

JOE NEGRON
President of the Senate



RICHARD CORCORAN
Speaker of the House



Joint Legislative Auditing Committee

Representative Jennifer Sullivan, Chair
Senator Debbie Mayfield, Vice Chair

Meeting Packet
Thursday, December 7, 2017
3:45 p.m. to 5:45 p.m.
306 House Office Building (Mashburn Hall)

AGENDA
JOINT LEGISLATIVE AUDITING COMMITTEE

DATE: Thursday, December 7, 2017

TIME: 3:45 p.m. - 5:45 p.m.

PLACE: Room 306, House Office Building

MEMBERS:

Representative Jennifer Sullivan, Chair
Senator Debbie Mayfield, Vice Chair

Senator Dennis Baxley
Senator Audrey Gibson
Senator Kathleen Passidomo
Senator Perry Thurston

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

Consideration of a request for an Auditor General audit of the East Flagler Mosquito Control District received from Senator Hutson and Representative Renner

Consideration of the Committee's report required by the Transparency Florida Act, s. 215.985, F.S.

Consideration of the Department of the Lottery's audit for the 2017-18 fiscal year

Presentation of the Auditor General's Report on Significant Financial Trends and Findings in Local Governmental Entity 2015-16 Fiscal Year Audit Reports and Annual Financial Reports

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.

Consideration of action related to the Town of Caryville's noncompliance with financial reporting requirements

Presentation of the Auditor General's Annual Report

The Committee is expected to consider taking action against local governmental entities that have failed to provide the Auditor General with significant items missing from audit reports submitted in accordance with s. 218.39, F.S.

Overview of the audits of Lobbying Firm Quarterly Compensation Reports performed in 2017

**1 Audit Request: East
Flagler Mosquito Control**



Senator Travis Hutson (SD 7)
Florida Senate

Representative Paul Renner (HD 24)
Florida House of Representatives

August 25, 2017

The Honorable Debbie Mayfield
Joint Legislative Auditing Committee
111 West Madison Street
Tallahassee, Florida 32399-1400

Dear Chair Mayfield:

Flagler County’s Mosquito Control District recently reported a budget deficit of \$1,100,000.00. The district’s total budget is \$1,800,000.00, making this deficit very substantial and the subject of significant concern to county taxpayers. The district incurred this deficit while spending \$2,100,000.00 to construct a new facility for its fourteen employees, a facility that includes an adjacent helipad.

The Joint Legislative Auditing Committee (“JLAC”) has an important responsibility in its oversight of local government entities, including special districts such as Flagler County’s Mosquito Control District. The district’s dramatic budget deficit in relation to its overall budget requires investigation and justifies an independent audit. As members of the Florida Legislature representing the district that includes Flagler County, we are requesting that the Florida Auditor General conduct an operational audit of Flagler County’s Mosquito Control District and report those findings.

Please let us know if you have any questions related to this request. Thank you in advance for your consideration.

Sincerely,

Travis Hutson
Florida Senate
District 7

Paul Renner
Florida House of Representatives
District 24

REPLY TO SENATOR HUTSON:
 4875 Palm Coast Parkway, NW, Suite 5
 Palm Coast, Florida 32137
 (386) 446-7610 FAX: (888) 263-3475
 314 Senate Office Building
 404 South Monroe Street
 Tallahassee, Florida 32399-1100
 (850) 487-5007

REPLY TO REPRESENTATIVE RENNER:
 4877 Palm Coast Parkway, NW, Suite 1
 Palm Coast, Florida 32137
 (386) 446-7644 FAX: (386) 446-7642
 1102 The Capitol
 402 South Monroe Street
 Tallahassee, FL 32399-1300
 (850) 717-5024

JOE NEGRON
President of the Senate

ANITERE FLORES
President Pro Tempore

RICHARD CORCORAN
Speaker

JEANETTE NUNEZ
Speaker pro tempore

STAFF ANALYSIS

Date: November 29, 2017

Subject: Request for an Audit of the East Flagler Mosquito Control District

Analyst Coordinator

White *DW* DuBose *KD*

I. Summary:

The Joint Legislative Auditing Committee (Committee) has received a request from Senator Travis Hutson and Representative Paul Renner to have the Committee direct the Auditor General to conduct an operational audit of the East Flagler Mosquito Control District.

II. Present Situation:

Current Law

Joint Rule 4.5(2) provides that the Legislative Auditing Committee may receive requests for audits and reviews from legislators and any audit request, petition for audit, or other matter for investigation directed or referred to it pursuant to general law. The Committee may make any appropriate disposition of such requests or referrals and shall, within a reasonable time, report to the requesting party the disposition of any audit request.

Joint Rule 4.5(1) provides that the Legislative Auditing Committee may direct the Auditor General or the Office of Program Policy Analysis and Government Accountability (OPPAGA) to conduct an audit, review, or examination of any entity or record described in Section 11.45(2) or (3), *Florida Statutes*.

Section 11.45(3)(a), *Florida Statutes*, provides that the Auditor General may, pursuant to his or her own authority, or at the discretion of the Legislative Auditing Committee, conduct audits or other engagements as determined appropriate by the Auditor General of the accounts and records of any governmental entity created or established by law.

Section 11.45(2)(j), *Florida Statutes*, provides, in part, that the Auditor General shall conduct a follow-up to his or her audit report on a local governmental entity no later than 18 months after the release of the audit report to determine the local governmental entity's progress in addressing the findings and recommendations contained in the previous audit report.

Request for an Audit of the East Flagler Mosquito Control District

Senator Hutson and Representative Renner have requested the Committee to direct an operational audit of the East Flagler Mosquito Control District (District). They stated that the District recently reported a budget deficit of \$1,100,000; its total budget is \$1,800,000, making this deficit very substantial and the subject of significant concern to Flagler County taxpayers. They further stated that the District incurred

this deficit while spending \$2,100,000 to construct a new facility for its 14 employees, a facility that includes an adjacent helipad.

Background

The East Flagler Mosquito Control District (District) was created as an independent special district in accordance with Chapter 388, *Florida Statutes* [Mosquito Control]. “Pursuant to the results of a special election, the Board of County Commissioners of Flagler County, Florida, ORDERED the creation of the District at a special meeting held on July 21, 1952. [The] District was created to achieve and maintain such levels of arthropod¹ control, as well as protect human health and safety, and foster the quality of life of the people, promote the economic development of the state, and facilitate the enjoyment of its natural attractions by reducing the number of pestiferous and disease-carrying arthropods.”²

The District, a special-purpose governmental entity engaged in a single governmental program – mosquito control,³ is governed by a three-member Board of Commissioners,⁴ each elected on a nonpartisan basis by the electors of the District to serve a four-year term.⁵ It is funded through ad valorem taxes and currently encompasses 117 square miles and has a perimeter of 53.8 miles.⁶ The District’s mission is “the suppression of those mosquito species that may cause illness or significant discomfort, within a specific control area and with minimal environmental impact.”⁷ Services provided by the District are:⁸

- Mosquito surveillance: Perform daily population tracking, which provides information about species composition and abundance and gauges control efforts;
- Mosquito-related illness: Monitor the circulation of mosquito-related illness (i.e., Eastern Equine Encephalitis, St. Louis Encephalitis, and West Nile Virus) within the District using sentinel birds;
- Mosquito source reduction: Modify aquatic mosquito nursery sites to make them unsuitable for mosquito development; such tasks range from the disposal of waste products of society which hold water (tires, containers) to the development of mosquito management plans that address wetlands, both natural and created;
- Controlling immature mosquitoes: Target immature mosquitoes developing in their aquatic nursery with specific control products in order to eliminate the entire “brood” so that the adult mosquitoes never emerge; and

¹ “Arthropod” means those insects of public health or nuisance importance, including mosquitos, midges, sand flies, dog flies, yellow flies, and house flies (Section 388.011(1), *Florida Statutes*).

² Note 1. to the Financial Statements, *East Flagler Mosquito Control District Annual Financial Report for the Year Ended September 30, 2016*, page 16.

³ Note 1.A. to the Financial Statements, *East Flagler Mosquito Control District Annual Financial Report for the Year Ended September 30, 2016*, page 16.

⁴ East Flagler Mosquito Control District website: [<http://www.flaglermosquito.com/about-us/commissioners-administration/>].

⁵ Section 388.101(1), *Florida Statutes*.

⁶ A map of the District’s boundaries can be viewed on the District’s website: [<http://www.flaglermosquito.com/about-us/district-boundaries/>].

⁷ East Flagler Mosquito Control District website: [<http://www.flaglermosquito.com/>].

⁸ East Flagler Mosquito Control District website: [<http://www.flaglermosquito.com/operations/mosquito-control-measures/>].

- Controlling biting mosquitoes: As a final recourse, provide temporary relief in residential areas through the use of atomized insecticides.⁹

Recent Concerns, Events, and Other Information

Concerns

As previously mentioned, Senator Hutson and Representative Renner are concerned about the District's reported budget deficit of \$1.1 million and its impact on the District's future operations. In a joint news release, Representative Renner stated, "Flagler residents pay additional taxes to support an independent mosquito control district and reasonably expect the [D]istrict to achieve greater efficiency and cost savings...The lack of internal controls and safeguards that caused this deficit certainly call that efficiency into question." In addition, Senator Hutson stated, "It is important that we know how the Flagler Mosquito Control District uses its budget year to year. An audit will give us an opportunity to see where taxpayer dollars are spent."¹⁰

Events and Other Information

There have been various news articles regarding the District's budgeting issues and construction of a new facility, as well as subsequent actions taken by the District's Board and management regarding the budgeting issues:

Construction

In June 2017, the District completed construction on and staff moved into a new 10,000 square-foot facility, with an adjacent chemical storage building and helipad.¹¹ Construction on this new facility, located at the Flagler Executive Airport, was started in June 2015 in order to unite three separate District substations in a single location and allow for the District's ability to handle future growth within the District's boundaries. Previously, the District's lab and helipad were located at a different location from the administrative headquarters.¹²

Budget Issues

- District staff made an error when preparing the budget documents for the 2016-17 fiscal year¹³ and used an incorrect amount as the beginning fund balance. They did not properly account for certain construction costs from the new facility and input the beginning fund balance of \$2.89 million from the prior fiscal year (2015-16) rather than the ending fund balance of \$1.79 million. This error resulted in the beginning fund balance for the 2016-17 fiscal year being overstated by \$1.10 million.¹⁴

⁹ All are approved for mosquito control by the Environmental Protection Agency and the Florida Department of Agriculture and Consumer Services.

¹⁰ Nick Klasne, *Renner, Hutson request audit of Flagler Mosquito Control District*, The Daytona Beach News-Journal, August 25, 2017.

¹¹ A helicopter is used by the District to spray the area for mosquitoes. (Brittany Jones, *East Flagler Mosquito Control District faces \$1.1M budget deficit*, Flagler County Reporter, August 8, 2017).

¹² Matt Bruce, *Ribbon-cutting marks future of Flagler airport's industrial corridor*, The Daytona Beach News-Journal, June 9, 2017/updated June 12, 2017.

¹³ The District's fiscal year is from October 1 to September 30.

¹⁴ Matt Bruce, *'Oversight' puts Flagler mosquito control in \$1.1M hole*, The Daytona Beach News-Journal, August 4, 2017/updated August 5, 2017.

- The error, which inflated the amount of surplus funds from prior years available for District use, was discovered by the District's auditors in July 2017, who alerted District staff. The District then amended its budget to reflect the correct beginning fund balance of \$1.79 million. By this time, the District had been expending monies for operational and construction activities based on the approved budget.¹⁵
- In late July 2017, the District's director placed a freeze on all but essential spending through the current, and into the next, years but stated "that [would] not be enough to balance the 2017-18 budget, which as of mid-July was projected to fall \$156,000 short even with the 5 percent tax increase approved." It was reported that adjustments made to close the gap could include laying off two full-time employees and four part-time staff members, as well as drawing back on buying new equipment and trying to sell the District's old administrative headquarters for about \$300,000 by October. The director further stated that, "[i]f we sell the property, we're going to be fine."¹⁶
- The director subsequently resigned in late August 2017, and the District's Board selected the District's operations manager to replace him.¹⁷ He had been the District's director since 1978 and was reported to have been transitioning into retirement for the past couple of years and had turned over all administrative duties to the operations manager.¹⁸ At the same meeting, the District's Board approved changes to the tentative 2017-18 fiscal year budget, which included reductions in expenditures for capital outlay, travel, insurance, maintenance and repairs, training, gasoline, tools, and salaries and benefits. The District's final budget was scheduled to be approved at the September 18, 2017, final budget hearing.¹⁹
- It was reported that Flagler County's financial services director performed an independent review of the District's finances in August 2017 and determined that the accounting error was detected before the District actually spent the funds it over-budgeted.²⁰
- In early October 2017, the City of Palm Coast voted to purchase the District's old administrative headquarters for \$317,000. Also in early October 2017, the District's new director stated that the auditors had started the financial audit for the 2016-17 fiscal year, which ended on September 30, 2017, and "think[s] it will give us a confirmed opinion of what we already suspect... That there was no malfeasance or criminality; it was just a very large accounting error. We do still have money in the bank, we're still operating, there was no deficit. We just have less money than what we thought."²¹

Financial Audit

The District has obtained annual financial audits of its accounts and records by an independent certified public accountant (CPA) and has submitted the audit reports to the Auditor General's Office in

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ Matt Bruce, *East Flagler Mosquito Control District director resigns*, The Daytona Beach News-Journal, August 21, 2017.

¹⁸ Matt Bruce, *Flagler Mosquito Control board set to tackle \$1.1M budget shortfall*, The Daytona Beach News-Journal, August 19, 2017.

¹⁹ Matt Bruce, *East Flagler Mosquito Control District director resigns*, The Daytona Beach News-Journal, August 21, 2017.

²⁰ *Id.*

²¹ Matt Bruce, *Palm Coast to pay \$317K for old mosquito control HQ*, The Daytona Beach News-Journal, October 5, 2017/updated October 9, 2017.

accordance with Section 218.39(1), *Florida Statutes*.²² The most recent audit report submitted to the Auditor General is for the 2015-16 fiscal year. There have been no audit findings included in the last five annual financial audit reports.

Summary of Certain Financial and Operations Information Included in the District's Audit Report:

- “In preparing for the 2015/2016 budget, the Board of Commissioners adopted a millage rate of .2376, which exceeded the rolled back rate by 2.99%. The Board approved a \$2,000,000 budget for the construction & consolidation of all District offices and staff at the Flagler County Airport. As the construction project is still currently on-going, only \$1,372,000 has been spent as of September 30, 2016. Completion of the new facility is anticipated to be by the summer of 2017.”²³
- The District has one fund, the General Fund. “District revenues were \$1,548,796, while expenses totaled \$1,603,363. Ad valorem taxes provided \$1,530,875; a slight increase over the preceding year. Net assets decreased by \$54,567.”²⁴
- “At the conclusion of the fiscal year, September 30, 2016, the District had assets totaling \$4,264,058, liabilities of \$836,180, and net position of \$3,630,222.”²⁵
- “Due to the construction of the new facility, the fund balance...decreased by \$1,105,380 for the year ended September 30, 2016.”²⁶ The fund balance of the General Fund at fiscal year-end was \$1,785,978.²⁷
- “Mosquito populations are driven by rainfall and tides, and may vary widely from year to year. That fact, coupled with the seasonal presence/absence of mosquito-borne diseases, require that the District annually plan for an exceptional mosquito season and fund the budget accordingly. The 2015/2016 season featured an unusually dry spring and summer, low mosquito populations, and very little in the way of nuisance problems. The highest mosquito populations were experienced at the very beginning of the fiscal year due [to] the Proxigean Tide (king tide) occurring in late September producing extremely high tides in the salt marsh and resultant surge in mosquito production in October 2015. Diminished rainfall lead to a lack of mosquito activity during the peak months of the season, resulting in all line items coming in under budget.”²⁸
- “Overall disease activity for the year was also low...however, a declaration of public health emergency was issued by the Florida Department of Health on September 19, 2016 in response to the first two travel related cases of Zika in Flagler County. Additional expenses were incurred due to enhanced surveillance in high risk areas in advance of the declaration as well as the cost of additional trapping and treatment equipment.”²⁹

²² Pursuant to Section 218.39(7), *Florida Statutes*, these audits are required to be conducted in accordance with rules of the Auditor General promulgated pursuant to Section 11.45, Florida Statutes. The Auditor General has issued *Rules of the Auditor General, Chapter 10.550 - Local Governmental Entity Audits* and has adopted the auditing standards set forth in the publication entitled *Government Auditing Standards* (2011 Revision) as standards for auditing local governmental entities pursuant to Florida law.

²³ *Management's Discussion and Analysis; East Flagler Mosquito Control District Annual Financial Report for the Year Ended September 30, 2016*, page 3.

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*, page 7.

²⁷ *Statement of Revenues, Expenditures and Changes in Fund Balance, Governmental Fund - General Fund; East Flagler Mosquito Control District Annual Financial Report for the Year Ended September 30, 2016*, page 14.

²⁸ *Management's Discussion and Analysis; East Flagler Mosquito Control District Annual Financial Report for the Year Ended September 30, 2016*, page 3.

²⁹ *Id.*

Other Considerations

The Auditor General, if directed by the Committee, will conduct an operational audit as defined in Section 11.45(1)(g), *Florida Statutes*, and take steps to avoid duplicating the work efforts of other audits being performed of the District's operations, such as the annual financial audit and grant-related audits and reviews conducted by federal and state grantor agencies, if any. The primary focus of a financial audit is to examine the financial statements in order to provide reasonable assurance about whether they are fairly presented in all material respects. The focus of an operational audit is to evaluate management's performance in establishing and maintaining internal controls and administering assigned responsibilities in accordance with laws, rules, regulations, contracts, grant agreements, and other guidelines. Also, in accordance with Section 11.45 (2)(j), *Florida Statutes*, the Auditor General will be required to conduct an 18-month follow-up audit to determine the District's progress in addressing the findings and recommendations contained within the previous audit report.

The Auditor General has no enforcement authority. If fraud is suspected, the Auditor General may be required by professional standards to report it to those charged with the District's governance and also to appropriate law enforcement authorities. Audit reports released by the Auditor General are routinely filed with law enforcement authorities. Implementation of corrective action to address any audit findings is the responsibility of the District's governing board and management, as well as the citizens living within the boundaries of the District. Alternately, any audit findings that are not corrected after three successive audits are required to be reported to the Committee by the Auditor General, and a process is provided in Section 218.39(8), *Florida Statutes*, for the Committee's involvement. First, the District may be required to provide a written statement explaining why corrective action has not been taken and to provide details of any corrective action that is anticipated. If the statement is not determined to be sufficient, the Committee may request the Chair of the District's governing board to appear before the Committee. Ultimately, if it is determined that there is no justifiable reason for not taking corrective action, the Committee may direct the Department of Economic Opportunity to proceed pursuant to the provisions specified in Sections 189.062 [inactive status] or 189.067 [court enforcement], *Florida Statutes*.

III. Effect of Proposed Request and Committee Staff Recommendation

If the Committee directs the Auditor General to perform an operational audit of the East Flagler Mosquito Control District, the Auditor General, pursuant to the authority provided in Section 11.45(3), *Florida Statutes*, should focus on the District's internal controls and operations relating to budgeting and construction and its compliance with applicable laws, rules, and regulations governing those areas. The Auditor General shall finalize the scope of the audit during the course of the audit, providing that the audit-related concerns of Senator Hutson and Representative Renner as included in their request letter and herein are considered.

IV. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

If the Committee directs the audit, the Auditor General will absorb the audit costs within her approved operating budget.

V. Related Issues:

None.

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| This staff analysis does not reflect the intent or official position of the requestor. |
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JOE NEGRON
President of the Senate



RICHARD CORCORAN
Speaker of the House



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TRANSPARENCY FLORIDA
STATUS AND RECOMMENDATIONS

Joint Legislative Auditing Committee
November 2017

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Joint Legislative Auditing Committee

Senator Debbie Mayfield, Chair
Representative Jennifer Sullivan, Vice Chair

Senator Dennis Baxley
Senator Audrey Gibson
Senator Kathleen Passidomo
Senator Perry Thurston

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

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TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

SCOPE

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

BACKGROUND

Overview of the Transparency Florida Act

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

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

Responsibilities assigned by law to the Committee included:

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

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

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

² Chapter 2013-54, L.O.F.

³ Chapter 2009-74, L.O.F.

⁴ Section 11.40(4)(b), F.S. (2009)

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

⁶ Chapter 2011-49, L.O.F.

⁷ *Id.*

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

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

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

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

Additional revisions include:

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

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

⁸ Chapter 2011-34, L.O.F.

⁹ Chapter 2013-54, L.O.F.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Previous Committee Effort

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

2010 Committee Report

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

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

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

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

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

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

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Although both the State and the school districts would incur costs, the main financial burden of the project would fall on the State. Rough estimates of the State's cost ran into the millions of dollars. Due to the uncertainty of the cost estimates, the Committee members voted to recommend to delay this phase until further information is available.

2011 Committee Report

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

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

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

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

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

2014 Committee Report

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

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

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information was related to non-State entities, such as school districts, municipalities and other local entities, and included items such as budget documents, monthly financial statements, and contract information.

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

2015 Committee Report

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

Transparency-Related Legislation

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

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

¹³ Chapter 2011-44, L.O.F.

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

In 2013, a provision in House Bill 5401,¹⁶ the bill which revised the Act, created the User Experience Task Force. Its purpose was to develop and recommend a design for consolidating existing state-managed websites that provide public access to state operational and fiscal information into a single website. The task force was comprised of four members, with one member each designated by the Governor, Chief Financial Officer, President of the Senate, and Speaker of the House. The task force's work plan was required to include a review of: (1) all relevant state-managed websites, (2) options for reducing the number of websites without losing detailed data, and (3) options for linking expenditure data with related invoices and contracts. The recommendations, due March 1, 2014, were required to include: (1) a design that provides an intuitive and cohesive user experience that allows users to move easily between varied types of related data, and (2) a cost estimate for implementation of the design.¹⁷

In 2014, Senate Bill 1632¹⁸ required all independent special districts that had been created for one or more fiscal years to maintain an official website, effective October 1, 2015.¹⁹ The website is required to include information specified in s. 189.069, F.S., such as the special district's charter, contact information, description of the boundaries, budget, and audit report(s).

