbying firm filed amended compensation reports on June 13 (for the first and second quarters), June 27 (for the third quarter), and June 28, 2022 (for the fourth quarter) reflecting the correct range of compensation for the principals listed above and for total compensation for the fourth quarter.

In addition, two observations⁹ were reported:

First, legislative branch compensation reports for all four quarters included a duplicate principal due to a minor typographical difference (Aspire Health Partners and Aspire Health Partners, Inc.) In each quarter, compensation was consistently reported under only one of the principals and was therefore not duplicated.

Second, legislative branch compensation for the first, second, and third quarters included an additional duplicate principal (DocuSign, Inc and DocuSign, Inc.). In each quarter, no compensation was reported for either principal; therefore, compensation was not duplicated.

Number of Registered Lobbyists: 6; Number of Registered Principals: 36
CPA Firm: Carroll and Company, CPAs

⁷ Committee staff acknowledge that a revision to the Guidelines should be considered to provide guidance in this situation.

⁸ Per the audit firm, the lobbying firm uses a monthly billing process. The invoice for October 1 was sent to the principal in September, and the lobbying firm received payment from the principal in September. Therefore, although the invoiced amount was owed for the fourth quarter, it was provided to the lobbying firm in the third quarter and should have been reported on the third quarter's compensation report, rather than on the fourth quarter's compensation report. The removal of this invoiced amount from the fourth quarter's compensation report caused the lobbying firm's compensation for that quarter to fall in the compensation range below what was reported and resulted in a finding. The addition of this invoiced amount to the third quarter's compensation did not affect the compensation range reported, so there was no finding for this principal for that quarter.

⁹ An observation is not a finding and is not an indication that the lobbying firm did anything incorrectly. Rather, it provides additional information regarding anomalies found by the audit firm.

8. Smith & Associates

Compensation for one principal was incorrectly reported for one quarter of 2021, as noted below:

Time Period	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
Omni Healthcare	\$0.00	\$1.00-\$9,999.00	Understated

On June 3, 2022, 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: 6
CPA Firm: Carroll and Company, CPAs*

9. The Mathis Group

Compensation for one principal was incorrectly reported for one quarter of 2021, as noted below:

Time Period	Range Reported by Lobbying Firm	Correct Range as Determined by CPA Firm	Result
1st Quarter			
South Florida Regional Transportation Authority	\$1.00-\$9,999.00	\$10,000.00-\$19,999.00	Understated

On June 26, 2022, the lobbying firm filed an amended compensation report for the first quarter reflecting the correct range of compensation for this principal.

In addition, one observation was reported:

Per the audit firm, “[t]he lobbying firm includes all compensation received in the quarterly reports rather than allocating between the Legislative branch and local government. However, the range of compensation reported was correct.

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