The Legislature did not address the recommendations made in the Committee's 2011 report, cover letter to the 2014 report, or the 2015 report. As previously mentioned, the 2014 report did not include any recommendations.

¹⁴ Chapter 2011-144, L.O.F.

¹⁵ See s. 218.32, F.S.

¹⁶ Chapter 2013-54, L.O.F.

¹⁷ The User Experience Task Force's Final Report is available online at <http://www.myfloridacfo.com/division/dis/transparencytaskforce/Documents/UETFFinalRecommendation2-26-2014Updated.pdf>. The Task Force focused on eleven state-managed websites, including *Transparency Florida*, that provide state-wide financial information and recommended the following: (1) the use of www.floridasunshine.gov as a portal to access the information provided on these websites; (2) three levels of support for the portal, including a Transparency Steering Committee and the current website managers (i.e., the Governor's Office, the CFO's Office, etc.); (3) a three-pronged approach to education and training that includes a PowerPoint presentation and video of Florida's budget process; (4) categorizing the financial information provided in one of four categories: revenue, budget, spend, and audit; and (5) website features to include consistency in the display of webpages, the ability to search each website, compatibility with major web browsers, and numerous other suggestions to enhance the users' experience. The estimated cost to implement these recommendations is less than \$300,000; however the Task Force acknowledged that their recommendations are very high-level. The report stated that "[d]etailed requirements should be further developed to quantify the effort, costs, implementation schedule, and the detailed design." [p. 34]

¹⁸ Chapter 2014-22, L.O.F.

¹⁹ Dependent special districts are not required to maintain a separate website; however, their information must be accessible online from the website of the local general-purpose government that created the special district.

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PRESENT SITUATION

Status of Single Website

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

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

The requirements of s. 215.985(4), F.S., have been met. The website titled “[Transparency Florida](#)” includes detailed financial-related information for state agencies and other units of state government for the fiscal years 2008-09 through the current fiscal year, 2017-18. School district information is also available.

Summary of State Information Available on *Transparency Florida*

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

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

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

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

The first four options all relate to the State’s Operating Budget. By selecting the General Public option, some details of the operating budget are available in agency format. This format allows users to select a specific state agency, including the legislative branch and the state courts system, to view the fiscal year budget and the amount spent to date. The current fiscal year, 2017-18, is the default; however, users may view information for any fiscal year from 2008-09 through the current year by selecting from a drop-down menu. By clicking on the hyperlinks, users may drill down to view the operating budget and amount spent broken down by program.

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The Budget Analyst option allows users to select either the agency format or the ledger format. The agency format displays the appropriation amount and number of positions for the fiscal year selected, listed by agency. Users may drill down to the program or service area by selecting an agency's hyperlink. Additional details, including disbursements by object and an organizational schedule of allotment balances, are provided by continuing to select hyperlinks.

The ledger format displays appropriations-related information over the course of the fiscal year. It begins with the General Appropriations Act (GAA) and includes additional entries for Supplemental Appropriations, Vetoes, Budget Amendments approved by the Legislative Budget Commission, and other actions that effect the GAA. Users can select hyperlinks to obtain additional information for each item.

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

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

The Budget Analyst, Interactive Bill, and State Positions options provide a new feature which allows the user to indicate whether or not he or she wishes to display the codes associated with each entry. All of the four options, including General Public, provide users with the ability to export the information into an Excel spreadsheet.

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

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

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- Trust fund cash balance and daily cash balance, for all operating trust funds and their corresponding state agency;
- Trust Fund Revenues Report; and,
- Ten-Year History of Appropriation Reports

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

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

The Site Information option provides a training overview, the agency contact list, glossary, and frequently asked questions.

Finally, by selecting the Other Budget Links option, *Transparency Florida* provides links to various reports, websites, and other documents related to the state budget as follows:

- Fiscal Analysis in Brief: an annual report prepared and published by the Legislature that summarizes fiscal and budgetary information for a given fiscal year;
- Long-Range Financial Outlook 3 Year Plan: an annual report prepared and published by the Legislature that provides a longer-range picture of the State's financial position by integrating projections of the major programs driving annual budget requirements with revenue estimates;
- The Chief Financial Officer's [Transparency Florida](#): a webpage which includes links to:
 - State Financials (Budget, Spending and related information);
 - State Payments;
 - Florida State Contract Search (FACTS);
 - State Contract Audits;
 - State Economic Incentives Program;
 - Quasi Government Spending;
 - Estimated state taxes paid based on income (labeled as "Where State Dollars Go: Your Money Matters");
 - State Financial Reports;
 - State Government Information;
 - Local Government Financial Reporting;²⁰ and,
 - State Employee Data (Florida Has a Right to Know website).
- Reports on State Properties and Occupancy Rates: information from the Department of Management Services' Division of Real Estate Development and Management on state-owned buildings and occupancy rates;
- Government Program Summaries: encyclopedia of descriptive information on over 200 major state programs compiled by the Office of Program Policy Analysis and Government Accountability; and
- Reports on Public School Districts: these reports will be described in the next section of this report.

Transparency Florida includes all information required by the Act.

²⁰ Although labeled **Local Budgets** on this webpage, the information provided relates to actual revenues and expenditures, and not budgeted amounts. Most local governmental entities are required by law to post budget information on their own websites.

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Background and Summary of School District Information Accessible from *Transparency Florida*

To date, the only non-state financial-related information that is accessible from *Transparency Florida* relates to school districts. As previously discussed, the Committee's focus for its 2010 report was on the addition of school district information to the website. Proviso language in the 2010 General Appropriations Act²¹ was based on the Committee's 2010 recommendations and required the DOE to:

- Coordinate, organize, and publish online all currently available reports relating to school district finances, including information generated from the DOE's school district finance database;
- Coordinate with the EOG to create links on *Transparency Florida* to school district reports by August 1, 2010;
- Publish additional finance data relating to school districts not currently available online, including school-level expenditure data, by December 31, 2010;
- Work with the school districts to ensure that each district website provides a link to *Transparency Florida*; and
- Establish a working group to study issues related to the future expansion of school finance data available to the public through *Transparency Florida*, develop recommendations regarding the establishment of a framework to provide school-level data in greater detail and frequency, and publish a report of its findings by December 1, 2010.

The DOE met the proviso language requirements and the EOG, working in consultation with the appropriations committees of the Senate and the House of Representatives, provided access to the related school district information on *Transparency Florida*. As a result, the following reports and other information are now accessible by selecting the Links option from the *Transparency Florida* Home Page:

- School District Summary Budget
- School District Annual Financial Report
- School District Audit Reports Prepared by the Auditor General
- School District Audit Reports Prepared by Private CPA Firms
- School District Program Cost Reports
- Financial Profiles of School Districts
- Florida Education Finance Program (FEFP) Calculations
- Five-Year Facilities Work Plan
- Public School District Websites

A description of these reports is provided in Appendix C.²²

In addition, the websites of some school districts include a link to *Transparency Florida*. The proviso language that required school districts to post the link to *Transparency Florida* on their home page was in effect for the 2010-11 fiscal year. Currently, there is no such requirement.

The DOE established the workgroup required by the proviso language to address the expansion of school district information available on *Transparency Florida*. The School District Working Group's report, published in December 2010, recommended:

²¹ Proviso language for Specific Appropriations 116 through 130 of Ch. 2010-152, L.O.F.

²² Links to school district reports on *Transparency Florida* are located at <http://transparencyflorida.gov/info/LinkInfo.aspx?FY=16>.

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- Providing school-level data at the sub-function (i.e., K-12, food services, and pupil transportation services) and sub-object (i.e., classroom teachers, travel, and textbooks) levels;²³ and,
- Uploading school district data to *Transparency Florida* via file transfer protocol (FTP) on a monthly basis.

The sub-function and sub-object levels were recommended as the most cost effective method due to the variety of accounting packages used by the school districts. These report recommendations align with the Committee's 2010 recommendations for phase three of school district implementation. The goal of this phase was to provide more frequent and detailed information than had been recommended in the two earlier phases. The Committee's 2011 recommendation, however, was to require local entities, including school districts, to post their financial information on their own website. The Committee reversed the earlier recommendation which required entities to submit data to the State and the State bearing the responsibility to design and build a system to receive and display the information on *Transparency Florida*. The Committee's 2014 and 2015 recommendation was to not require the inclusion of any additional information on *Transparency Florida* from school districts or any other entity.

Status of the Website Related to Fiscal Planning for the State

The requirements of s. 215.985(5), F.S., have been met. The website titled "[Florida Fiscal Portal](#)" includes budget-related information for the fiscal years 2000-2001 through 2018-2019. Publications available include: (1) planning and budgeting instructions provided to state agencies, (2) agency legislative budget requests, (3) the Governor's recommended budget, (4) appropriations bills, (5) the approved budget, (6) the final budget report (prepared after year-end), (7) agency long-range program plans, (8) agency capital improvement plans, (9) fiscal analysis in brief, (10) long-range financial outlook 3 year plan, and other documents for selected years.

Status of the Website Related to Employee Positions and Salary

The requirements of s. 215.985(6), F.S., have been met. The website titled "[Florida Has A Right To Know](#)," allows users to search payroll data from the State of Florida People First personnel information system. The database includes information from all Executive Branch agencies, the Lottery, the Justice Administrative Commission (including state attorneys and public defenders), and the State Courts System (including judges). In addition, spreadsheets provide information related to employees of the State Board of Administration and all 12 of the state universities.

Information available includes: (1) name of employee, (2) salary or other rate of pay,²⁴ (3) employing agency or entity, (4) budget entity, (5) position number, (6) class code, and (7) class title. The People First information is updated weekly, the university information is updated twice per year, and the State Board of Administration information is updated quarterly.

²³ The level of detail required by *Financial and Program Cost Accounting and Reporting for Florida Schools*. Known as the Red Book, this is the uniform chart of accounts required to be used by all Florida school districts for budgeting and financial reporting (see ss. 1010.01 and 1010.20, F.S., and Rule 6A-1.001, F.A.C.).

²⁴ Universities provide the amount paid per term for Other Personnel Service (OPS) employees; the remaining entities provide the hourly rate of pay for OPS employees.

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Status of the Contract Management System

The requirements of s. 215.985(14), F.S., have been met. The CFO established the [Florida Accountability Contract Tracking System \(FACTS\)](#), which provides online public access to information related to contracts, grant agreements, and purchase orders executed by most state agencies. According to staff of the Department of Financial Services, the Legislature, the Department of Agriculture and Consumer Services, and the Department of Legal Affairs do not use FACTS.²⁵ Information available includes: (1) agency name, (2) vendor/grantor name, (3) type (contract, grant, or purchase order), (4) agency assigned contract ID (if applicable), (5) grant award ID (if known), (6) purchase order (PO) number (if applicable), (7) total dollar amount, (8) commodity/service type, and (9) DFS contract audits (if applicable). Users may search for contract, grant, or purchase information by agency name, dollar value, commodity/service type (for contract and purchase orders), contract ID, MyFloridaMarketPlace (MFMP) purchase order number, vendor/grantor name, beginning and/or ending dates, and/or grant award ID. By selecting a specific contract, grant, or purchase order and drilling down, users may access detailed information such as statutory authority, deliverables, a record of payments made, and an image of the contract or grant agreement. State agencies are required to redact confidential information prior to posting the contract document image online. Due, in part, to the length of time necessary to review contracts to ensure that all confidential information has been redacted, there may be a delay in posting images. For contracts in which the Department of Financial Services has conducted an audit, either summary or more detailed information is available, depending on the date of the audit.²⁶

Status of Water Management District Information

The requirements of s. 215.985(11), F.S., have been met. All five of the state's water management districts indicated that they provide monthly financial statements to their governing board members. Also, monthly financial statements are posted on the website of each water management district dating back to February 2016 or earlier.

Potential Entities Subject to Transparency Florida Act Requirements

A governmental entity, as defined in the Act, means any state, regional, county, municipal, special district, or other political subdivision whether executive, judicial, or legislative, including, but not limited to, any department, division, bureau, commission, authority, district, or agency thereof, or any public school district, community college, state university, or associated board. As originally passed, the Act required the Committee to recommend a format for displaying information from these entities on *Transparency Florida*. Smaller municipalities and special districts, defined as those with a population of 10,000 or less, were exempt from the Act. Entities that did not receive state appropriations were also exempt. Later, the Act was revised to provide an exemption based on revenues rather than population. Municipalities and special districts with total annual revenues of less than \$10 million were then exempt from the Act's requirements. In addition, the exemption for entities that did not receive state appropriations was removed.

²⁵ An exemption for these two Cabinet agencies, provided in s. 215.985(14)(i), F.S., authorizes each to create its own agency-managed website for posting contracts in lieu of posting such information on the CFO's contract management system. Both agencies, the Senate, and the House of Representatives provide contract information and documents on their respective websites. In addition, information related to Department of Agriculture and Consumer Services' contracts is on FACTS.

²⁶ By selecting the Audit tab for a specific contract, users are also provided a link to the Department of Financial Services' Transparency Florida Contract Audit page. On this webpage, a comprehensive list of contracts that have been audited from 2010-11 through 2014-15 fiscal years is provided that includes the evaluation criteria used during the audit and the number of contacts with deficiencies.

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Subsequent to a major revision in 2013, current law does not require specific non-state entities to be included in the Committee’s recommendations or provide an exemption to any of these entities. The Committee is required to recommend “additional information to be added to a website, such as whether to expand the scope of the information provided to include state universities, Florida college system institutions, school districts, charter schools, charter technical career centers, local government units, and other governmental entities.”²⁷ The following table shows the number of non-state entities of each type that could potentially be recommended for inclusion:

| Type of Entity (Non-State) | Total Number |
|--|---------------------------|
| School Districts | 67 |
| Charter Schools and Charter Technical Career Centers | 652 ²⁸ |
| State Universities | 12 |
| Florida College System Institutions | 28 |
| Counties | 67 ²⁹ |
| Municipalities | 412 |
| Special Districts | 1687 active ³⁰ |
| Regional Planning Councils | 11 |
| Metropolitan Planning Organizations | 27 |
| Entities affiliated with Universities and Colleges, such as the Moffitt Cancer Center | Unknown |

To date, only school districts have been assigned responsibility related to the Transparency Florida Act. As previously discussed, the DOE was directed to work with the school districts to ensure that each district’s website provided a link to *Transparency Florida*. This requirement was based on proviso language and was applicable for the 2010-11 fiscal year.

RECOMMENDATIONS

To be determined.

²⁷ Section 215.985(7)(a), F.S.

²⁸ Reported by the Department of Education for the 2015-16 school year.

²⁹ While there are 67 counties within the State, there are many more independent reporting entities since many of the constitutional officers operate their own financial management/accounting systems. The 38 counties that responded to a 2009 survey by the Florida Association of Counties reported 193 independent reporting entities.

³⁰ Current as of October 5, 2017.

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TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Appendix A

| Requirements of the Transparency Florida Act | | |
|---|-----------------------------|--|
| Entity | Section of Law | Requirement |
| Joint Legislative Auditing Committee | 215.985(7) | By November 1, 2013, and annually thereafter, the Committee shall recommend to the President of the Senate and the Speaker of the House of Representatives: <ul style="list-style-type: none"> • Additional information to be added to a website, such as whether to expand the scope of the information provided to include state universities, Florida College System institutions, school districts, charter schools, charter technical career centers, local government units, and other governmental entities. • A schedule for adding information to the website by type of information and governmental entity, including timeframes and development entity. • A format for collecting and displaying the additional information. |
| Joint Legislative Auditing Committee | 215.985(13) | Prepare an annual report detailing progress in establishing the single website and providing recommendations for enhancement of the content and format of the website and related policies and procedures. Report shall be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives by November 1. |
| Joint Legislative Auditing Committee | 215.985(9) | Coordinate with the Financial Management Information Board in developing recommendations for including information on the website which is necessary to meet the requirements of s. 215.91(8) . ³¹ |
| Executive Office of the Governor (EOG), in consultation with the appropriations committees of the Senate and the House of Representatives | 215.985(3) | Establish and maintain a single website that provides access to all other websites required by the Transparency Florida Act. These websites include information relating to: <ul style="list-style-type: none"> • The approved operating budget for each branch of state government and state agency; • Fiscal planning for the state; • Each employee or officer of a state agency, a state university, or the State Board of Administration; and, • A contract tracking system. Specific requirements include compliance with the American Disabilities Act, compatible with all major web browsers, provide an intuitive user experience to the extent possible, and provide a consistent visual design, interaction or navigation design and information or data presentation. |
| EOG, in consultation with the appropriations committees of the Senate and the House of Representatives | 215.985(4) | Establish and maintain a website that provides information relating to the approved operating budget for each branch of state government and state agency. Information must include: <ul style="list-style-type: none"> • Disbursement data and details of expenditure data, must be searchable; • Appropriations, including adjustments, vetoes, approved supplemental appropriations included in legislation other than the General Appropriations Act (GAA), budget amendments, and other actions and adjustments; • Status of spending authority for each appropriation in the approved operating budget, including released, unreleased, reserved, and disbursed balances. • Position and rate information for employees; • Allotments for planned expenditures and the current balance for such allotments; • Trust fund balance reports; • General revenue fund balance reports; • Fixed capital outlay project data; |

³¹ The Financial Management Information Board, comprised of the Governor and Cabinet, has not met in a number of years.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

| Requirements of the Transparency Florida Act | | |
|---|--|---|
| Entity | Section of Law | Requirement |
| EOG, in consultation with the appropriations committees of the Senate and the House of Representatives (Continued) | | <ul style="list-style-type: none"> • A 10-year history of appropriations by agency; and • Links to state audits or reports related to the expenditure and dispersal of state funds. |
| EOG, in consultation with the appropriations committees of the Senate and the House of Representatives | 215.985(5) | <p>Establish and maintain a website that provides information relating to fiscal planning for the state:</p> <ul style="list-style-type: none"> • The long-range fiscal outlook adopted by the Legislative Budget Commission; • Instructions to agencies relating to the legislative budget requests, capital improvement plans, and long-range program plans; • The legislative budget requests submitted by each state agency or branch of state government, including any amendments; • The capital improvement plans submitted by each state agency or branch of state government; • The long-range program plans submitted by each state agency or branch of state government; and • The Governor’s budget recommendation submitted pursuant to s. 216.163. <p>The data must be searchable by the fiscal year, agency, appropriation category, and keywords. The Office of Policy and Budget in the EOG shall ensure that all data added to the website remains accessible to the public for 10 years.</p> |
| Department of Management Services (DMS) | 215.985(6) | <p>Establish and maintain a website that provides current information relating to each employee or officer of a state agency, a state university, or the State Board of Administration. Information to include:</p> <ul style="list-style-type: none"> • Name and salary or hourly rate of pay of each employee; • Position number, class code, and class title; • Employing agency and budget entity. <p>Information must be searchable by state agency, state university, and the State Board of Administration, and by employee name, salary range, or class code and must be downloadable in a format that allows offline analysis.</p> |
| Manager of each website described in 215.985(4), (5), and (6). This refers to the three preceding websites and to staff of the EOG and DMS. | 215.985(8) | Submit to the Joint Legislative Auditing Committee information relating to the cost of creating and maintaining such website, and the number of times the website has been accessed. |
| Chief Financial Officer (CFO) | 215.985(14) | Establish and maintain a secure contract tracking system available for viewing and downloading by the public through a secure website. Appropriate Internet security measures must be used to ensure that no person has the ability to alter or modify records available on the website. |
| Each State Agency | 215.985(14)(a) and (b) | Post contract related information on the CFO’s contract tracking system within 30 days after executing a contract. Information to include names of contracting entities, procurement method, contract beginning and ending dates, nature or type of commodities or services purchased, applicable contract unit prices and deliverables, total compensation to be paid or received, all payments made to the contractor to date, and applicable contract performance measures. If competitive solicitation was not used, justification must be provided. Information must be updated within 30 days of any contract amendments. |
| Water Management Districts | 215.985(11) | Provide a monthly financial statement to its governing board and make such statement available for public access on its website. |

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Appendix B

| Summary of Senate Bill 224 (2011) Requirements Related to Financial Transparency³² <i>Documents That Entities Are Required to Post on Their Official Websites</i> | | | | |
|--|--|---|--|---|
| Type of Entity <i>(Current Statutory Reference)</i> | Tentative Budget <i>(must be posted online)</i> | Final Budget <i>(must be posted online)</i> | Adopted Budget Amendments <i>(must be posted online)</i> | If No Official Website |
| Board of County Commissioners <i>ss. 129.03(3)(c) and 129.06(2)(f)2., F.S.</i> | 2 days before public hearing | Within 30 days after adoption | Within 5 days after adoption | N/A |
| Municipality <i>(s. 166.241(3) and (5), F.S.)</i> | 2 days before public hearing | Within 30 days after adoption | Within 5 days after adoption | The municipality must, within a reasonable period of time as established by the county or counties in which the municipality is located, transmit the tentative and final budgets and any adopted amendment to the manager or administrator of such county or counties who shall post such documents on the county's website. |
| Special District (excludes Water Management Districts) <i>(s. 189.016(4) and (7), F.S.)</i> | 2 days before public hearing and must remain on the website for at least 45 days | Within 30 days after adoption and must remain on the website for at least 2 years | Within 5 days after adoption and must remain on the website for at least 2 years | By October 1, 2015, or by the end of the first full fiscal year after its creation, each special district must maintain an official website [s. 189.069(1), F.S.]. |
| Property Appraiser <i>(s. 195.087, F.S.)</i> | N/A | Within 30 days after adoption | N/A | If the Property Appraiser does not have an official website, the final approved budget must be posted on the county's official website |
| Tax Collector <i>(s. 195.087, F.S.)</i> | N/A | Within 30 days after adoption | N/A | If the Tax Collector does not have an official website, the final approved budget must be posted on the county's official website |
| Clerk of Circuit Court <i>(budget may be included in county budget)</i> <i>(s. 218.35, F.S.)</i> | N/A | Within 30 days after adoption | N/A | Must be posted on the county's official website |
| Water Management District <i>(s. 373.536(5)(d) and (6), F.S.)</i> | 2 days before public hearing | Within 30 days after adoption | N/A | N/A |
| District School Board <i>(s. 1011.03(4) and (5), F.S.)</i> | 2 days before public hearing | Within 30 days after adoption | Within 5 days after adoption | N/A |
| Additional Requirement | | | | |
| Each local governmental entity website must provide a link to the Department of Financial Services' (DFS) website to view the entity's annual financial report (AFR) submitted; if an entity does not have an official website, the county government website must provide the link. | | | | |

³² Some language has been subsequently amended since the passage of Senate Bill 224; the current language is provided above.

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TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Appendix C

| Transparency Florida Links: Reports and Other Information Available for School Districts (As recommended in the Committee's 2010 report) | |
|--|---|
| Title of Report / Other Information | Summary Description of Report / Other Information |
| School District Summary Budget http://www.fldoe.org/finance/fl-edu-finance-program-fefp/school-dis-summary-budget.shtml | <i>At the beginning of each fiscal year, each district school board formally adopts a budget. The District Summary Budget is the adopted budget that is submitted to the Department of Education (DOE) by school districts. The budget document provides millage levies; estimated revenues detailed by federal, state, and local sources; and estimated expenditures.</i> |
| School District Annual Financial Report http://www.fldoe.org/finance/fl-edu-finance-program-fefp/school-dis-annual-financial-reports-af.shtml | <i>The Annual Financial Report is the unaudited data submitted to the DOE by school districts after the close of each fiscal year. It includes actual revenues detailed by federal, state, and local sources, and actual expenditures.</i> |
| School District Audit Reports Prepared by the Auditor General https://flauditor.gov/pages/subjects/dsb.htm | <i>The Auditor General provides periodic financial, federal, and operational audits of district school boards. The Auditor General also provides periodic audits of district school boards to determine whether the district: 1) complied with state requirements governing the determination and reporting of the number of full-time equivalent students under the Florida Education Finance Program and 2) complied with state requirements governing the determination and reporting of the number of students transported.</i> |
| School District Audit Reports Prepared by Private CPA Firms https://flauditor.gov/pages/dsb_efile.htm | <i>The Auditor General maintains copies of district school board financial and federal audit reports, which are prepared on a rotational basis by private certified public accounting firms.</i> |
| School District Program Cost Reports http://public2.fldoe.org/TransparencyReports/CostReportSelectionPage.aspx | <i>The Program Cost Report data is submitted to the DOE by school districts after the close of each fiscal year. Actual expenditures by fund type are presented as either direct costs or indirect costs, and are attributed to each program at each school. A total of nine separate reports are produced from the cost reporting system.</i> |
| Financial Profiles of School Districts http://www.fldoe.org/schools/k-12-public-schools/profiles-of-fl-school-diss.shtml | <i>The Financial Profiles of School Districts reports provide detailed summary information about revenues and expenditures of the school districts – revenues by source and expenditures by function and object.</i> |
| Florida Education Finance Program (FEFP) Calculations http://www.fldoe.org/finance/fl-edu-finance-program-fefp/fl-edu-finance-program-fefp-calculatio.shtml | <i>The FEFP is the primary mechanism for funding the operating costs of the school districts, and calculations are made five times throughout each school year to arrive at each year's final appropriation. The amount allocated to each of the components of the FEFP funding formula is shown for each school district.</i> |
| Five-Year Facilities Work Plan http://www.fldoe.org/finance/edual-facilities/wkplans/ | <i>The 5-Year District Facilities Work Plan is the authoritative source for educational facilities information, including planning and funding. Governmental entities that use this information include the Department of Education, Legislature, Governor's Office, Division of Community Planning (growth management), and local governments.</i> |
| Public School Websites https://app2.fldoe.org/publicapps/Schools/schoolmap/flash/schoolmap_text.asp | <i>Provides a link to the homepage of each school district.</i> |

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24.123 Annual audit of financial records and reports.—

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

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

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

**4 Auditor General Report
on Significant Financial
Trends and Findings**

STATE OF FLORIDA AUDITOR GENERAL

Local Government Significant Findings & Financial Trends 2015-16 Fiscal Year

Legislative Auditing Committee
December 7, 2017



Sherrill F. Norman, CPA
Auditor General

Background

State law requires local governmental entities, such as counties and certain municipalities and special districts, to provide for annual financial audits conducted by independent CPAs, and to submit copies of their reports to us for review.

As of July 31, 2017, 2015-16 fiscal year audit reports had been submitted to us for 1,608 local governmental entities:

- 358 county agencies
- 371 municipalities
- 879 special districts

Significant Audit Findings

Our review of the audit reports for the 1,608 entities disclosed that audit reports for:

- 39 entities (2 percent) contained modified opinions.
- 184 entities (11 percent) disclosed one or more material weaknesses.
- 159 entities (10 percent) disclosed one or more significant deficiencies.

3

Significant Audit Findings

Modified opinions on financial statements include:

- Qualified – except for the effects of the matter(s) to which the qualification relates, the financial statements are fairly presented. (1 county, 6 municipalities, 17 special districts)
- Adverse – the financial statements are not fairly presented. (24 special districts)
- Disclaimer – the auditor does not express an opinion. (1 special district)

4

Significant Audit Findings

A **material weakness** is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be detected, or detected and corrected in a timely basis.

A **significant deficiency** is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.

5

Significant Audit Findings

| | Material Weaknesses | Significant Deficiencies |
|-------------------|---------------------|--------------------------|
| Counties | 72 | 63 |
| Municipalities | 127 | 138 |
| Special Districts | 84 | 40 |

The material weaknesses and significant deficiencies reported primarily related to:

- Inappropriate separation of duties.
- General accounting records.
- Financial reporting.

6

Significant Audit Findings

Many (33 percent) of the findings in the audit reports we reviewed did not include one or more of the elements required by the Rules of the Auditor General, such as:

- A description of the criteria or specific requirement upon which the audit finding was based.
- A description of the condition found, including facts that support the deficiency.
- A proper perspective (e.g., the number of records examined and the quantity or dollar value of deficiencies noted).

7

Significant Audit Findings

The 2015-16 fiscal year audit reports contained 1,119 audit findings, which is comparable to the 1,111 findings in the 2014-15 fiscal year audit reports.

Of the 1,119 findings, 423 had been similarly reported in the two preceding financial audit reports, compared to 453 audit findings reported in the 2014-15 fiscal year audit reports that had been similarly reported in the two preceding financial audit reports.

8

Financial Trends

For the 1,364 local governmental entity 2015-16 fiscal year audit reports submitted to us through October 2017, as well as 146 unaudited annual financial reports submitted to the Department of Financial Services and provided to us, our review included a determination of whether the financial statement auditor reported that the entity met one or more of the conditions described in State law that could cause the entity to be in a state of financial emergency.

9

Financial Trends

Our review disclosed that audit reports for 55 (3 municipalities and 52 special districts), or 4 percent, of the 1,364 entities reported that the entity met at least one condition described in State law that could cause the entity to be in a state of financial emergency. When compared to our review results for the previous 4 fiscal years, this is the fewest number of entities reported as meeting at least one of the conditions.

10

Financial Trends

The audit reports for 61 (12 municipalities and 49 special districts), or 4 percent, of the 1,364 entities reported that the entity was experiencing deteriorating financial conditions.

The number of reported entities experiencing deteriorating financial conditions decreased from 91 entities for the 2011-12 fiscal year to 61 entities for both the 2014-15 and 2015-16 fiscal years.

11

Financial Trends

Taxable property values and taxes levied in the 2016 calendar year were more than the values and levies in each of the 4 previous calendar years.

However, county and municipality taxable property values decreased by \$207 billion (11 percent) and \$58 billion (6 percent), respectively, over the 9-year period 2007 through 2016.

Taxes levied decreased by \$144 million (2 percent) for counties and increased by \$288 million (7 percent) for municipalities, for the same period.

12

Financial Trends

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

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

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Questions?

14



Michael J. Gomez, CPA
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**SUMMARY OF
SIGNIFICANT FINDINGS AND
FINANCIAL TRENDS IDENTIFIED IN
LOCAL GOVERNMENT AUDIT REPORTS
FOR THE 2015-16 FISCAL YEAR**

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



Sherrill F. Norman, CPA
Auditor General

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

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

This report and other reports prepared by the Auditor General are available at:

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State of Florida Auditor General

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SUMMARY OF SIGNIFICANT FINDINGS AND FINANCIAL TRENDS IDENTIFIED IN LOCAL GOVERNMENT AUDIT REPORTS FOR THE 2015-16 FISCAL YEAR

SUMMARY

State law¹ requires certain local governmental entities, such as counties and certain municipalities and special districts, to provide for annual financial audits conducted by independent certified public accountants (CPAs), and to file copies of their audit reports with us.

Pursuant to State law,² we reviewed the local governmental entity 2015-16 fiscal year audit reports submitted to us as of July 31, 2017, as well as the local governmental entity 2015-16 fiscal year annual financial reports (AFRs) submitted to the Department of Financial Services (DFS) pursuant to State law³ and provided to us. Our review and analysis of the reported information identified the significant findings and financial trends compiled in this report.

Significant Findings

We reviewed 2015-16 fiscal year audit reports for 1,608 local governmental entities⁴ (358 county agencies, 371 municipalities, and 879 special districts) submitted to us as of July 31, 2017, and noted that:

- The audit reports for 39 (2 percent) of the entities contained modified opinions.
- The audit reports for 184 (11 percent) of the entities disclosed one or more material weaknesses and audit reports for 159 (10 percent) of the entities disclosed one or more significant deficiencies. The material weaknesses and significant deficiencies reported primarily related to inappropriate separation of duties, general accounting records, and financial reporting.
- The audit reports reviewed contained 1,119 findings, which is comparable to the 1,111 findings included in the 2014-15 fiscal year audit reports reviewed. Of the 1,119 findings, 423 had been similarly reported in the 2014-15 and 2013-14 fiscal year audit reports, compared to 453 of the audit findings reported in the 2014-15 audit reports that had been similarly reported in the 2013-14 and 2012-13 fiscal year audit reports. These decreases may be attributed, in part, to the statutory requirement⁵ effective for the 2011-12 fiscal year that requires the Auditor General to notify the Legislative Auditing Committee of local governmental entities that failed to take full corrective action in response to one or more recommendations included in the two preceding financial audit reports.
- Many (33 percent) of the findings in the audit reports we reviewed did not include one or more of the elements required by the Rules of the Auditor General.⁶

¹ Section 218.39, Florida Statutes.

² Section 11.45(7)(f), Florida Statutes.

³ Section 218.32(1)(a), Florida Statutes.

⁴ The 1,311 audit reports received through July 31, 2017, included 61 county audit reports that each included separate audits of each county agency. We reviewed the findings separately reported for the county agencies in the county audit reports received and, therefore, reviewed audit reports related to a total of 1,608 local governmental entities.

⁵ Section 218.39(8), Florida Statutes.

⁶ Chapter 10.550, Rules of the Auditor General.

Financial Trends

In addition to the 1,311 local governmental entity 2015-16 fiscal year audit reports submitted to us through July 31, 2017, we received audit reports for the 2015-16 fiscal year from 53 other local governmental entities during the period August through October 2017. We reviewed these 1,364 audit reports as well as 146 local governmental entity unaudited AFRs submitted to the DFS and provided to us. Our reviews of the 1,364 audit reports included a determination of whether the financial statement auditor reported that the entity met one or more of the conditions described in State law⁷ that could cause the entity to be in a state of financial emergency. We also compiled and reviewed financial data, for example, fund equity, cash, and investments balances reported, as applicable, for the 1,311 audit reports submitted to us through July 31, 2017, and the 146 AFRs. Our reviews disclosed that:

- The audit reports for 55 (3 municipalities and 52 special districts), or 4 percent, of the 1,364 entities reported that the entity met at least one condition described in State law that could cause the entity to be in a state of financial emergency. When compared to our review results for the previous 4 fiscal years, this is the fewest number of entities reported as meeting at least one of the conditions.
- The audit reports for 61 (12 municipalities and 49 special districts), or 4 percent, of the 1,364 entities reported that the entity was experiencing deteriorating financial conditions. The number of reported entities experiencing deteriorating financial conditions decreased from 91 entities during the 2011-12 fiscal year to 61 entities during both the 2014-15 and 2015-16 fiscal years.
- Taxable property values and taxes levied in the 2016 calendar year were more than the values and levies in each of the 4 previous calendar years. However, county and municipality taxable property values decreased by \$207 billion (11 percent) and \$58 billion (6 percent), respectively, over the 9-year period 2007 through 2016. Taxes levied decreased by \$144 million (2 percent) for counties and increased by \$288 million (7 percent) for municipalities, for the same period.
- Certain financial trends for numerous entities were identified that may be indicative of deteriorating financial conditions, including high levels of ad valorem millage rates for lesser-populated counties; insufficient levels of assigned and unassigned fund equity; declining excess revenues over expenditures in governmental funds or decreasing operating incomes (or increasing operating losses) in proprietary funds; and low or declining levels of cash and investments, as compared to current liabilities.

⁷ Section 218.503(1), Florida Statutes.

BACKGROUND

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

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

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

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

We are also required to notify the Legislative Auditing Committee of local governmental entity audit reports that indicate the local government failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.¹⁷ In addition, we are to annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee a summary of significant findings and financial

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

⁹ Section 218.39(1), Florida Statutes.

¹⁰ Section 218.39(5), Florida Statutes.

¹¹ Section 218.503(1), Florida Statutes.

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

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

¹⁴ Section 218.503(2), Florida Statutes.

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

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

¹⁷ Section 218.39(8), Florida Statutes.

trends identified in local governmental entity audit reports and other information, such as annual financial reports for entities that are not required to obtain an audit.¹⁸

SIGNIFICANT FINDINGS

Modified Audit Opinions

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

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

We reviewed 2015-16 fiscal year audit reports for 1,608 local governmental entities¹⁹ (358 county agencies, 371 municipalities, and 879 special districts) and noted that the audit reports for 39 (2 percent) of the entities contained one or more modified opinions. The reported information included:

- Qualified opinions for 24 entities (1 county, 6 municipalities, and 17 special districts).
- Adverse opinions for 24 special districts. Qualified opinions were also reported for 10 of these special districts.
- A disclaimer of opinion for 1 special district (Fort Myers Beach Fire Control District) because the auditor was unable to audit the Fiduciary Fund.

Thirty-five (90 percent) of the 39 local governmental entities with modified opinions also had one or more modified opinions for the 2014-15 fiscal year.

Table 1 lists the 24 entities whose 2015-16 fiscal year audit reports included qualified opinions. Examples of auditor-issued qualified opinions include failure to implement the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; inadequate records for capital assets; and insufficient evidence for expenditures. The percentage of 2015-16 fiscal year audit reports reviewed with qualified opinions (1.5 percent) is comparable to the percentage of 2014-15 fiscal year audit reports reviewed with qualified opinions (1.4 percent).

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

¹⁹ The 1,311 audit reports received included 61 county audit reports that each included separate audits of each county agency. We reviewed the findings separately reported for each of the county agencies in the county audit reports received and, therefore, reviewed audit reports related to a total of 1,608 local governmental entities.

Table 1
Entities with Qualified Audit Report Opinions
For the 2015-16 Fiscal Year

| County | |
|-------------------------|---|
| 1 | Washington County Board of County Commissioners ^a |
| Municipality | |
| 1 | Town of Alford ^a |
| 2 | City of Chiefland ^a |
| 3 | Town of Freeport |
| 4 | Town of Gulf Stream ^a |
| 5 | Town of Howey-in-the-Hills ^a |
| 6 | Town Otter Creek |
| Special District | |
| 1 | Arborwood Community Development District ^{a b c} |
| 2 | Big Bend Water Authority ^a |
| 3 | Buckeye Park Community Development District ^a |
| 4 | City Center Community Development District ^{b c} |
| 5 | Clearwater Cay Community Development District ^a |
| 6 | Durbin Crossing Community Development District ^{a b c} |
| 7 | Gramercy Farms Community Development District ^{b c} |
| 8 | Meadow Point IV Community Development District ^{b c} |
| 9 | Montecito Community Development District ^{a b c} |
| 10 | New Port – Tampa Bay Community Development District ^{a b c} |
| 11 | New River Public Library Cooperative ^a |
| 12 | Riverwood Estates Community Development District ^{b c} |
| 13 | South Bay Community Development District (Hillsborough County) ^a |
| 14 | St. Augustine Port, Waterway and Beach District ^a |
| 15 | Tern Bay Community Development District ^b |
| 16 | Viera Stewardship District ^a |
| 17 | Westside Community Development District ^{a b c} |

24 Total Number of Audit Reports with Qualified Opinions

- ^a Entity's 2014-15 fiscal year audit report also included a qualified opinion.
- ^b Entity's 2015-16 fiscal year audit report also included an adverse opinion.
- ^c Entity's 2014-15 fiscal year audit report also included an adverse opinion.

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

Table 2 lists the 24 special districts whose 2015-16 fiscal year audit reports included adverse opinions. The adverse opinions were primarily because the special districts excluded component units from their financial statements. The percentage of 2015-16 fiscal year audit reports reviewed with adverse opinions (1.5 percent) is comparable to the percentage of 2014-15 fiscal year audit reports reviewed with adverse opinions (1.7 percent).

Table 2
Entities with Adverse Audit Report Opinions
For the 2015-16 Fiscal Year

| Special District | |
|-------------------------|--|
| 1 | Arborwood Community Development District ^{a b} |
| 2 | Chapel Creek Community Development District ^a |
| 3 | City Center Community Development District ^{a b} |
| 4 | Concorde Estates Community Development District ^a |
| 5 | Durbin Crossing Community Development District ^{a b} |
| 6 | Gramercy Farms Community Development District ^{a b} |
| 7 | Magnolia Creek Community Development District ^a |
| 8 | Magnolia West Community Development District ^a |
| 9 | Meadow Pointe IV Community Development District ^{a b} |
| 10 | Montecito Community Development District ^{a b} |
| 11 | Naturewalk Community Development District ^a |
| 12 | New Port – Tampa Bay Community Development District ^{a b} |
| 13 | Reunion West Community Development District ^a |
| 14 | River Glen Community Development District ^a |
| 15 | Riverwood Estates Community Development District ^{a b} |
| 16 | Sterling Hill Community Development District ^a |
| 17 | Tern Bay Community Development District ^b |
| 18 | Trails Community Development District ^a |
| 19 | Villa Vizcaya Community Development District ^a |
| 20 | Waterford Estates Community Development District ^a |
| 21 | Waterstone Community Development District ^a |
| 22 | Westridge Community Development District ^a |
| 23 | Westside Community Development District ^{a, b} |
| 24 | Zephyr Ridge Community Development District ^a |

24 Total Number of Audit Reports with Adverse Opinions

^a Entity's 2014-15 fiscal year audit report also included an adverse opinion.

^b Entity's 2015-16 fiscal year audit report also included a qualified opinion.

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

Classification of Audit Findings

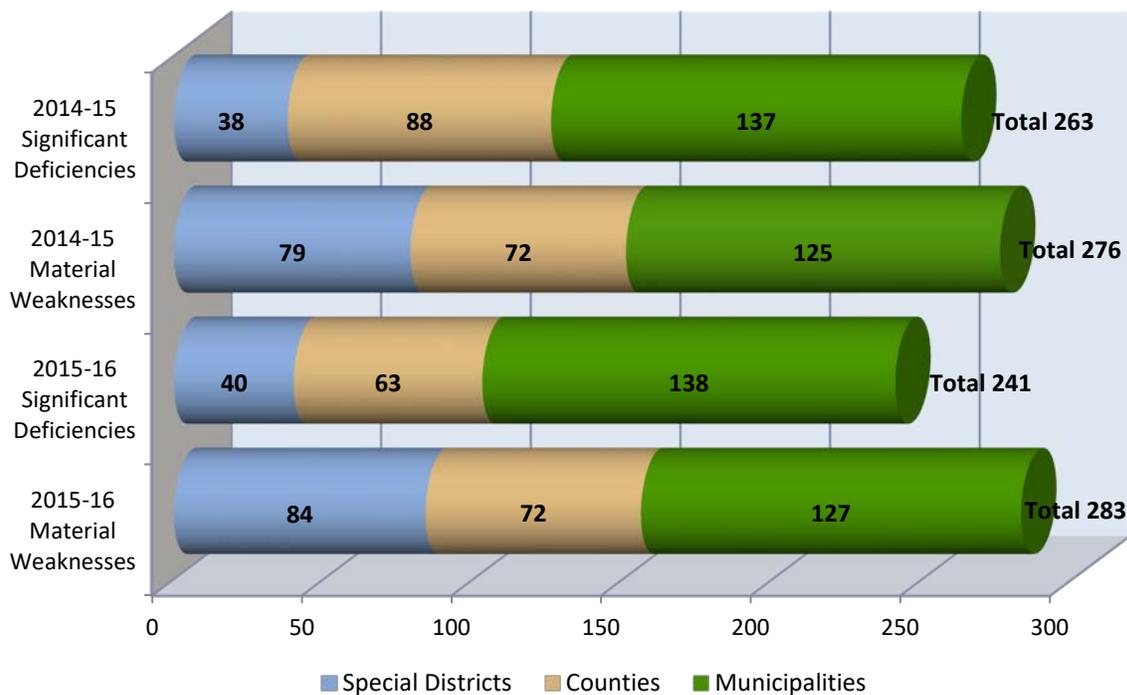
Auditing standards require auditors to report significant deficiencies and material weaknesses in internal control that are disclosed during the course of a financial statement audit. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The classification of an audit finding is

dependent upon the finding’s potential impact on the specific entity under audit; therefore, classifications may vary from entity to entity.

The audit reports we reviewed for 1,608 local governmental entities included one or more material weaknesses for 184 entities (11 percent) and one or more significant deficiencies for 159 entities (10 percent). The material weaknesses and significant deficiencies reported primarily related to inappropriate separation of duties, general accounting records, and financial reporting. These percentages are comparable to those for the audit reports we reviewed for the 2014-15 fiscal year, as 13 percent of the 2014-15 fiscal year audit reports included material weaknesses and 9 percent included significant deficiencies.

Of the 1,119 findings included in audit reports that we reviewed, 283 findings (25 percent) were classified as material weaknesses and 241 findings (22 percent) were classified as significant deficiencies. These percentages are comparable to those for the audit reports we reviewed for the 2014-15 fiscal year that had 25 percent of the findings classified as material weaknesses and 24 percent of the findings classified as significant deficiencies. Chart 1 shows the number of material weaknesses and significant deficiencies reported for the 2014-15 and 2015-16 fiscal years.

**Chart 1
Number of Findings Classified as
Material Weaknesses and Significant Deficiencies**



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

Significant Deficiencies and Other Audit Findings

As part of our review, we identified categories of findings and grouped the various audit findings included in the county, municipality, or special district 2015-16 fiscal year audit reports by category. Although the

total number of audit reports we reviewed for the 2015-16 fiscal year (1,608) was 3 percent more than the number we reviewed for the 2014-15 fiscal year (1,563), the number of findings increased by less than 1 percent (from 1,111 findings for the 2014-15 fiscal year to 1,119 findings for the 2015-16 fiscal year). The increase in the number and percentage of findings is further discussed under the subheading **Repeated Findings from Previous Fiscal Years.**

Summaries of the predominant and most significant audit findings included in the 2015-16 fiscal year audit reports reviewed for 358 county agencies, 371 municipalities, and 879 special districts are presented below by category. In addition, a summary of the number of findings, by finding category and by type of local governmental entity with comparative prior fiscal year information, is included as **EXHIBIT A** to this report.

Separation of Duties. In 31 of the county agency reports (9 percent), 56 of the municipality reports (15 percent), and 25 of the special district reports (3 percent), findings were noted regarding an inadequate separation of duties or responsibilities. This represents 7 percent of all reports, which is the same percentage of reports with similar findings for the prior fiscal year. Inadequate separation of duties or responsibilities increases the possibility that errors or fraud may occur without timely detection and diminishes the local governmental entity's ability to properly safeguard assets. For many of the reported instances, local government entity personnel contended that, due to the small number of staff, it was not economically feasible to further separate duties or responsibilities. However, the auditors frequently recommended that the entity reassign duties and responsibilities or establish compensating controls.

Budget Administration. In 16 of the county agency reports (4 percent), 28 of the municipality reports (8 percent), and 25 of the special district reports (3 percent), findings were noted regarding inadequate budgetary controls and noncompliance with legal requirements for adopting and amending the budget. This represents 4 percent of all reports, which is the same percentage of reports with similar findings for the prior fiscal year. The findings addressed problems relating to the entity's failure to properly adopt a budget, inadequate budgetary policies, failure to budget for all funds or projects, and overexpended budgets. Budgetary problems may affect an entity's ability to demonstrate to the citizenry the proper use of public resources, and could result in inefficient or inappropriate use of resources, resulting in deteriorating financial conditions.

General Accounting Records. In 25 of the county agency reports (7 percent), 53 of the municipality reports (14 percent), and 19 of the special district reports (2 percent), findings were noted regarding inadequate accounting or other records, lack of subsidiary records or failure to timely reconcile subsidiary records to general ledger control accounts, and improper recording of transactions to the accounting records. This represents 6 percent of all reports, a 1 percent decrease in the percentage of reports with similar findings for the prior fiscal year. Recordkeeping deficiencies may reduce an entity's ability to effectively monitor its use of public resources and increases the risk of inappropriate or inefficient use of resources. Improper recording of transactions also could affect the reliability of the entity's reporting of financial position and results of operations.

Financial Reporting. In 34 of the county agency reports (9 percent), 59 of the municipality reports (16 percent), and 44 of the special district reports (5 percent), findings were noted relating to the reporting of financial data either externally or within the local governmental entity. This represents 9 percent of all

reports, which is the same percentage of reports with similar findings for the prior fiscal year. Financial reporting problems may affect an entity's ability to demonstrate compliance with legal, contractual, and financial reporting requirements and to provide assurance to interested parties (including its governing body) that the entity is in sound financial condition and is using public resources in an efficient and appropriate manner.

Cash. In 11 of the county agency reports (3 percent), 33 of the municipality reports (9 percent), and 9 of the special district reports (1 percent), findings were noted regarding inadequate controls or noncompliance with legal requirements pertaining to cash on hand or held by banks. This represents 3 percent of all reports, which is the same percentage of reports with similar findings for the prior fiscal year. The findings addressed inadequate or untimely bank reconciliations, stale-dated checks, inaccurate recording of cash transactions, and other cash accountability issues, including noncompliance with applicable legal requirements. Cash accountability deficiencies increase the risk of unauthorized disbursements and cash losses and thwart the prompt detection of such disbursements and losses.

Capital Assets. In 6 of the county agency reports (2 percent), 29 of the municipality reports (8 percent), and 15 of the special district reports (2 percent), findings were noted regarding noncompliance with legal requirements pertaining to acquisitions or disposals of capital assets or the improper use of, and lack of accountability for, capital assets. This represents 3 percent of all reports, a 1 percent decrease in the percentage of reports with similar findings for the prior fiscal year. The findings addressed inadequate or lack of capital asset records, failure to timely reconcile subsidiary capital asset records to general ledger control accounts, failure to perform an annual inventory and compare the inventory to capital asset records, failure to properly identify or tag property, improper acquisitions of capital assets, and unauthorized disposals of capital assets. Capital asset accountability deficiencies may affect an entity's ability to demonstrate that it has efficiently and appropriately acquired, disposed of, and safeguarded capital assets and increase the risk that such assets could be misappropriated without prompt detection.

Debt Administration. In 12 of the municipality reports (3 percent), and 48 of the special district reports (5 percent), findings were noted regarding failure to make debt principal and interest payments when due, noncompliance with debt reserve requirements, and other noncompliance with bond covenants or other debt agreements. This represents 4 percent of all reports, which is the same percentage of reports with similar findings for the prior fiscal year. Debt administration deficiencies may affect an entity's ability to obtain and repay debt and could contribute to deteriorating financial conditions.

Revenues and Collections. In 13 of the county agency reports (4 percent), 43 of the municipality reports (12 percent), and 6 of the special district reports (1 percent), findings were noted regarding inadequate controls or noncompliance with legal requirements pertaining to revenues and accounts receivable. This represents 4 percent of all reports, which is the same percentage of reports with similar findings in the prior fiscal year. The findings addressed improper recording of revenue or accounts receivable transactions, improper documentation for receipts, lack of an adequate fee structure, untimely deposits, and deposits not made intact. Revenue and accounts receivable deficiencies may affect an entity's ability to ensure that cash collections are safeguarded against loss from unauthorized use or disposition. Failure to assess and collect all revenues to which the entity is entitled could contribute to deteriorating financial conditions.

Payroll and Personnel Administration. In 7 of the county agency reports (2 percent), 35 of the municipality reports (9 percent), and 12 of the special district reports (1 percent), findings were noted regarding inadequate controls or noncompliance with legal requirements pertaining to payroll and personnel administration. This represents 3 percent of all reports, a 1 percent increase in the percentage of reports with similar findings for the prior fiscal year. The findings addressed improper authorization and payment of salaries and benefits to employees, improper recording of payroll or personnel transactions, failure to properly and timely remit payroll taxes withheld, or other payroll or personnel matters. Payroll and personnel deficiencies increase the risk that employees may be incorrectly compensated and employee leave balances may not be accurate.

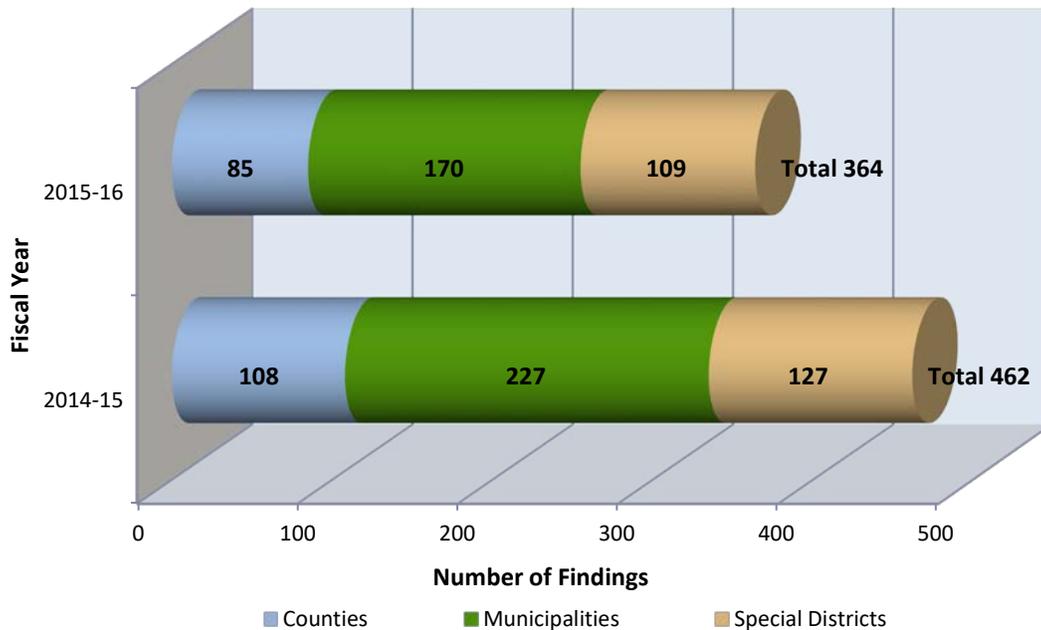
Expenditures and Expenses. In 10 of the county agency reports (3 percent), 20 of the municipality reports (5 percent), and 17 of the special district reports (2 percent), findings were noted regarding the expenditure of public funds. This represents 3 percent of all reports, which is the same percentage of reports with similar findings for the prior fiscal year. The findings addressed expenditures or expenses that were not properly documented, approved, or recorded; not executed efficiently; or not made in accordance with laws, rules, ordinances, or other guidelines. Expenditure and expense deficiencies increase the risk of improper payments and the inappropriate or inefficient use of public resources.

Detail of Audit Findings

Rules of the Auditor General²⁰ prescribe the required elements of audit report findings. Of the 1,119 findings included in the audit reports we reviewed, 364 (33 percent) did not include one or more of the required elements, a decrease from the 42 percent of prior fiscal year findings that lacked some of the required elements. Chart 2 illustrates the total number of insufficiently detailed audit findings reported for the 2014-15 and 2015-16 fiscal years.

²⁰ Section 10.557(4)(b), Rules of the Auditor General.

Chart 2
Insufficiently Detailed Audit Findings



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

Although the percentage of insufficiently detailed findings decreased from 42 for the 2014-15 fiscal year to 33 percent for the 2015-16 fiscal year, the total number and percentage of insufficiently detailed findings remains high. Contrary to the Rules of the Auditor General, most of the insufficiently detailed audit findings excluded one or more of the following:

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

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

Repeated Findings from Previous Fiscal Years

Of the 1,119 findings included in 2015-16 fiscal year audit reports we reviewed, 423 findings (38 percent) for 246 local governmental entities (52 county agencies, 97 municipalities, and 97 special districts) were also included in the entities' 2014-15 and 2013-14 fiscal year audit reports. This is a decrease when compared to the 453 findings (41 percent) reported in the 2014-15 audit reports that had also been included in the 2013-14 and 2012-13 fiscal year audit reports. This decrease may be attributed, in part,

to the statutory requirement²¹ that requires, beginning with the 2011-12 fiscal year, the Auditor General to notify the Legislative Auditing Committee of local governmental entities that failed to take full corrective action in response to one or more recommendations included in the two preceding financial audit reports.

FINANCIAL TRENDS

Potential Financial Emergencies

State law²² requires local governmental entities to be subject to review and oversight by the Governor if, due to lack of funds, one or more of the following conditions occur:

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

Our review of the 1,364 local governmental entity 2015-16 fiscal year audit reports submitted to us as through October 2017, disclosed that a total of 55 entities (3 municipalities and 52 special districts) were reported as meeting one or more of these conditions. As shown in Table 3, when compared to our review results for the previous 4 fiscal years, this is the fewest number of entities reported as meeting at least one of the conditions.

²¹ Section 218.39(8), Florida Statutes.

²² Section 218.503(1), Florida Statutes.

Table 3
Local Governments Meeting Specified Conditions
For the 2011-12 Through 2015-16 Fiscal Years

| Number of Local Governmental Entities: | Fiscal Year | | | | |
|---|-------------|-----------|-----------|-----------|-----------|
| | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
| Meeting one or more of the financial emergency conditions. | 90 | 82 | 67 | 58 | 55 |
| For which the auditor reported the following conditions: | | | | | |
| Failure within the same fiscal year in which due to pay short-term loans or failing to make bond debt service or other long-term debt payments when due, as a result of a lack of funds. | 86 | 78 | 65 | 56 | 54 |
| Failure to pay uncontested claims from creditors within 90 days after the claim is presented, as a result of a lack of funds. | 17 | 21 | 6 | 2 | 3 |
| Failure to transfer at the appropriate time, due to lack of funds, taxes withheld on the income of employees or employer and employee contributions for Federal social security or any pension, retirement, or benefit plan of an employee. | 1 | 2 | 1 | 2 | 1 |
| Failure for one pay period to pay, due to lack of funds, wages and salaries owed to employees or retirement benefits owed to former employees. | - | - | - | - | - |

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

If the local governmental entity is reported as meeting one or more of the specified conditions, Rules of the Auditor General²³ require the independent auditor to specify whether the condition was a result of deteriorating financial conditions. For 47 of the 55 entities reported as meeting one or more of the specified conditions at the 2015-16 fiscal year end, the auditor indicated that the condition resulted from deteriorating financial conditions.

Deteriorating Financial Conditions

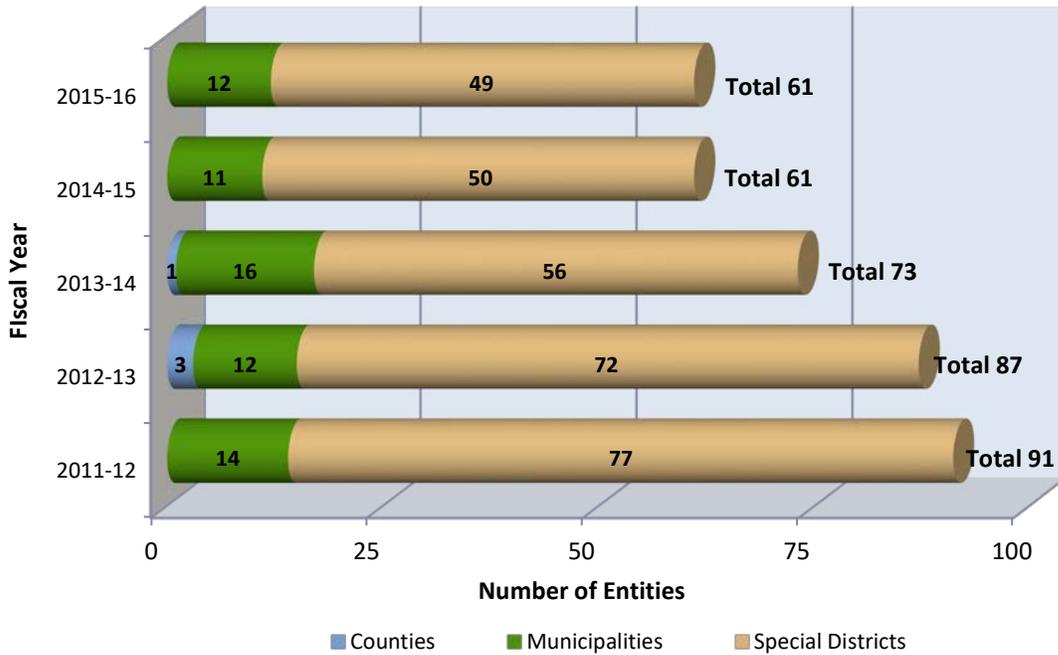
As discussed in the **BACKGROUND** section of this report, Rules of the Auditor General²⁴ require the independent auditor to assess the local governmental entity's financial condition and include management letter recommendations addressing any deteriorating financial conditions disclosed by the audit. For example, a municipality's failure to implement cost reductions or revenue enhancements to replenish fund equities and cash reserves may result in a future financial emergency condition.

Auditors reported a total of 61 entities (12 municipalities and 49 special districts), as experiencing deteriorating financial conditions at the 2015-16 fiscal year end. As illustrated by Chart 3, the total number of local governmental entities reported as experiencing deteriorating financial conditions has decreased each year from the 2011-12 fiscal year through the 2015-16 fiscal year.

²³ Section 10.554(1)(i)5.c.(2), Rules of the Auditor General.

²⁴ Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General.

Chart 3
Entities Reported as Experiencing Deteriorating Financial Conditions
For the 2011-12 Through 2015-16 Fiscal Years



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

Millage Rates, Taxable Property Values, and Taxes Levied

In the 2007 and 2008 calendar years, legislation was enacted and, as applicable, approved by voter referendum, limiting the ad valorem revenue-raising capability of local governmental entities. The changes brought about by the legislation include increases in homestead exemptions, portability provisions, caps on the increase in taxable value for non-homestead properties, and required millage rate reductions and limitations.

As similarly noted for previous calendar years, we found that, on average, less-populated counties had 2016 calendar year millage rates that were higher than those of more-populated counties; however, as shown in Table 4, more-populated municipalities had higher 2016 calendar year millage rates than less-populated municipalities.

Table 4
Populations and Average Tax Rates
2016 Calendar Year

| Counties | | Municipalities | |
|-------------------|---------------------------|------------------|---------------------------|
| Population Range | Average 2016 Millage Rate | Population Range | Average 2016 Millage Rate |
| < 25,000 | 8.8054 | < 1,000 | 3.5622 |
| 25,000 – 74,999 | 8.2241 | 1,000 – 2,999 | 4.8703 |
| 75,000 – 224,999 | 5.8649 | 3,000 – 9,999 | 4.9517 |
| 225,000 – 674,999 | 5.8824 | 10,000 – 24,999 | 4.7535 |
| 675,000 + | 4.9127 | 25,000 – 99,999 | 5.1642 |
| | | 100,000 + | 6.3452 |

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

State law²⁵ limits the ad valorem tax against real property and tangible personal property to 10 mills. Entities with millage rates at or near the statutory maximum may be unable to raise additional funds when needed. For the 2016 calendar year, the average ad valorem millage rate was 6.8891 for counties and 4.7507 for municipalities. Five counties and six municipalities established millage rates of 9.5 mills or greater for the 2016 calendar year while, the millage rates for four counties and seven municipalities were 9.5 mills or greater for the 2015 calendar year. Since the 2007 calendar year, the average millage rate has increased 11 percent for counties and decreased 3 percent for municipalities. A summary of average millage rates, the total taxable property values, and the total taxes levied by counties and municipalities for the 2007 through 2016 calendar years are shown in Table 5.

²⁵ Sections 200.071 and 200.081, Florida Statutes.

Table 5
Average Millage Rates, Taxable Property Values, and Taxes Levied
For the 2007 Through 2016 Calendar Years

| Counties | | | | Municipalities | | | |
|----------|----------------------|--------------------------------------|---------------------------|----------------|----------------------|--------------------------------------|---------------------------|
| Year | Average Millage Rate | Taxable Property Values ^a | Taxes Levied ^a | Year | Average Millage Rate | Taxable Property Values ^a | Taxes Levied ^a |
| 2016 | 6.8891 | \$1,607,219,081,691 | \$7,966,906,576 | 2016 | 4.7507 | \$874,867,723,292 | \$4,214,939,284 |
| 2015 | 6.8486 | \$1,495,400,306,053 | \$7,453,181,645 | 2015 | 4.6916 | \$803,897,891,677 | \$3,896,411,050 |
| 2014 | 6.9770 | \$1,391,611,734,036 | \$6,945,148,414 | 2014 | 4.6902 | \$742,348,462,462 | \$3,581,671,973 |
| 2013 | 6.8729 | \$1,313,088,962,720 | \$6,531,531,203 | 2013 | 4.6539 | \$695,368,291,486 | \$3,334,857,594 |
| 2012 | 6.7232 | \$1,274,129,214,427 | \$6,226,308,983 | 2012 | 4.5917 | \$672,164,583,098 | \$3,210,789,207 |
| 2011 | 6.5857 | \$1,286,288,672,092 | \$6,127,195,940 | 2011 | 4.4754 | \$672,020,162,040 | \$3,165,072,038 |
| 2010 | 6.5173 | \$1,513,040,958,619 | \$6,563,758,622 | 2010 | 4.4030 | \$698,393,011,166 | \$3,259,169,821 |
| 2009 | 6.4761 | \$1,516,182,700,604 | \$7,160,149,619 | 2009 | 4.2082 | \$640,706,571,272 | \$2,865,244,716 |
| 2008 | 6.2996 | \$1,716,561,174,715 | \$7,791,725,395 | 2008 | 3.9841 | \$720,342,482,975 | \$2,932,964,640 |
| 2007 | 6.1970 | \$1,814,522,802,739 | \$8,111,079,346 | 2007 | 4.8943 | \$933,269,765,607 | \$3,926,516,892 |

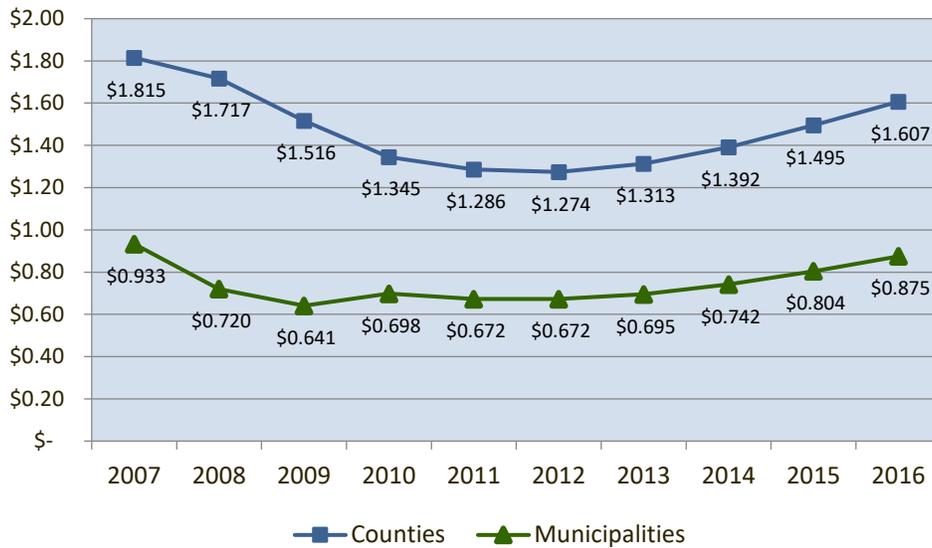
^a Amounts reported may not agree to our prior reports due to information updates included in the Property Valuations and Tax Data by the Florida Department of Revenue.

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

Table 5 also shows that the counties' average millage rates increased for the 2016 calendar year, after a decrease in 2015, continuing the overall trend of annual increases from the 2007 through 2014 calendar years. The municipalities' average millage rates increased each year beginning with the 2009 calendar year.

As depicted in Charts 4 and 5, there was an overall decrease in the taxable property values and taxes levied over the 9-year period 2007 through 2016. Over that period, taxable property values for counties and municipalities decreased by \$207 billion (11 percent) and \$58 billion (6 percent), respectively. Taxes levied decreased by \$144 million (2 percent) for counties and increased by \$288 million (7 percent) for municipalities, for the same period. Additionally, a comparison of 2007 and 2012 calendar year data for counties, shows notable variances, including a decrease in taxable property values and taxes levied. A comparison of the same two periods for municipalities, shows that taxable property values decreased and taxes levied decreased.

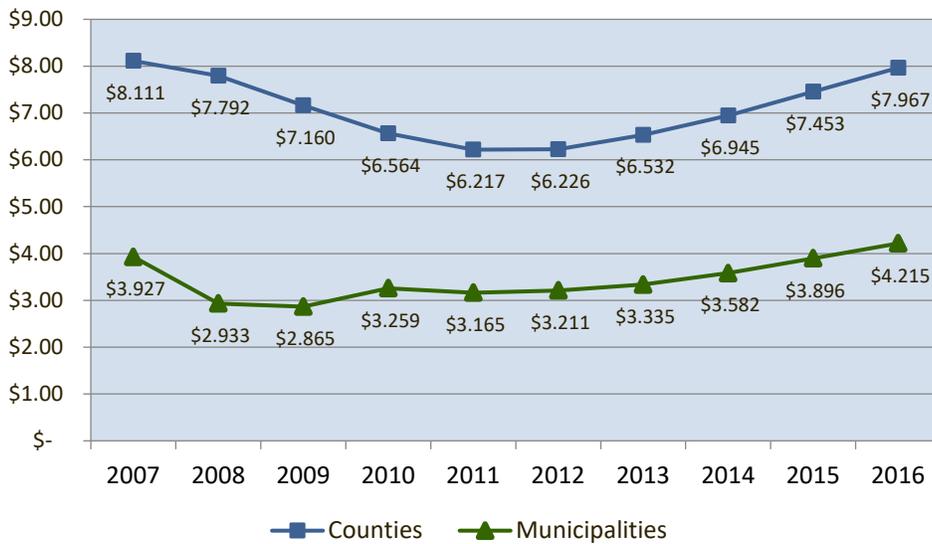
Chart 4
Taxable Property Values
For the 2007 Through 2016 Calendar Years ^a
(In Trillions)



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

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

Chart 5
Taxes Levied
For the 2007 Through 2016 Calendar Years ^a
(In Billions)



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

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

Pension Plans

We noted that 520 of the 1,311 local governmental entity 2015-16 fiscal year audit reports submitted to us as of July 31, 2017, reported the existence of one or more employee defined benefit pension plans. These 520 audit reports related to 61 counties, 284 municipalities, and 175 special districts. The reported employee defined benefit pension plans include plans for general employees, firefighters, police officers, or some combination thereof (mixed).

Of the 520 local governmental entities reporting employee defined benefit pension plans, 359 local governmental entities (61 counties, 147 municipalities, and 151 special districts) participated in the Florida Retirement System (FRS). In addition, 220 of the 520 local governmental entities reported a total of 414 local pension plans (i.e., plans not part of the FRS), including 376 municipal plans (110 for general employees, 104 for firefighters, 122 for police officers, and 40 mixed pension plans), 35 special district plans (17 for general employees and 18 for firefighters), and 3 county firefighter plans.

Historically, defined benefit pension plans that provide specified pension benefits to retirees have been prevalent in the public sector. The Government Finance Officers Association (GFOA),²⁶ in its best practice publication, *Sustainable Funding Practices of Defined Benefit Pension Plans*, indicates that a fundamental financial objective of a public employee defined benefit pension plan is to fund the long-term cost of benefits promised to plan participants. It is widely acknowledged that the appropriate way to attain reasonable assurance regarding the sustainability of pension benefits is for a government to accumulate resources for future benefit payments in a systematic and disciplined manner during the active service life of the benefitting employees (i.e., long-term funding). Long-term funding is accomplished by employer and employee contributions and investment earnings.

The GFOA recommends that governments adopt funding policies that target a funded ratio²⁷ of 100 percent or more. Additionally, the *Federal Pension Protection Act of 2006* provides that large private sector pension plans will be considered at risk of defaulting on their liabilities if they have funded ratios less than 80 percent under standard actuarial assumptions and less than 70 percent under certain “worst-case” actuarial assumptions. The implementation of Governmental Accounting Standards Board (GASB) Statement Nos. 67, *Financial Reporting for Pension Plans*, and 68, *Accounting and Financial Reporting for Pensions*, replaced the funded ratio measurement with the calculation of Plan Fiduciary Net Position as a Percentage of Total Pension Liability²⁸ and these two measures are not comparable. Currently, there is no GFOA guidance regarding what percentages of Plan Fiduciary Net Position as a Percentage of Total Pension Liability may be considered as indicators of potential default.

Chart 6 illustrates, for the local pension plans that reported Plan Fiduciary Net Position as a Percentage of Total Pension Liability for the 2015-16 fiscal year as required by GASB Statement Nos. 67 and 68, ranges of reported percentages by local pension plan type (i.e., general employees, firefighters, police

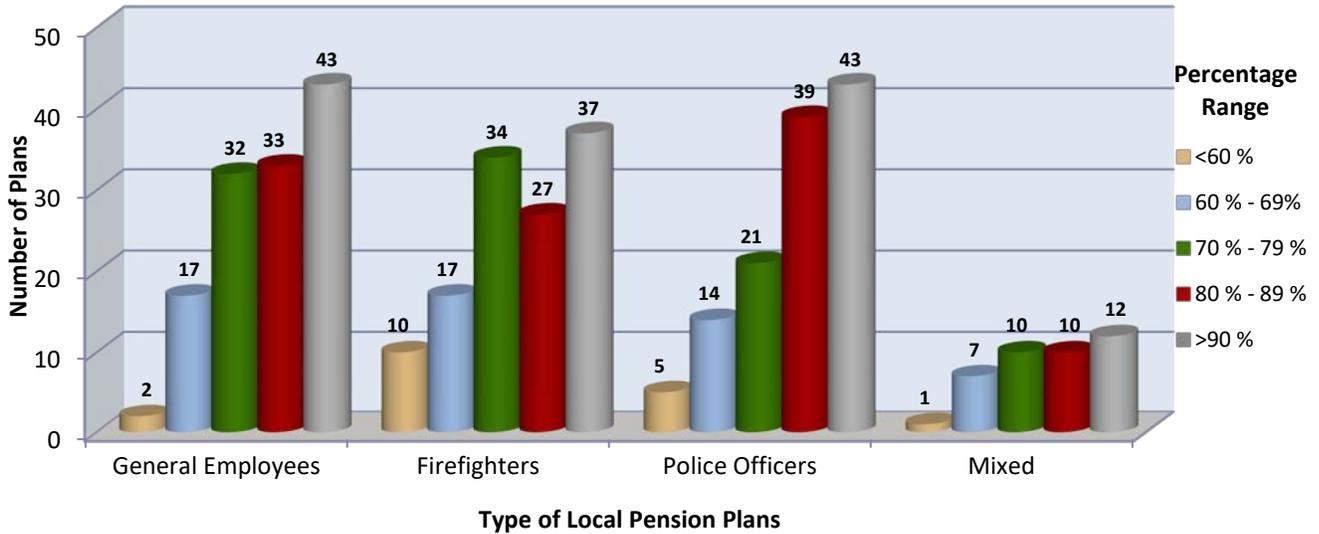
²⁶ The GFOA issues best practices to communicate enhanced techniques and provide information about effective strategies regarding public finance for state and local governments.

²⁷ A pension plan's funded ratio is the percentage of the plan's liabilities covered by its assets.

²⁸ Fiduciary net position is the residual amount on the pension plan's statement of fiduciary net position after subtracting liabilities and deferred inflows of resources from assets and deferred outflows of resources. The total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.

officers, and mixed). For comparative purposes, as of June 30, 2016, the FRS reported 84.88 percent as the Plan Fiduciary Net Position as a Percentage of Total Pension Liability.

Chart 6
Local Pension Plans Plan Fiduciary Net Position
As a Percentage of Total Pension Liability
As Reported for the 2015-16 Fiscal Year



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

Other Financial Trends

Our examination of trends using financial and other information obtained for the counties, municipalities, and special districts evaluated for the 2005-06 through 2015-16 fiscal years disclosed certain significant financial trends relating to financial equity, results of operations, and other trends. These financial trends are compiled based on our review of audit reports and annual financial reports and do not represent individual financial condition assessments of particular entities. Such assessments are the responsibility of local governmental entities and their independent auditors and require information that can only be obtained through examination of entity records and inquiry of entity management.

Fund Equity and Results of Operations

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

As shown in Table 6, 123 entities reported net deficit total assigned and unassigned²⁹ or unrestricted fund equities at the 2015-16 fiscal year end, which represents a 4 percent decrease from the number of entities that reported deficits at the 2010-11 fiscal year end, and a 156 percent increase over the number

²⁹ For comparison purposes, the assigned and unassigned fund balance classifications pursuant to GASB Statement No. 54 is similar to unreserved fund balance used in prior reports.

of entities that reported deficits at the 2005-06 fiscal year end. Although local governments are not statutorily required to maintain a specified level of assigned and unassigned or unrestricted fund equity, the ability of these entities to maintain adequate service levels and fund capital acquisitions may be diminished if sufficient fund equity is not maintained.

Table 6
Summary of Analysis of Fund Equities and Results of Operations ^a
For the 2005-06, 2010-11, and 2015-16 Fiscal Years

| | Counties | | | Municipalities | | | Special Districts | | | Totals | | |
|--|-------------|-----------|-----------|----------------|------------|------------|-------------------|------------|--------------|--------------|--------------|--------------------------|
| | Fiscal Year | | | Fiscal Year | | | Fiscal Year | | | Fiscal Year | | |
| | 2005-06 | 2010-11 | 2015-16 | 2005-06 | 2010-11 | 2015-16 | 2005-06 | 2010-11 | 2015-16 | 2005-06 | 2010-11 | 2015-16 |
| Total Number of Reports Reviewed. | <u>66</u> | <u>66</u> | <u>61</u> | <u>386</u> | <u>377</u> | <u>379</u> | <u>743</u> | <u>925</u> | <u>1,017</u> | <u>1,195</u> | <u>1,368</u> | <u>1,457^b</u> |
| Number of reports that: | | | | | | | | | | | | |
| Reported net deficit total assigned and unassigned or unrestricted fund equity. | 2 | 1 | - | 7 | 7 | 10 | 39 | 120 | 113 | 48 | 128 | 123 |
| Reported no assigned and unassigned or unrestricted fund equity. | - | - | - | 1 | 1 | 2 | 71 | 74 | 86 | 72 | 75 | 88 |
| Experienced either excess expenditures over revenues in governmental operations or operating losses in proprietary operations. | 35 | 55 | 47 | 229 | 279 | 250 | 402 | 490 | 512 | 666 | 824 | 809 |
| Experienced net losses when both governmental and proprietary funds were taken into account. | 21 | 48 | 36 | 142 | 206 | 151 | 393 | 484 | 501 | 556 | 738 | 688 |
| Experienced net losses and reported net deficit assigned and unassigned or unrestricted fund equity. | - | 1 | - | 4 | 7 | 9 | 66 | 99 | 87 | 70 | 107 | 96 |

^a For the 2015-16 fiscal year, 2 municipalities and 37 special districts reported no assigned and unassigned or unrestricted fund equity, and 1 municipality and 19 special districts reported net deficit total assigned and unassigned or unrestricted fund equity in their annual financial reports. Also, 5 municipalities and 59 special districts reported losses in either governmental or proprietary funds, and 4 municipalities and 56 special districts reported net losses when both governmental and proprietary funds were considered in the 2015-16 fiscal year annual financial reports. For the 2005-06 fiscal year, pre-GASB Statement No. 54 terminology (i.e., unreserved or unrestricted fund equity) was used for the fund equity amounts.

^b For the 2015-16 fiscal year, the total includes the 1,311 audit reports received through July 31, 2017, and 146 annual financial reports.

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

Although many entities use excess revenues in governmental funds to support proprietary fund operations, or vice versa, we noted that 688 entities, or 47 percent of the entities whose reports we reviewed, experienced net losses when both governmental and proprietary funds were taken into account for the 2015-16 fiscal year. This percentage is comparable to the 47 percent of the local governmental entities whose reports were reviewed for the 2005-06 fiscal year and less than the 54 percent of entities whose reports we reviewed for the 2010-11 fiscal years. However, counties reported significant changes,

as the percentage of entities that experienced net losses decreased from 72 percent for the 2010-11 fiscal year to 59 percent for the 2015-16 fiscal year.

For the 2005-06, 2010-11, and 2015-16 fiscal years, the percentage of entities reviewed with net losses (combining both governmental and proprietary funds) were 47 percent (556 of 1,195 reports), 54 percent (738 of 1,368 reports), and 47 percent (688 of 1,457 reports), respectively. Additionally, of the 688 entities that experienced net losses for 2015-16 fiscal year operations, 96 entities (7 percent of the 1,457 reports reviewed) also reported net deficit total assigned and unassigned or unrestricted fund equities at the 2015-16 fiscal year end. Continued net losses and net deficit total assigned and unassigned or unrestricted fund equities may leave such entities with insufficient funds to sustain current levels of services without borrowing funds from outside sources. Additionally, those entities have less resources available for emergencies and unforeseen situations.

Other Trends

A total of 93 audited entities (7 municipalities and 86 special districts) reported cash and investments in amounts that were not sufficient to cover current liabilities at the 2015-16 fiscal year end, as compared to 125 at the 2010-11 fiscal year end, but 5 fewer than the 98 entities that similarly reported cash and investments at the 2005-06 fiscal year end. In addition, 46 special districts reported cash and investments in amounts not sufficient to cover current liabilities at the 2015-16 fiscal year end. Declining levels of cash and investments as compared to current liabilities may indicate that the local governmental entity has overextended itself or may be having difficulty raising the cash necessary to meet its current needs.

Long-term debt reported for governmental activities totaled \$27.4 billion at the 2015-16 fiscal year end, a decrease of \$3.6 billion, or 12 percent, compared to \$31 billion at the 2010-11 fiscal year end, for the audit reports we received for those fiscal years. While local governments are statutorily authorized to enter into long-term debt arrangements, for example, to fund construction projects or repay or refinance older debt that has not been paid off, it is important to consider current revenue streams and other available resources to ensure debt service requirements are met and to reduce debt as appropriate.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

Although all local governmental entities are required to file annual financial reports with the DFS,³⁰ all references to annual financial reports in this report pertain to those for entities without audited financial statements. As a result, the financial trends based on annual financial reports included in this report are based on unverified amounts.

The scope of this project included a review of the independent auditor-prepared 2015-16 fiscal year audit reports submitted to us by July 31, 2017, for 61 counties (which included 358 individual county agency reports), 371 municipalities, and 879 special districts. The scope also included 8 municipality and 138 special district annual financial reports (submitted to the DFS and provided to us) of entities that were not required to provide for an audit. In addition, the scope included a review of audit reports received for 1,364 entities (64 counties, 381 municipalities, and 919 special districts) through October 2017, to identify entities that were reported as having met a condition specified in State law,³¹ or having deteriorating financial conditions.

Our methodology included a review of applicable audit reports and annual financial reports and a compilation of significant findings and financial trends. We included 1,608 entities (358 county agencies, 371 municipalities, and 879 special districts) in our analysis of significant findings. We included 1,311 entities (61 counties, 371 municipalities, and 879 special districts) in our analysis of significant financial trends (except for Table 6, where we also included annual financial reports for 8 municipalities and 138 special districts). We conducted this review in accordance with applicable generally accepted government auditing standards. We believe that the procedures performed provide a reasonable basis for the summaries of significant findings and financial trends included in this report.

³⁰ Section 218.32(1)(e), Florida Statutes.

³¹ Section 218.503(1), Florida Statutes.

AUTHORITY

Pursuant to Section 11.45(7)(f), Florida Statutes, I have directed that this report be prepared to present the summary of significant findings and financial trends identified in local governmental entity audit reports prepared by independent certified public accountants or, for entities not required to provide for an audit, financial trend information obtained from local governmental entity annual financial reports, for the 2015-16 fiscal year.



Sherrill F. Norman, CPA
Auditor General

EXHIBIT A

SUMMARY OF AUDIT FINDINGS BY FINDING CATEGORY AND LOCAL GOVERNMENTAL ENTITY TYPE FOR THE 2014-15 AND 2015-16 FISCAL YEARS

| Category | Number of | County Agencies | | Municipalities | | Special Districts | | Totals | |
|---|-----------|-----------------|------------|----------------|------------|-------------------|------------|--------------|--------------|
| | | Fiscal Year | | Fiscal Year | | Fiscal Year | | Fiscal Year | |
| | | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 |
| Separation of Duties - Findings related to inadequate separation of duties. | Findings | 35 | 31 | 54 | 57 | 27 | 25 | 116 | 113 |
| | Entities | 35 | 31 | 54 | 56 | 27 | 25 | 116 | 112 |
| Budget Administration – Findings related to inadequate budgetary controls or noncompliance with legal requirements relating to budgets. | Findings | 6 | 16 | 26 | 31 | 25 | 25 | 57 | 72 |
| | Entities | 6 | 16 | 26 | 28 | 25 | 25 | 57 | 69 |
| General Accounting Records - Findings related to inadequate accounting or other records, lack of subsidiary records or failure to timely reconcile subsidiary records to general ledger control accounts, or improper recording of transactions (excludes capital assets). | Findings | 32 | 28 | 76 | 68 | 21 | 22 | 129 | 118 |
| | Entities | 26 | 25 | 64 | 53 | 20 | 19 | 110 | 97 |
| Financial Reporting - Findings related to reporting of financial data externally or within the local governmental entity. | Findings | 40 | 35 | 57 | 61 | 53 | 45 | 150 | 141 |
| | Entities | 36 | 34 | 54 | 59 | 50 | 44 | 140 | 137 |
| Cash – Findings related to inadequate controls or noncompliance with legal requirements pertaining to cash on hand or held by banks. | Findings | 11 | 12 | 36 | 35 | 8 | 10 | 55 | 57 |
| | Entities | 10 | 11 | 33 | 33 | 6 | 9 | 49 | 53 |
| Capital Assets - Findings related to noncompliance with legal requirements pertaining to acquisitions or disposals of capital assets or the improper use of, and lack of accountability for, capital assets. | Findings | 13 | 6 | 36 | 30 | 17 | 18 | 66 | 54 |
| | Entities | 11 | 6 | 32 | 29 | 15 | 15 | 58 | 50 |
| Debt Administration - Findings related to noncompliance with bond covenants or loan agreements and failure to make debt service payments. | Findings | 1 | - | 18 | 13 | 72 | 67 | 91 | 80 |
| | Entities | 1 | - | 17 | 12 | 50 | 48 | 68 | 60 |
| Revenues and Collections - Findings related to inadequate controls or noncompliance with legal requirements pertaining to revenues and accounts receivable. | Findings | 17 | 16 | 61 | 52 | 8 | 6 | 86 | 74 |
| | Entities | 15 | 13 | 46 | 43 | 6 | 6 | 67 | 62 |
| Payroll and Personnel Administration - Findings related to inadequate controls or noncompliance with legal requirements pertaining to payroll and personnel administration. | Findings | 4 | 7 | 35 | 43 | 11 | 15 | 50 | 65 |
| | Entities | 4 | 7 | 26 | 35 | 9 | 12 | 39 | 54 |
| Expenditures and Expenses - Findings related to the expenditure of public funds. | Findings | 11 | 13 | 22 | 23 | 14 | 17 | 47 | 53 |
| | Entities | 11 | 10 | 18 | 20 | 13 | 17 | 42 | 47 |
| Other Findings | Findings | 60 | 63 | 145 | 156 | 59 | 73 | 264 | 292 |
| | Entities | 47 | 50 | 111 | 122 | 54 | 65 | 212 | 237 |
| Total Number of Findings | | 230 | 227 | 566 | 569 | 315 | 323 | 1,111 | 1,119 |

Note: Some entities had more than one finding in each category. In total, findings were included in audit reports for 116 county agencies, 197 municipalities, and 173 special districts.

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

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

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

Educational Entities:

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

Local Governmental Entities:

- County Constitutional Officers
- Municipalities
- Special Districts

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

- 4. Notifications** received from the Auditor General

Failure to Correct Audit Findings

Educational and Local Governmental Entities

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

Statutory Authority

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

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

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

(3) If the Committee determines that the state university or Florida College System institution has failed to take full corrective action for which there is no justifiable reason or has failed to comply with Committee requests made pursuant to this section, the Committee shall refer the matter to the State Board of Education or the Board of Governors, as appropriate, to proceed in accordance with ss. 1008.32 or 1008.322, F.S., respectively.¹ [s. 11.45(7)(j), F.S.]

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

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

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

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

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

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

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

Department of Financial Services 30 days before the date of the distribution mandated by law. The Department of Revenue and the Department of Financial Services may implement the provisions of this paragraph.

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

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

Notifications Received from the Auditor General

The Committee has received notifications from the Auditor General regarding this initiative for the past six years. The Auditor General is required by law to conduct audits of state universities, Florida College System institutions, and district school boards.² The Auditor General is required to conduct audits of county offices, municipalities, and special districts if directed by the Committee. Also, the Auditor General routinely reviews financial audits of district school boards, charter schools, and local governmental entities that are performed by private CPAs. Based on the Auditor General's review of all of these audit reports, the following is a breakdown of the entities that have failed to correct repeat audit findings for the 2011-12 fiscal year through the 2015-16 fiscal year, as reported to the Committee by December 5, 2017:

| Type of Entity | Number of Entities with Repeat ³ Audit Findings During Last Five Fiscal Years (Total Number of Repeat Findings) | | | | |
|--------------------------------|---|------------------|------------------|------------------|------------------|
| | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
| Colleges | 1 (2) | 6 (6) | 0 (0) | 6 (7) | 2 (2) |
| Universities | 1 (1) | 4 (5) | 2 (2) | 2 (3) | 1 (2) |
| District School Boards | 50 (107) | 43 (114) | 35 (93) | 31 (67) | 24 (46) |
| Charter Schools | 31 (38) | 23 (34) | 20 (21) | 15 (17) | 11 (11) |
| County Offices ⁴ | 88 (172) | 84 (151) | 77 (123) | 68 (119) | 52 (74) |
| Municipalities ⁵ | 161 (401) | 146 (370) | 134 (294) | 117 (228) | 97 (195) |
| Special Districts ⁶ | 171 (298) | 154 (268) | 138 (217) | 131 (202) | 97 (154) |
| Total | 503 (1,019) | 460 (948) | 406 (750) | 370 (643) | 284 (484) |

Recent Committee Action

Based on notifications received related to audit reports for the 2014-15 fiscal year, the Committee took action against 364 of the entities noted above during the meeting on February 23, 2017. As a result of the Committee's action, letters were sent to these entities to direct each governing body to provide a written statement regarding a total of 637 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 December 2017

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' 2015-16 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 2015-16 fiscal year, or earlier.

²All district school boards are required to have an annual financial audit performed. District school boards in counties with a population less than 150,000 are audited annually by the Auditor General; district school boards in larger counties are audited once every three years by the Auditor General and by a private CPA during the other years.

³ For the purpose of this document, repeat findings are those which have also been reported in the two prior audits; therefore, the auditor has reported these findings a minimum of three times in successive audits.

⁴ Separate audits are conducted of most County Constitutional Officers (Board of County Commissioners, Tax Collector, Property Appraiser, Clerk of Circuit Courts, Supervisor of Elections, and Sheriff).

⁵ There are 412 municipalities in Florida.

⁶ As of December 5, 2017, there are 1691 active special districts in Florida.

Directory of Schedules for Repeat Audit Findings

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

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

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

State Universities and Colleges

| <i>State University or College</i> | <i>County</i> | <i>Schedule</i> |
|--|---------------|-----------------|
| Florida Agricultural and Mechanical University | Leon | 1 |
| College of Central Florida | Orange | 1 |
| Palm Beach State College | Palm Beach | 1 |

District School Boards

| <i>District School Board</i> | <i>Schedule</i> | <i>District School Board</i> | <i>Schedule</i> |
|------------------------------|-----------------|------------------------------|-----------------|
| Brevard | 2 | Leon | 2 |
| Charlotte | 2 | Madison | 2 |
| Clay | 2 | Manatee | 2 |
| Duval | 2 | Miami-Dade | 2 |
| Escambia | 2 | Orange | 2 |
| Flagler | 2 | Osceola | 2 |
| Gadsden | 2 | Palm Beach | 2 |
| Gilchrist | 2 | Pasco | 2 |
| Glades | 2 | Pinellas | 2 |
| Hernando | 2 | Putnam | 2 |
| Indian River | 2 | Santa Rosa | 2 |
| Jefferson | 2 | Washington | 2 |

Charter Schools

| <i>Charter School</i> | <i>County</i> | <i>Schedule(s)</i> |
|--|----------------------|---------------------------|
| Academy of Environmental Science | Citrus | 4 |
| Bay Haven Charter Academy Elementary School | Bay | 4 |
| Bay Haven Charter Academy Middle School | Bay | 4 |
| Bridgeprep Academy of Arts and Minds Charter School | Miami-Dade | 3 |
| Central Charter School | Broward | 3 |
| Micanopy Middle School | Alachua | 3 |
| North Bay Haven Charter Career Academy | Bay | 4 |
| North Bay Haven Charter Academy Elementary School | Bay | 4 |
| North Bay Haven Charter Academy Middle School | Bay | 4 |
| Sebastian Charter Junior High | Indian River | 4 |
| Wayman Academy of the Arts | Duval | 3 |

Counties

| County | County Office | Schedule(s) |
|-------------------|-------------------------------|--------------------|
| Bradford | Clerk of the Circuit Court | 5 |
| | Property Appraiser | 6 |
| Broward | Sheriff | 5 |
| Calhoun | Property Appraiser | 6 |
| | Sheriff | 6 |
| | Supervisor of Elections | 6 |
| Columbia | Board of County Commissioners | 5 |
| Franklin | Board of County Commissioners | 6 |
| | Clerk of the Circuit Court | 6 |
| | Property Appraiser | 6 |
| | Sheriff | 6 |
| | Supervisor of Elections | 6 |
| | Tax Collector | 6 |
| Gilchrist | Sheriff | 6 |
| Glades | Board of County Commissioners | 6 |
| | Clerk of the Circuit Court | 5 |
| | Sheriff | 5 |
| Gulf | Sheriff | 6 |
| Holmes | Board of County Commissioners | 6 |
| | Clerk of the Circuit Court | 6 |
| | Property Appraiser | 6 |
| | Sheriff | 6 |
| | Supervisor of Elections | 6 |
| | Tax Collector | 6 |
| Jackson | Board of County Commissioners | 6 |
| | Property Appraiser | 6 |
| | Sheriff | 6 |
| | Tax Collector | 6 |
| Jefferson | Board of County Commissioners | 5, 6 |
| | Clerk of the Circuit Court | 6 |
| | Sheriff | 6 |
| | Supervisor of Elections | 6 |
| Lafayette | Board of County Commissioners | 6 |
| | Clerk of the Circuit Court | 6 |
| | Property Appraiser | 6 |
| | Sheriff | 6 |
| | Supervisor of Elections | 6 |
| | Tax Collector | 6 |
| Levy | Clerk of the Circuit Court | 6 |
| | Sheriff | 6 |
| Liberty | Sheriff | 5 |
| Madison | Tax Collector | 6 |
| Miami-Dade | Board of County Commissioners | 5 |

| County | County Office | Schedule(s) |
|-------------------|-------------------------------|--------------------|
| Okeechobee | Board of County Commissioners | 5 |
| Osceola | Clerk of the Circuit Court | 5 |
| Pinellas | Sheriff | 5 |
| Washington | Board of County Commissioners | 5, 6 |
| | Clerk of the Circuit Court | 5 |
| | Property Appraiser | 6 |
| | Sheriff | 6 |
| | Supervisor of Elections | 6 |
| | Tax Collector | 6 |

Municipalities

| <i>Municipality</i> | <i>County</i> | <i>Schedule(s)</i> |
|-----------------------------|----------------------|---------------------------|
| Alford, Town of | Jackson | 7, 8 |
| Anna Maria, City of | Manatee | 7, 8 |
| Apalachicola, City of | Franklin | 8 |
| Archer, City of | Alachua | 7, 8 |
| Bell, Town of | Gilchrist | 8 |
| Blountstown, City of | Calhoun | 8 |
| Bonifay, City of | Holmes | 8 |
| Branford, Town of | Suwannee | 8 |
| Bronson, Town of | Levy | 7, 8 |
| Bunnell, City of | Flagler | 7 |
| Bushnell, City of | Sumter | 7, 8 |
| Callahan, Town of | Nassau | 8 |
| Callaway, City of | Bay | 7 |
| Campbellton, Town of | Jackson | 8 |
| Carrabelle, City of | Franklin | 7, 8 |
| Clewiston, City of | Hendry | 7, 8 |
| Coleman, City of | Sumter | 8 |
| Cottondale, City of | Jackson | 7, 8 |
| Cross City, Town of | Dixie | 8 |
| Dade City, City of | Pasco | 7 |
| Davenport, City of | Polk | 7 |
| Deerfield Beach, City of | Broward | 7 |
| Eatonville, Town of | Orange | 7 |
| Fanning Springs, City of | Gilchrist/Levy | 8 |
| Fort Meade, City of | Polk | 7 |
| Fort White, Town of | Columbia | 7, 8 |
| Freeport, City of | Walton | 7 |
| Glen St. Mary, Town of | Baker | 8 |
| Graceville, City of | Jackson | 7, 8 |
| Grand Ridge, Town of | Jackson | 8 |
| Greensboro, Town of | Gadsden | 8 |
| Greenville, Town of | Madison | 7, 8 |
| Greenwood, Town of | Jackson | 8 |
| Gulf Breeze, City of | Santa Rosa | 7 |
| Hastings, Town of | St. Johns | 8 |
| Hilliard, Town of | Nassau | 8 |
| Horseshoe Beach, Town of | Dixie | 8 |
| Howey-in-the-Hills, Town of | Lake | 8 |
| Inglis, Town of | Levy | 8 |
| Interlachen, Town of | Putnam | 8 |
| Jacob City, City of | Jackson | 8 |
| Jasper, City of | Hamilton | 7 |
| Jennings, Town of | Hamilton | 8 |
| Jupiter, Town of | Palm Beach | 7 |
| Keystone Heights, City of | Clay | 7 |

| Municipality | County | Schedule(s) |
|----------------------------|---------------|--------------------|
| LaBelle, City of | Hendry | 8 |
| Lake Hamilton, Town of | Polk | 7, 8 |
| Lake Helen, City of | Volusia | 7 |
| Lake Park, Town of | Palm Beach | 7 |
| Lakeland, City of | Polk | 7 |
| Lauderdale Lakes, City of | Broward | 7 |
| Lawtey, City of | Bradford | 7, 8 |
| Lee, Town of | Madison | 7 |
| Macclenny, City of | Baker | 8 |
| Madison, City of | Madison | 8 |
| Malone, Town of | Jackson | 7, 8 |
| Mangonia Park, Town of | Palm Beach | 7 |
| Marianna, City of | Jackson | 8 |
| Mayo, Town of | Lafayette | 8 |
| Medley, Town of | Miami-Dade | 7, 8 |
| Melbourne, City of | Brevard | 7 |
| Melbourne Beach, Town of | Brevard | 7 |
| Miami, City of | Miami-Dade | 7 |
| Micanopy, Town of | Alachua | 8 |
| Midway, City of | Gadsden | 7 |
| Moore Haven, City of | Glades | 8 |
| Mulberry, City of | Polk | 7 |
| Oak Hill, City of | Volusia | 8 |
| Oakland, Town of | Orange | 7 |
| Orange Park, Town of | Clay | 7 |
| Orchid, Town of | Indian River | 8 |
| Otter Creek, Town of | Levy | 7 |
| Panama City, City of | Bay | 7, 8 |
| Parker, City of | Bay | 8 |
| Paxton, City of | Walton | 8 |
| Penney Farms, Town of | Clay | 8 |
| Pierson, Town of | Volusia | 7, 8 |
| Pomona Park, Town of | Putnam | 8 |
| Ponce de Leon, Town of | Holmes | 7, 8 |
| Sewall's Point, Town of | Martin | 8 |
| Sneads, Town of | Jackson | 7, 8 |
| Sopchoppy, City of | Wakulla | 8 |
| South Daytona, City of | Volusia | 7 |
| St. Cloud, City of | Osceola | 7 |
| St. Lucie Village, Town of | St. Lucie | 8 |
| St. Marks, City of | Wakulla | 8 |
| Starke, City of | Bradford | 7 |
| Tallahassee, City of | Leon | 7 |
| Trenton, City of | Gilchrist | 8 |
| Waldo, City of | Alachua | 8 |
| Wausau, Town of | Washington | 8 |
| Webster, City of | Sumter | 7 |

| <i>Municipality</i> | <i>County</i> | <i>Schedule(s)</i> |
|-------------------------------|----------------------|---------------------------|
| Wewahitchka, City of | Gulf | 8 |
| Wildwood, City of | Sumter | 8 |
| Windermere, Town of | Orange | 8 |
| Yankeetown, Town of | Levy | 8 |
| Zolfo Springs, Town of | Hardee | 7 |

Special Districts

| <i>Special District</i> | <i>County</i> | <i>Schedule(s)</i> |
|--|--------------------------------------|---------------------------|
| Alligator Point Water Resources District | Franklin | 10 |
| Amelia Concourse Community Development District | Nassau | 9 |
| Arborwood Community Development District | Lee | 9 |
| Aucilla Area Solid Waste Administration | Dixie, Jefferson, Madison, Taylor | 10 |
| Baker County Development Commission | Baker | 10 |
| Baker County Hospital District | Baker | 10 |
| Beach Mosquito Control District | Bay | 10 |
| Big Bend Water Authority | Dixie, Taylor | 10 |
| Buckeye Park Community Development District | Manatee | 9 |
| Cedar Key Special Water and Sewer District | Levy | 10 |
| CFM Community Development District | Lee | 9 |
| Chapel Creek Community Development District | Pasco | 9 |
| Children's Services Council of Okeechobee County | Okeechobee | 10 |
| City Center Community Development District | Polk | 9 |
| City-County Public Works Authority | Glades | 10 |
| Clearwater Cay Community Development District | Pinellas | 9 |
| Collier Soil and Water Conservation District | Collier | 10 |
| Concorde Estates Community Development District | Osceola | 9 |
| Connerton West Community Development District | Pasco | 9 |
| Creekside Community Development District | St. Lucie | 9 |
| The Crossings at Fleming Island Community Development District | Clay | 9 |
| Deer Run Community Development District | Flagler | 9 |
| DeSoto County Hospital District | DeSoto | 9 |
| Durbin Crossing Community Development District | St. Johns | 9 |
| Escambia-Pensacola Human Relations Commission | Escambia | 10 |
| Fellsmere Water Control District | Indian River | 10 |
| Fiddler's Creek Community Development District 2 | Collier | 9 |
| Flagler Estates Road and Water Control District | St. Johns | 10 |
| Fred R. Wilson Memorial Law Library | Seminole | 9, 10 |
| Gilchrist Soil and Water Conservation District | Gilchrist | 9 |
| Gramercy Farms Community Development District | Osceola | 9 |
| Hardee Soil and Conservation District | Hardee | 9 |
| Health Care District of Palm Beach County | Palm Beach | 9 |
| Hendry-LaBelle Recreation Board | Hendry | 10 |
| Heritage Isle Community Development District | Hillsborough | 9 |
| Holmes Creek Soil and Water Conservation District | Holmes | 9, 10 |
| Immokalee Fire Control District | Collier | 9 |
| Indian River Farms Water Control District | Indian River | 10 |
| Indian Trail Improvement District | Palm Beach | 9 |
| Indigo Community Development District | Volusia | 9 |
| Jackson Soil and Water Conservation District | Jackson | 9, 10 |
| Julington Creek Plantation Community Development District | St. Johns | 9 |
| Lake Ashton II Community Development District | Polk | 9 |

| <i>Special District</i> | <i>County</i> | <i>Schedule(s)</i> |
|--|-----------------------------|---------------------------|
| Lake Shore Hospital Authority | Columbia | 10 |
| Lakeside Plantation Community Development District | Sarasota | 9 |
| Levy Soil and Water Conservation District | Levy | 10 |
| Loxahatchee Groves Water Control District | Palm Beach | 9 |
| Madeira Community Development District | St. Johns | 9 |
| Magnolia Creek Community Development District | Walton | 9 |
| Magnolia West Community Development District | Clay | 9 |
| Marion County Law Library | Marion | 9, 10 |
| Marshall Creek Community Development District | St. Johns | 9 |
| Meadow Pointe IV Community Development District | Pasco | 9 |
| Middle Village Community Development District | Clay | 9 |
| Midtown Miami Community Development District | Miami-Dade | 9 |
| Montecito Community Development District | Brevard | 9 |
| Municipal Service District of Ponte Vedra Beach | St. Johns | 10 |
| Nature Coast Regional Water Authority | Dixie, Gilchrist | 9 |
| Naturewalk Community Development District | Walton | 9 |
| New Port – Tampa Bay Community Development District | Hillsborough | 9 |
| North Okaloosa County Fire District | Okaloosa | 10 |
| North St. Lucie River Water Control District | St. Lucie | 10 |
| Ocean City / Wright Fire Control District | Okaloosa | 10 |
| Okeechobee Soil and Water Conservation District | Okeechobee | 10 |
| Overoaks Community Development District | Osceola | 9 |
| Palatka Gas Authority | Putnam | 10 |
| Panhandle Public Library Cooperative System | Calhoun, Holmes, Jackson | 10 |
| Portofino Cove Community Development District | Lee | 9 |
| Portofino Isles Community Development District | St. Lucie | 9 |
| Portofino Vista Community Development District | Osceola | 9 |
| Reunion East Community Development District | Osceola | 9 |
| River Glen Community Development District | Nassau | 9 |
| River Place on the St. Lucie Community Development District | St. Lucie | 9 |
| Riverwood Estates Community Development District | Pasco | 9 |
| Seminole County Port Authority | Seminole | 10 |
| Silverleaf Community Development District | Manatee | 9 |
| South Bay Community Development District (Hillsborough County) | Hillsborough | 9 |
| South Seminole and North Orange County Wastewater Transmission Authority | Orange, Seminole | 10 |
| St. Augustine Port, Waterway and Beach District | St. Johns | 10 |
| Sterling Hill Community Development District | Hernando | 9 |
| Stevens Plantation Community Development District | Osceola | 9 |
| Sun'n Lake of Sebring Improvement District | Highlands | 9 |
| Suwannee County Conservation District | Suwannee | 10 |
| Taylor Coastal Water and Sewer District | Taylor | 10 |
| Tern Bay Community Development District | Charlotte | 9 |
| Trails Community Development District | Duval | 9 |
| Treeline Preserve Community Development District | Lee | 9 |
| Villa Vizcaya Community Development District | St. Lucie | 9 |

| <i>Special District</i> | <i>County</i> | <i>Schedule(s)</i> |
|---|----------------------|---------------------------|
| Villages of Avignon Community Development District | Manatee | 9 |
| Waterford Estates Community Development District | Charlotte | 9 |
| Waterstone Community Development District | St. Lucie | 9 |
| West Villages Improvement District | Sarasota | 9 |
| Westridge Community Development District | Polk | 9 |
| Westside Community Development District | Osceola | 9 |
| The Woodlands Community Development District | Sarasota | 9 |
| Wyld Palms Community Development District | Citrus | 9 |
| Zephyr Ridge Community Development District | Pasco | 9 |

6 Three Peat: Educational Entities

State Colleges and Universities

Failed to Take Full Corrective Action in Response to a Recommendation Included in the
2015-16 Fiscal Year Audit Report and the Two Preceding Audit Reports

| Entity | Audit Finding(s) | MW or SD? | Year Last Response Received (re: fiscal year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response This Year? |
|--|---|-----------------|---|--|---|
| Florida Agricultural and Mechanical University | AG Report No. 2017-197 (Finding #1 - Intercollegiate Athletic Programs - Deficit Cash Balances): The University's intercollegiate athletic programs continued to experience cash deficits for the 2015-16 fiscal year. The auditors recommend that the Trustees continue to monitor the financial condition of the intercollegiate athletic programs and the status of the 5-Year Financial Plan and take appropriate actions to ensure that intercollegiate athletic programs are self-supporting. (See PDF Pages 4-6) | N/A | N/A | N/A | Yes |
| | AG Report No. 2017-197 (Finding #9 - Textbook Affordability): University textbook affordability procedures could be enhanced. The auditors recommend that the University enhance procedures to ensure that records are maintained to demonstrate lists of required and recommended textbooks and materials are timely posted in accordance with State law. (See PDF Pages 15-16) | N/A | N/A | N/A | Yes |
| College of Central Florida | AG Report No. 2017-046 (Finding #4 - Security Controls - Timely Deactivation, Logging, and Monitoring of User Access and Monitoring of System Activity): College information technology (IT) security controls related to deactivation, logging, and monitoring of user access need improvement to ensure the continued confidentiality, integrity, and availability of College data and IT resources. Additionally, IT security controls related to monitoring of system activity could be enhanced. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising College data and IT resources; however, appropriate College management was notified of such details. (See PDF Page 9) | N/A | N/A | N/A | Yes |

State Colleges and Universities

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|-----------------------------|--|-----------------|---|--|---|
| Palm Beach State College | AG Report No. 2017-072 (Finding #7 - Information Technology - Security Controls - Data Loss Prevention): College IT controls related to data loss prevention needed improvement to ensure the continued confidentiality, integrity, and availability of College data and IT resources. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising College data and IT resources; however, appropriate College management was notified of such details. (See PDF Page 9) | N/A | N/A | N/A | Yes |

LEGEND:

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

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

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

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

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

District School Boards

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|-----------|---|-----------------|---|--|---|
| Brevard | <u>AG Report No. 2017-139 (#3 - Payroll Processing - Time Records)</u> : Time sheets for 57 school principals either were not approved or where not prepared. Without evidence of time worked and leave taken, there is a limited assurance that the school principal services were provided consistent with Board expectations. Also, without appropriate records of time worked and supervisory review, there is an increased risk that school principals may be incorrectly compensated and their leave balances may not be accurate. The auditors recommend that the District enhance procedures to ensure that school principals report time worked on time sheets and that documentation of supervisory review and approval is maintained. (See PDF Page 6) | N/A | 2015 (2012-13) | The District is currently in the process of implementing an automated timekeeping software program. The goal for its completion of the District-wide implementation is by the end of FY 2015-16. [CPA performed Financial Audits in FY 2013-14 and FY 2014-15. The AG Operational findings were not addressed.] | No The District provided an updated response on 11/30/2017 |
| Charlotte | <u>AG Report No. 2017-083 (#4 - Information Technology - Security Controls - User Authentication and Logging and Monitoring of System Activity)</u> : District security controls related to user authentication and logging and monitoring of system activity need improvement. Without adequate security controls the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of such details. The auditors recommend that District management improve security controls related to user authentication and logging and monitoring of system activity to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Page 6) | N/A | 2015 (2012-13) | The District made the correction to this finding in two steps: (1) updated password procedures in FOCUS in June 2012 and (2) updated password procedures in Business Plus (B+) in January 2014. [CPA performed Financial Audits in FY 2013-14 and FY 2014-15. The AG Operational findings were not addressed.] | Yes |

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|--------|---|-----------------|---|---|---|
| Clay | <p><u>AG Report No. 2017-069 (#4 - Adult General Education Classes)</u>: In some cases, the District reported inaccurate instructional contact hours for adult general education classes to the Florida Department of Education (FDOE). Since funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data. The auditors recommend that the District strengthen controls to ensure instructional contact hours for adult general education classes are accurately reported to the FDOE (specific examples provided). Also, the District should determine to what extent the adult general education hours were misreported for the 2015-16 fiscal year and contact the FDOE for proper resolution. (See PDF Pages 6-7)</p> | N/A | 2017 (2014-15) | Corrective action has been developed and implemented during the 2016-2017 school year to ensure instructional hours for adult general education classes are accurately reported to the FDOE. Such actions include bimonthly review of attendance reports by the program administrator; a custom report has been designed by the Technology Division for the program administrator to review and correct any discrepancies in the hours reported. | Yes |
| | <p><u>AG Report No. 2017-069 (#8 - Information Technology - Security Controls - User Authentication and Data Loss Prevention)</u>: District security controls related to user authentication and data loss prevention need improvement. Without adequate security controls related to user authentication and data loss prevention, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of such details. The auditors recommend that District management improve security controls related to user authentication and data loss prevention to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Page 9)</p> | N/A | 2017 (2014-15) | The District is currently monitoring the core Domain Controllers for unauthorized domain administrator's access as well as failed login attempts. The District has also purchased a reliable email encryption software program for processes/individuals requiring data encryption for Personal Identifiable Information (PII) and critical services. Additional drive/email scans are performed for shared files/email that contain PII. Additionally, during the Business Plus Conversion, processes are being segmented to provide improved controls, and the new system will allow for a more granular approach to security (field level permissions) that the existing system does not. When training begins for Business Plus in April 2017, a portion of the end user training will involve best practices in keeping related data secure. | Yes |

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| Duval | <p><u>AG Report No. 2017-145 (#4 - Relocatable Building Inspections)</u>: Inspection reports indicated that a substantial percentage of the District's relocatable classrooms did not meet the standards to be rated satisfactory. When relocatable buildings do not meet the standards to be classified as satisfactory, there could be increased safety risks associated with those relocatable buildings. The auditors recommend that the District ensure relocatable buildings designed as classrooms or spaces intended for student occupancy comply with State standards and ensure that only those relocatable buildings that meet FDOE-Office of Educational Facilities standards are reported as satisfactory in the Florida Inventory of School Houses. The auditors also recommend that the Board address issues related to the lack of covered walkways to access certain relocatable buildings. (See PDF Pages 8-9)</p> | N/A | 2015 (2012-13) | <p>The District will continue to evaluate and fund the relocatable classroom program in order to provide a safe learning environment for the students and faculty. Specific actions taken are described in the letter. <i>[CPA performed Financial Audits in FY 2013-14 and FY 2014-15. The AG Operational findings were not addressed.]</i></p> | Yes |
| | <p><u>AG Report No. 2017-145 (#5 - Purchasing Card Program)</u>: Although required, there was no documented support for certain P-card purchases, certain monthly reconciliations were not performed in the time period required, and certain cardholders violated the P-card manual requirements without receiving any disciplinary action. The auditors recommend that the District enhance procedures to ensure compliance with the P-card manual requirements (specific procedures listed). (See PDF Pages 9-10)</p> | N/A | N/A | N/A | Yes |

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| Duval (continued) | <p><u>AG Report No. 2017-145 (#10 - Information Technology - Security Controls - User Authentication and Monitoring of Application Activity):</u> District security controls related to user authentication and monitoring of application activity need improvement. Without adequate security controls related to user authentication and data loss prevention, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of such details. The auditors recommend that District management improve security controls related to user authentication and monitoring of application activity to ensure continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Page 16)</p> | N/A | 2015 (2012-13) | <p>A new Enterprise Data Management Policy has been developed and approved by the School Board, which provides processes for classifying data and documenting storage and disposal processes. Training for all new hires and ongoing security awareness training are also included as part of the policy. <i>[CPA performed Financial Audits in FY 2013-14 and FY 2014-15. The AG Operational findings were not addressed.]</i></p> | Yes |
| Escambia | <p><u>AG Report No. 2017-185 (#13 - Information Technology - Access Privileges):</u> Some access privileges to the District's IT applications permitted employees the ability to perform incompatible functions or were unnecessary for their assigned job duties. Inappropriate and unnecessary access privileges increases the risk that unauthorized disclosure, modification, or destruction of District data and IT resources may occur and indicates a need for an improved process for the review of access. The auditors recommend that the District continue to improve its review of employee access privileges, including systemwide access privileges, within the finance and HR applications, and timely remove or adjust any inappropriate or unnecessary access detected. (See PDF Pages 12-13)</p> | N/A | 2016 (2013-14) | <p>The District has improved its review of employee access privileges, including system-wide access privileges within the finance and HR applications, and removed or adjusted any inappropriate or unnecessary access detected. The District performed a review of employee access privileges once during the 2014-15 fiscal year and will complete two such reviews in the 2015-16 fiscal year. <i>[CPA performed Financial Audits in FY 2013-14 and FY 2014-15. The AG Operational findings were not addressed.]</i></p> | Yes |

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| Escambia (continued) | <u>AG Report No. 2017-185 (#14 - Information Technology - Monitoring of System Activity)</u> : District IT security controls related to monitoring of system activity continue to need improvement. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of such details. The auditors recommend that the District improve these controls to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Page 13) | N/A | 2016 (2013-14) | The District has improved IT security controls related to user authentication and monitoring of system activity to ensure the continued confidentiality, integrity, and availability of District data and IT resources. The improved process was put into production in July 2015. [CPA performed Financial Audits in FY 2013-14 and FY 2014-15. The AG Operational findings were not addressed.] | Yes |
| Flagler | <u>AG Report No. 2017-100 (#6 - Information Technology - Access Privileges)</u> : Audit test of selected access privileges to the District's business application, including finance and human resources, disclosed that the District's Management Information Systems Director and Assistant Director had access privileges that permitted them to perform unnecessary or incompatible functions. Specifically such privileges allowed update access privileges to all functions within the finance and HR applications, including transactions origination, correction, and changes to finance and payroll data security tables. District management indicated that the access privileges were necessary to provide security administration functions and to modify and prepare data for state reporting. Nevertheless, complete update access privileges to the applications were not necessary for these employees' job responsibilities related to technical support of the application and were contrary to an appropriate separation of IT and end-user functions. While the District had certain controls that somewhat mitigated the access deficiencies, the existence of these inappropriate or unnecessary access privileges increased the risk of unauthorized disclosure, modification, or destruction of District data and IT resources. The auditors recommend that the District ensure that assigned access privileges enforce an appropriate separation of incompatible duties and restrict employees to only those functions necessary for their assigned job responsibilities. (See PDF Pages 8-9) | N/A | 2017 (2014-15) | The District has two employees (Security Officer and back-up) with system-wide access, which management feels is necessary to provide security administration functions and to modify and prepare data for State reporting. The District has continued to implement several mitigating controls in addition to its ongoing review and feels the controls in place are successful in mitigating and preventing any issues that could occur as a result of the assigned access privileges. The District also responded to the Florida Department of Education (FDOE) as part of their annual district audit review and follow-up practices. After reviewing the District's response, the FDOE stated that "appropriate corrective measures have been taken to resolve this finding." | Yes |

District School Boards

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|---------|---|-----------------|---|--|---|
| Gadsden | <u>AG Report No. 2017-189 (#2016-001 - Financial Reporting)</u> : The District needs to continue to improve its financial reporting procedures to ensure that financial statement account balances and transactions and Schedule of Expenditures of Federal Awards (SEFA) expenditure amounts are properly reported. (See PDF Pages 71-72) | SD | 2017 (2014-15) | To prevent findings with regard to this item in the future, actions are being taken now to find additional reviewers for the Annual Financial Report (AFR), including the Schedule of Expenditures of Federal Awards (SEFA). The District is looking to determine its ability to retain an outside vendor to review the AFR as a whole after the finance department has prepared it, or to help complete sections of the AFR as needed. The District has also put in place a mechanism for additional internal reviewers to look over the documents prior to submittal as well, especially the SEFA. | Yes |
| | <u>AG Report No. 2017-147 (#5 - Virtual Instruction Provider Contracts)</u> : The virtual instruction program (VIP) provider contracts did not always include statutorily required or necessary provisions. The auditors recommend that the District implement the Board-adopted VIP policies and procedures to ensure that FDOE-approved VIP provider contracts establish student-teacher ratios and include provisions for promoting education data quality and monitoring provider compliance. (See PDF Page 9) | N/A | N/A | N/A | Yes |
| | <u>AG Report No. 2017-147 (#6 - Virtual Instruction - Provider Background Screenings)</u> : District records did not always evidence that VIP provider employees and contracted personnel were subject to required background screenings. The auditors recommend that the District ensure that the required background screenings are performed for all VIP provider employees and contracted personnel. (See PDF Page 10) | N/A | N/A | N/A | Yes |

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| Gilchrist | <p><u>AG Report No. 2017-158 (#2016-001 - Information Technology - Access Privileges):</u> Review of selected access privileges to the District’s business applications, including finance and human resources (HR), disclosed that the Director of Finance and two finance officers had systemwide access privileges that allowed update access to all functions within the finance and HR applications, including transaction origination, correction, and changes to finance and payroll data and security tables. District management indicated that the District assigned certain employees systemwide access privileges to ensure District operations continue during personnel absences within the Finance Office. Nevertheless, complete update access privileges to the District's business application were not necessary for these employees' day-to-day responsibilities and were contrary to an appropriate separation of incompatible duties. Although the District had certain controls in place that compensated, in part, for the deficiencies, the existence of unnecessary or inappropriate IT access privileges increases the risk that unauthorized disclosure, modification, or destruction of District data and IT resources may occur. The auditors recommend that District management continue efforts to ensure that assigned access privileges restrict employees to only those functions necessary for their assigned job responsibilities and transfer the security administrator responsibilities to an employee other than the Director of Finance. (See PDF Pages 68-69)</p> | SD | 2017 (2014-15) | The District has corrected the finding related to access privilege assignments and is in the process of transferring the security administration duties to an employee other than the Director of Finance. | Yes |

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| Glades | <u>AG Report No. 2017-174 (#2016-001 - Financial Reporting)</u> : On the government-wide financial statements, the District did not comply with generally accepted accounting principles (GAAP) as the statement of net position total assets and deferred outflows of resources did not equal total liabilities, deferred inflows of resources, and net position. Additionally, various account balances and transactions were not reported in accordance with GAAP. The auditors recommend that the District improve procedures to ensure that financial statement account balances and transactions are properly reported (specific procedures listed). (See PDF Pages 66-67) | SD | N/A | N/A | Yes |
| Hernando | <u>CPA Firm FY 2015-16 (#2016-1 - Inventory of Capital Assets)</u> : The auditors noted discrepancies of the information provided during their review of the capital asset audit area and management was required to provide additional information and reconciliations. The auditors recommend additional reviews of the physical locations of these capital assets including the documentation of the procedures to ensure that the inventory records and the financial records reconcile, for improvement in financial reporting in this area. (See PDF Page 174) | N/A | N/A | N/A | Yes |
| Indian River | <u>AG Report No. 2017-095 (#4 - Workforce Education Programs)</u> : The District carried forward a large balance of workforce education funds (\$1.7 million or 43% of the amount available to be expended) from the 2015-16 fiscal year to the 2016-17 fiscal year. This does not appear to be consistent with the Legislature's annual funding of the program and related benefits to particular students. The auditors recommend that the District continue efforts to develop a spending plan, and the Board adopt a spending plan, for workforce education program funds to serve as a guide to ensure that these funds benefit the students and program as intended by the Legislature. (See PDF Pages 7-8) | N/A | N/A | N/A | Yes |

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| Indian River (continued) | <p>AG Report No. 2017-095 (#5 - Adult General Education Classes): In some cases, the District reported inaccurate instructional contact hours for adult general education classes to the Florida Department of Education (FDOE). Since funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data. The auditors recommend that the District continue to strengthen controls to ensure instructional contact hours for adult general education classes are accurately reported to the FDOE. The District should also determine to what extent the adult general education hours were misreported for the 2015-16 fiscal year and contact the FDOE for proper resolution. (See PDF Pages 8-9)</p> | N/A | 2017 (2014-15) | <p>In an effort to improve reporting capabilities and ensure data accuracy, the District was successful in obtaining funding through a voter-approved referendum to purchase an upgraded Student Information System (SIS). This new system dramatically improved the capability to properly report the hours. However, pending receipt of funding and the long process of planning and scheduling a full implementation of the new system, programming changes were implemented on the old system which were designed to try and correct these errors. In January 2015, the District implemented a new Post-Secondary Student Information System. As the system was implemented in the middle of the year, data inaccuracies from the first semester, that were reported using the old system, were imported into the new system. A review of attendance data in the old system was conducted to determine the extent to which the adult general education hours were misreported for FY 2014-15. Unfortunately, efforts to re-program the old system to correct these errors were unsuccessful. As the District became more familiar with the inner workings of the new software, IT staff began to customize the system to provide error notifications and alerts to detect errors prior to submitting the data to the Florida Department of Education (FDOE), trained users on the new system, and attended FDOE Survey workshops with their staff.</p> | Yes |

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| Jefferson | <p><u>AG Report No. 2017-193 (#2016-001 - Budgetary Controls and Financial Condition):</u> While the original budget was prepared and approved in accordance with applicable laws and rules, District budgetary and financial monitoring procedures continue to need improvements. These procedures were not sufficient to ensure the accurate recording of beginning fund balance budget amounts and the limitation of expenditures to established budget amounts or to promote compliance with State law, State rules, and Board policies. The Commissioner of Education declared that the District was in a state of financial emergency in August 2016. (See PDF Pages 67-70)</p> | MW | 2017 (2014-15) | This finding has been corrected. The District Administration has implemented correction action to include monthly financial statements with the actual year-to-date expenditures and revenues for School Board approval. | Yes |
| | <p><u>AG Report No. 2017-193 (#2016-002 - Financial Reporting):</u> Financial reporting procedures need improvement to ensure that financial statement account balances and transactions are properly reported and the annual financial report (AFR) is timely submitted to the Florida Department of Education. (See PDF Pages 71-72)</p> | SD | 2017 (2014-15) | Corrective action is in process. The District continues to improve reporting procedures. Procedures will include appropriate review and approval of the AFR to detect and correct reporting errors. | Yes |
| | <p><u>AG Report No. 2017-193 (#2016-003 - Bank Account Reconciliations):</u> District bank account reconciliation procedures did not effectively provide for: (1) an appropriate separation of the bank account reconciliation and journal entry responsibilities, (2) proper reconciliations of bank account balances to the general ledger cash account balances with reconciling items thoroughly investigated and adequately identified and documented, (3) timely adjustments to the general ledger cash account balances based on the results of the bank account reconciliations, and (4) appropriate supervisory review and approval of the bank account reconciliations and journal entries to ensure that the reconciliations were properly performed and the entries were accurately made. As of February 2017, District records lacked explanations for the \$34,493 difference between the bank statement and general ledger cash account balances at June 30, 2016. The auditors recommend that the District continue efforts to document explanation(s) for the \$34,493 differences noted above and enhance bank reconciliation related procedures. (See PDF Pages 72-74)</p> | SD | 2017 (2014-15) | Corrective action is in process. The District is establishing procedures to ensure timely recording of cash transactions in the general ledger with bank balances reconciled timely to general ledger accounts. The District is working towards reconciliation of the differences between the District's cashbook and bank account cash balances and the general ledger balances. | Yes |

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| Leon | <p><u>CPA Firm Report FY 2015-16 (#2016-001 - Capital Assets)</u>: There is a lack of adequate procedures and supervision over the process of accounting and reporting of Capital Assets in the financial accounting records. The auditors recommend that the capital asset inventory system be reconciled to the physical inventory on an annual basis and any differences be researched and resolved in a timely manner, including any adjustments required to the asset management system and the financial accounting records. The auditors also recommend that specified related procedures should be reviewed, additions and disposals of assets should be recorded on a timely bases, and the capital asset inventory records should be reconciled to the financial accounting records on a regular basis. (See PDF Pages 97-99)</p> | MW | N/A | N/A | Yes |
| | <p><u>CPA Firm Report FY 2015-16 (#2016-003 - Financial Reporting)</u>: The Annual Financial Report submitted to the Florida Department of Education contained errors and inaccuracies. This is due to the lack of adequate procedures and supervision over the preparation process of the Annual Financial Report. Information provided by other departments, such as Construction and Facilities Management and Payroll, is not reviewed or reconciled to the accounting records. The auditors recommend that the Finance Department review its procedures over the financial reporting process. The auditors also recommend that the Finance Department review its structure to maximize the communication between all departments that provide information in the financial reporting process and clearly define and communicate information requirements and deadlines, reconcile subsidiary records on a regular basis and resolve any differences in a timely manner, minimize the use of Excel spreadsheets as supporting documentation for account balances and utilize the District's accounting software to its fullest potential, utilize the District's accounting software in the preparation of the AFR (annual financial report, and enhance its review process for the AFR. (See PDF Pages 102-103)</p> | SD | 2017 (2014-15) | The District has implemented numerous corrective actions, which have included, but are not limited to, gaining a more comprehensive understanding of the District's new financial reporting system, overcoming challenges faced as a result of the learning curve experienced by staff turnover, implementing a comprehensive Districtwide training initiative, and restructuring staff resources to ensure the most efficient processes. | Yes |

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| County | Audit Finding(s) | MW or SD? | Year Last Response Received (re: fiscal year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response This Year? |
|---------|---|-----------------|---|--|---|
| Madison | <p><u>AG Report No. 2017-146 (#5 - Compensation and Salary Schedules)</u>: The Board has not adopted formal policies and procedures establishing a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in State law. The auditors recommend that the Board continue efforts to establish a documented process for determining and applying differentiated pay considering the factors prescribed in State law. (See PDF Pages 7-8)</p> | N/A | 2017 (2014-15) | <p>The District and Madison County Education Association (Union) have recently completed a new Collective Bargaining Agreement that spans the time frame of 2015-2018. During negotiations, new salary schedules to address performance and differentiated pay were discussed, but an agreement by both parties could not be reached. In order to address this issue, the Board has hired outside counsel, specializing in labor relations, to complete the negotiation of new compensation and salary schedules for the District.</p> | Yes |
| | <p><u>AG Report No. 2017-146 (#7 - Background Screenings)</u>: Required background screenings were not always documented for applicable instructional and noninstructional employees or contractor workers. The auditors recommend that the District continue efforts to ensure that required background screenings are timely performed for District employees and contractor workers and maintain documentation of the background screening results and evaluations. (See PDF Pages 8-10)</p> | N/A | N/A | N/A | Yes |
| Manatee | <p><u>AG Report No. 2017-092 (#1 - Bank Reconciliations)</u>: Bank account reconciliations for the 2015-16 fiscal year were not timely completed. Untimely bank account reconciliations increase the risk that any cash transaction errors or misappropriations that may occur will not be timely detected. The auditors recommend that District management ensure that reconciliations of the bank account balances to the general ledger balances are timely performed. (See PDF Page 4)</p> | N/A | N/A | N/A | Yes |
| | <p><u>AG Report No. 2017-092 (#3 - Compensation and Salary Schedules)</u>: The Board had not adopted formal policies and procedures establishing a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in State law. The auditors recommend that the Board establish such a process. (See PDF Pages 5-6)</p> | N/A | 2016 (2013-14) | <p>The District reached an agreement with the Manatee Education Association formalizing differentiated pay scales for District instructional staff in compliance with Florida Statute. This finding is fully remediated. [CPA performed Financial Audits in FY 2013-14 and FY 2014-15. The AG Operational findings were not addressed.]</p> | Yes |

District School Boards

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|--------------------------------|---|-----------------|---|--|---|
| Manatee (continued) | <u>AG Report No. 2017-092 (#9 - Information Technology - Security Controls - User Authentication and Data Loss Prevention)</u> : District security controls related to user authentication and data loss prevention need improvement. Without adequate security controls related to user authentication and data loss prevention, this risk is increased that the confidentiality, integrity, and availability of District data and information technology resources may be compromised. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of such details. The auditors recommend that District management improve security controls related to these areas to ensure the continued confidentiality, integrity and availability of District data and IT resources. (See PDF Page 13) | N/A | 2016 (2013-14) | The District hired a new Chief Information Officer in December 2014. Under his direction, the District reviewed the findings and is drafting remediation plans. Management commits to having a defined policy and procedure in place to remediate these issues in a timely manner. Remediating this finding may require the modification and augmentation to certain District information technology systems and staff; therefore completion of these actions are dependent on financial feasibility and approval by the School Board. [CPA performed Financial Audits in FY 2013-14 and FY 2014-15. The AG Operational findings were not addressed.] | Yes |
| Miami-Dade | <u>AG Report No. 2017-196 (#2 - Annual Facility Inspections)</u> : The District did not always timely correct deficiencies noted in annual facility inspections. The auditors recommend that the District continue efforts to ensure that deficiencies and facilities maintenance needs identified in the annual inspection reports are timely corrected. (See PDF Pages 5-6) | N/A | 2015 (2013-14) | At this time, 100% of the Maintenance deficiencies have been corrected. Of the 110 Capital items noted in the reports, projects are already underway to correct 20 deficiencies, and the remaining deficiencies have been recorded in the District's master facilities database to be addressed in upcoming capital projects at the respective schools. | Yes |
| | <u>AG Report No. 2017-196 (#5 - Monitoring Fuel Efficiency)</u> : The District did not always timely investigate and resolve exceptions noted in fuel exception reports. The District Department of Transportation is responsible for reviewing the monthly fuel exception reports that identify vehicles with a fuel consumption average of less than 4 miles per gallon or more than 25 miles per gallon. The auditors recommend that the District continue efforts to timely investigate and resolve exceptions noted in fuel exceptions reports. (See PDF Pages 9-10) | N/A | 2015 (2013-14) | The letter outlines the strategies implemented to address the finding. The District's Department of Transportation will continue to search for ways to accurately monitor fuel usage by District motorized equipment and vehicles. | Yes |

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|-----------------------------------|--|-----------------|---|---|---|
| Miami-Dade (continued) | <u>AG Report No. 2017-196 (#8 - Information Technology - Security Controls - User Authentication):</u> Certain District Information Technology (IT) security controls related to user authentication need improvement. Without these controls the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of such details. The auditors recommend that District management improve security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Pages 11-12) | N/A | N/A | N/A | Yes |
| Orange | <u>AG Report No. 2017-132 (#10 - Information Technology - Security Controls - User Authentication, Data Loss Prevention, and Monitoring of System Activity):</u> Certain District security controls related to user authentication, data loss prevention, and monitoring of system activity need improvement. Without these controls the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of such details. The auditors recommend that District management improve security controls related to these areas to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Page 14) | N/A | 2015 (2012-13) | The District developed and implemented procedures to address the identified deficiencies surrounding operating system (OS) logging and monitoring and ERP application database activity management. Confidential findings in regards to security controls and user authentication of the OS, database, and ERP application have been implemented. Also, the District has developed a framework around which to continue to build the District-wide loss protection practices and procedures, which is being further developed to better meet the identified vulnerability and security requirements and will be completed prior to 6/30/2015. | Yes |

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|---------|--|-----------------|---|--|---|
| Osceola | <p><u>AG Report No. 2017-070 (#4 - Adult General Education Classes):</u> In some cases, the District reported inaccurate instructional contact hours for adult general education classes to the Florida Department of Education (FDOE). Since funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data. The auditors recommend that the District strengthen controls to ensure that instructional contact hours for adult general education classes are accurately reported to the FDOE (specific action listed). Also, the District should determine to what extent the adult general education hours were misreported and contact the FDOE for proper resolution. (See PDF Page 7-8)</p> | N/A | N/A | N/A | Yes |
| | <p><u>AG Report No. 2017-070 (#6 - Information Technology - Access Privileges):</u> Some access privileges to the District's business application permitted employees the ability to perform incompatible functions or were unnecessary for their assigned job duties. Inappropriate or unnecessary access privileges and the lack of a review of access privileges granted within the business application increases the risk that unauthorized disclosure, modification, or destruction of District data and IT resources may occur. The auditors recommend that District management continue efforts to periodically review access privileges granted within the business application to ensure that the IT access privileges are necessary and enforce an appropriate separation of duties. Any inappropriate or unnecessary access privileges identified should be timely removed. (See PDF Pages 9-10)</p> | N/A | N/A | N/A | Yes |

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|------------|--|-----------------|---|---|---|
| Palm Beach | <p><u>AG Report No. 2017-149 (#3 - Adult General Education)</u>: In some cases, the District reported inaccurate instructional contact hours for adult general education classes to the Florida Department of Education (FDOE). Since funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data. The auditors recommend that the District strengthen controls to ensure instructional contact hours for adult general education classes are accurately reported to the FDOE. Also, the District should determine to what extent the adult general education hours were misreported and contact the FDOE for proper resolution. (See PDF Page 6)</p> | N/A | 2016 (2013-14) | <p>The District has developed a uniform reporting processes to minimize errors in reporting instructional hours (i.e., improved controls at each school site, implemented an Online Attendance System, provided training, and established uniform procedures). <i>[CPA performed Financial Audits in FY 2013-14 and FY 2014-15. The AG Operational findings were not addressed.]</i></p> | Yes |
| Pasco | <p><u>AG Report No. 2017-091 (#7 - Information Technology – Security Controls – User Authentication and Logging and Monitoring of System Activity)</u>: Certain District security controls related to user authentication and logging and monitoring of system activity need improvement. Without adequate security controls the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of such details. The auditors recommend that District management improve security controls related to these areas to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Page 10)</p> | N/A | N/A | N/A | Yes |

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|----------|---|-----------------|---|--|---|
| Pinellas | <p><u>CPA Firm Report FY 2015-16 (#4 - Food Service Program Financial Condition)</u>: The food service program has experienced increasing operating losses over the past three fiscal years and has had to temporarily borrow from other funds. The auditors recommend that the District should continue its efforts to improve the school food service program's financial condition. (See PDF Page 74 of AG Report No. 2015-130) <i>Note: No specific finding was included in the audit report, just a status update on the prior year operational audit finding that indicates this finding continues to be relevant. Follow-up on findings related to the operational portion of the prior year audit were beyond the CPA firm's scope.</i></p> | N/A | N/A | N/A | Yes |
| | <p><u>CPA Firm Report FY 2015-16 (#12 - Virtual Instruction Program - Provider Contracts)</u>: The District entered into a contract with a FDOE-approved Virtual Instruction Provider that lacked certain necessary provisions. The auditors recommend that the District ensure that necessary provisions are included in contracts with FDOE-approved VIP providers. (See PDF Page 78-79 of AG Report No. 2015-130) <i>Note: No specific finding was included in the audit report, just a status update on the prior year operational audit finding that indicates this finding continues to be relevant. Follow-up on findings related to the operational portion of the prior year audit were beyond the CPA firm's scope.</i></p> | N/A | N/A | N/A | Yes |
| | <p><u>CPA Firm Report FY 2015-16 (#15 - Virtual Instruction Program - Student Compensatory Attendance)</u>: District records did not evidence required verification of daily attendance for students enrolled in the Virtual Instruction Program. The auditors recommend that the District establish procedures requiring documented verification that students enrolled in the VIP complied with compulsory attendance requirements as prescribed by law. (See PDF Page 80 of AG Report No. 2015-130) <i>Note: No specific finding was included in the audit report, just a status update on the prior year operational audit finding that indicates this finding continues to be relevant. Follow-up on findings related to the operational portion of the prior year audit were beyond the CPA firm's scope.</i></p> | N/A | N/A | N/A | Yes |

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|-------------------------|---|-----------------|---|---|---|
| Pinellas (continued) | <p><u>CPA Firm Report FY 2015-16 (#16 - Virtual Instruction Program - Computing Resources)</u>: District procedures did not provide certain low income families with full-time Virtual Instruction Program (VIP) students with reimbursements for Internet costs incurred. District records did not evidence that the District offered Internet services to eligible VIP students free of charge, contrary to law. The auditors recommend that the District enhance its procedures to ensure that VIP students and their parents are properly notified of the availability of Internet access and that qualified VIP students are provided Internet access (See PDF Page 80 of AG Report No. 2015-130) <i>Note: No specific finding was included in the audit report, just a status update on the prior year operational audit finding that indicates this finding continues to be relevant. Follow-up on findings related to the operational portion of the prior year audit were beyond the CPA firm's scope.</i></p> | N/A | N/A | N/A | Yes |
| | <p><u>CPA Firm Report FY 2015-16 (#18 - Information Technology - Security Program)</u>: While the District's security program procedures addressed application development, they did not include procedures for developing an application or managing changes. The auditors recommend that District IT security program procedures be completed and approved to ensure the performance of the IT functions are in accordance with management's expectations. (See PDF Page 81 of AG Report No. 2015-130) <i>Note: No specific finding was included in the audit report, just a status update on the prior year operational audit finding that indicates this finding continues to be relevant. Follow-up on findings related to the operational portion of the prior year audit were beyond the CPA firm's scope.</i></p> | N/A | 2017 (2014-15) | In 2015, Technology Information Systems (TIS) purchased a robust asset/patch management software. The new software gives TIS control over software delivered to all District workstations. The new software contains a comprehensive reporting system identifying all software on all devices in the District's environment and provides a tool to update all software on all of the District's workstations. TIS Security Council Procedures, finalized in March 2015, were reviewed in May 2017 and will be reviewed again in May 2018. | Yes |

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|-------------------------|--|-----------------|---|---|---|
| Pinellas (continued) | CPA Firm Report FY 2015-16 (#19 - Information Technology - Security Controls - User Authentication): Certain District security controls related to user authentication needed improvement. The auditors did not publicly disclose the specific details of the issues to avoid the possibility of compromising District data and IT resources; however, District management has been informed. (See PDF Page 82 of AG Report No. 2015-130) <i>Note: No specific finding was included in the audit report, just a status update on the prior year operational audit finding that indicates this finding continues to be relevant. Follow-up on findings related to the operational portion of the prior year audit were beyond the CPA firm's scope.</i> | N/A | 2017 (2014-15) | The District is in the process of replacing the existing AS400/TERMS ERP software solution. The process began in November 2014, and the District is negotiating with a vendor. A two to three-year transition to fully deploy their ERP software solution is anticipated. | Yes |
| Putnam | AG Report No. 2017-163 (#13 - Information Technology - Access Privileges): Audit tests of selected access privileges to the District's finance and human resources applications disclosed that some access privileges were unnecessary or permitted employees to perform incompatible functions, indicating a need for periodic review of access privileges. Although the District had certain controls that somewhat mitigated the inappropriate access, the existence of unnecessary and inappropriate access privileges increases the risk of unauthorized disclosure, modification, and destruction of District data and IT resources. The auditors recommend that the District continue efforts to ensure the assignment of appropriate access privileges, periodic review of access privileges assigned to all user groups, and timely removal or adjustment of any unnecessary or inappropriate access detected (additional detail provided). (See PDF Pages 15-16) | N/A | 2017 (2014-15) | Access privileges were adjusted for the employees in question, and the Florida Department of Education provided a letter dated April 11, 2017, stating that the IT finding has been resolved. | Yes |

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|------------|---|-----------------|---|--|---|
| Santa Rosa | <p><u>AG Report No. 2017-053 (#6 - Information Technology - Security Controls - User Authentication, Monitoring of Network Activity, and Data Loss Prevention):</u> Certain IT security controls related to user authentication, monitoring of network activity, and data loss prevention need improvement. Without adequate security controls the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of such details. The auditors recommend that the District improve these security controls to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Page 9)</p> | N/A | 2015 (2012-13) | Response stated that finding had been corrected and was not in the FY2013-14 annual report. <i>[CPA performed Financial Audits in FY 2013-14 and FY 2014-15. The AG Operational findings were not addressed.]</i> | Yes |
| Washington | <p><u>AG Report No. 2017-056 (#7 - Virtual Instruction Program - Policies and Procedures):</u> District policies and procedures regarding the Virtual Instruction Program (VIP) could be enhanced to include more detailed procedures for certain statutory requirements, such as provider contracts, data quality requirements, minimum required security controls, and the District's monitoring of the VIP provider contract provisions. The auditors recommend that the District continue its effort to enhance written VIP policies and procedures to enhance the effectiveness of its VIP operations and related activities. Also, the auditors recommend that the District ensure that VIP provider contracts include all necessary provisions. (See PDF Pages 9-10)</p> | N/A | N/A | N/A | Yes |

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|---------------------------|---|-----------------|---|---|---|
| Washington (continued) | <p><u>AG Report No. 2017-056 (#9 - Information Technology - Security Controls - User Authentication, Data Loss Prevention, and Management of Access Privileges):</u> Certain District security controls related to user authentication, data loss prevention, and management of access privileges needed improvement. Without adequate security controls the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Specific details of the issues were not disclosed in the audit report in order to avoid the possibility of compromising District data and IT resources; however, appropriate District management was notified of such details. The auditors recommend that the District improve these security controls to ensure the continued confidentiality, integrity, and availability of District data and IT resources. (See PDF Page 11)</p> | N/A | 2017 (2014-15) | <p>The District IT staff is working to update the Data Loss Prevention Plan to include deficient items. In February 2016, the District converted to a newly developed web-based accounting and financial reporting application. The new application has stronger security controls for management of access privileges; however, the software development company has been unable to develop a reliable human resource application. In April 2017, the School Board approved to convert its accounting and human resource operations to a proven web-based system. The anticipated conversion date is October 2017.</p> | Yes |

LEGEND:

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

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

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

Charter Schools

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| County | Charter School | Audit Finding(s) | MW or SD? | Year Last Response Received (re: fiscal year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response This Year? |
|---------|----------------------------|---|-----------------|---|--|---|
| Alachua | Micanopy Middle School | #2016-007 - <u>Information on School Web Site</u> : Although required by law, the School's annual budget and grade were not available on the School's website. The auditors recommend that the School maintain a website in compliance with Florida Statutes with all the required information. (See PDF Page 29) | N/A | N/A | N/A | Yes |
| Broward | Central Charter School | #2012-1 - <u>General Ledger Maintenance and Reconciliation to Supporting Documentation</u> : During the current year, it was necessary for the auditors to post various journal entries to reconcile a number of accounts on the trial balance and reclassify incorrectly coded transactions. The auditors recommend that the School continue its efforts to reconcile all general ledger accounts to its subsidiary ledgers or schedules periodically. (See PDF Page 46) | SD | 2017 (2014-15) | The School plans to work much closer with its accountant to review in much more detail the trial balance each month to assure posting to proper accounts and to make adjustments when errors are found. The School has implemented a "month end close process" to assure all transactions are properly posted and accounted for and posted properly with requisite supporting documentation. | Yes |
| Duval | Wayman Academy of the Arts | #16-1 - <u>The Academy Has Not Maintained Its Website As Specified By Florida Section 1002.33(9)(p)</u> : Although required by law, the Academy's website did not include its academic performance and grade. The auditors recommend that the Academy update its website to comply with Section 1002.33(9)(g), Florida Statutes. (See PDF Page 37) | N/A | N/A | N/A | Yes |

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

Charter Schools

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| County | Charter School | Audit Finding(s) | MW or SD? | Year Last Response Received (re: fiscal year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response This Year? |
|------------|--|--|-----------|---|--|---|
| Miami-Dade | Bridgeprep Academy of Arts and Minds Charter Schools | #2016-2 - Adjusting Journal Entries: Eleven journal entries were required to be recorded to properly reflect the financial position and operations at fiscal year-end. The auditors recommend that the School record journal entries on a monthly basis in order to properly reflect results of operations and financial position, particularly in regards to prepaid items, accrued liabilities, and notes payable. (See PDF Page 37; also see Revised Management Letter, PDF Page 3) | N/A | N/A | N/A | Yes |

LEGEND:

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

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

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

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|--------|---|---|-----------------|---|---|---|
| Bay | Bay Haven Charter Academy Elementary School | #2016-001 - Adjustments to Financial Statements: Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to generally accepted accounting principles. While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, they recommend striving to reduce the number of adjustments needed as much as possible. (See PDF Pages 43-44) | MW | 2017 (2014-15) | Management does not consider it practical or economically feasible for the School to invest in the substantial resources that would be required for it to produce financial statements that require no proposed audit adjustments; the costs for correction would outweigh benefits of corrective action. The School is trying to maintain the accounting records in a manner that reduces the number of proposed adjusting journal entries by the auditors to a minimum. | No |
| | Bay Haven Charter Academy Middle School | #2016-001 - Adjustments to Financial Statements: Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to generally accepted accounting principles. While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, they recommend striving to reduce the number of adjustments needed as much as possible. (See PDF Pages 43-44) | MW | 2017 (2014-15) | Management does not consider it practical or economically feasible for the School to invest in the substantial resources that would be required for it to produce financial statements that require no proposed audit adjustments; the costs for correction would outweigh benefits of corrective action. The School is trying to maintain the accounting records in a manner that reduces the number of proposed adjusting journal entries by the auditors to a minimum. | No |

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

Charter Schools

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|--------------------|---|---|-----------------|---|---|---|
| Bay (continued) | North Bay Haven Charter Career Academy | #2016-001 - Adjustments to Financial Statements: Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to generally accepted accounting principles. While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, they recommend striving to reduce the number of adjustments needed as much as possible. (See PDF Pages 43-44) | MW | 2017 (2014-15) | Management does not consider it practical or economically feasible for the School to invest in the substantial resources that would be required for it to produce financial statements that require no proposed audit adjustments; the costs for correction would outweigh benefits of corrective action. The School is trying to maintain the accounting records in a manner that reduces the number of proposed adjusting journal entries by the auditors to a minimum. | No |
| | North Bay Haven Charter Academy Elementary School | #2016-001 - Adjustments to Financial Statements: Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to generally accepted accounting principles. While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, they recommend striving to reduce the number of adjustments needed as much as possible. (See PDF Pages 43-44) | MW | 2017 (2014-15) | Management does not consider it practical or economically feasible for the School to invest in the substantial resources that would be required for it to produce financial statements that require no proposed audit adjustments; the costs for correction would outweigh benefits of corrective action. The School is trying to maintain the accounting records in a manner that reduces the number of proposed adjusting journal entries by the auditors to a minimum. | No |

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

Charter Schools

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|--------------------|---|---|-----------------|---|---|---|
| Bay (continued) | North Bay Haven Charter Academy Middle School | #2016-001 - Adjustments to Financial Statements: Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to generally accepted accounting principles. While the auditors realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, they recommend striving to reduce the number of adjustments needed as much as possible. (See PDF Pages 43-44) | MW | 2017 (2014-15) | Management does not consider it practical or economically feasible for the School to invest in the substantial resources that would be required for it to produce financial statements that require no proposed audit adjustments; the costs for correction would outweigh benefits of corrective action. The School is trying to maintain the accounting records in a manner that reduces the number of proposed adjusting journal entries by the auditors to a minimum. | No |
| Citrus | Academy of Environmental Science | #2013-001 - Separation of Duties: For internal account activity accounted for in the fiduciary fund, the employee who maintains accounting records also handles cash collections, cosigns checks, and reconciles bank statement balances to the accounting records. While the auditors acknowledges that personnel may not always be available to permit appropriate separation, they think it is important that the School is made aware of the condition. (See PDF Page 30) | SD | 2017 (2014-15) | The School is aware of the condition and has no viable way to eliminate it, as it would involve hiring additional personnel to assume portions of the employee's work. Some mitigating controls have been implemented to address the condition. | No |

Charter Schools

Failed to Take Full Corrective Action in Response to a Recommendation Included in the 2015-16 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

| County | Charter School | Audit Finding(s) | MW or SD? | Year Last Response Received (re: fiscal year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response This Year? |
|--------------|-------------------------------|--|-----------|---|---|---|
| Indian River | Sebastian Charter Junior High | #2016-1 - Procedures and Practices: Employee duties were not always separated between the authorization, custody, and recordkeeping processes for assets such as cash in bank accounts and purchased goods and services. The auditors recognize that the size of the School limits the extent of separation of employee duties and recommend that the Board of Directors continue its high degree of involvement in the financial process. (See PDF Pages 26-27) | MW | 2017 (2014-15) | In April 2015, the School's Board of Directors authorized the hiring of outside accounting personnel, and the accounting personnel have now been integrated into the School's procedures for monthly, quarterly, and annual financial duties. Financial procedures were reevaluated in the 2015-16 school year to improve segregation of duties, and the School has put into place a policy for access to its accounting software. Personnel have limited access with a monthly review of all activity by the outside accountant. Also, the School's Finance Committee is reviewing and updating all of the Fiscal Management Policies and incorporating the revised procedures put in place. | No |

LEGEND:

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

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

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

**7 Three Peat: Local
Governmental Entities**

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2015-16 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 | Clerk of the Circuit Court | ML 2013-1 - Court Registry Deposits: Several court registry deposits have been held for more than five years with no activity. (See PDF Page 123) | N/A | 2017 (FY 2014-15) | The Clerk's Office has met with the past presiding judge in an attempt to bring this issue to resolution. In January 2017, a new judge was elected into office. The office will continue to work together to resolve all cases that have monies in court registry. | Yes |
| Broward County | Sheriff | 2014-001 - Prisoner Escrow Accounts: Management does not obtain an SSAE 16 report on the controls in place and the related operating effectiveness testing done for the Canteen software package vendor. Inmate Banking Division (Division) staff noted that reports produced by the Canteen software package were considered to be difficult to use and not user friendly. Division staff does not prepare monthly reconciliations that show the amount of the cash balances by inmate and how those balances reconcile to the cash per the bank reconciliations. The auditors recommend that: (1) an SSAE 16 report be obtained; (2) Division staff review the feasibility of revising the Canteen report formats; and (3) Division staff prepare monthly reconciliations. (See PDF Part 2, Page 49) | N/A | N/A | N/A | Yes |
| | | 2014-002 - Change Management Procedures: The same group of users has access to develop source code and pushes changes into production for the SMS application. There is no formal monitoring controls in place to identify unauthorized changes being moved into production. The auditors recommend that management ensure that appropriate controls are in place to ensure that all changes made are accurate and approved. (See PDF Part 2, Page 50) | N/A | N/A | N/A | Yes |

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|-----------------|-------------------------------|---|-----------|---|---|---|
| Columbia County | Board of County Commissioners | 2014-1 - Grant Administration: Grant reimbursement requests were not submitted timely as provided in the individual grant agreements. This situation created both lost interest earnings opportunities for the County, as well as provided the possibility for a loss of funds due to expiration of grant periods. The auditors recommend that the Board of County Commissioners establish a centralized system to monitor grant financial activities, including reimbursement processes. (See PDF Page 97) | N/A | N/A | N/A | Yes |
| Glades County | Clerk of the Circuit Court | ML 2010-001 - Timely Remittance of Agency Transactions: The Clerk's agency fund contained balances that were not current or, for those balances that are held for a period of time, were not supported by subsidiary schedules that are reconciled to the general ledger. The auditors recommend that agency fund balances be reconciled timely and supported. Details provided in audit report. (See PDF Page 127) | N/A | 2017 (FY 2014-15) | The Clerk's Office has implemented spreadsheets to track the remittances of fines and fees in order to create subsidiary schedules for accounts such as Tax Deed Suspense, General Suspense, Court Registry, Bond Forfeitures, etc. The Clerk's Office has been and is continuing to work on reconciling the old account balances, dating back to 2002 in some accounts such as Tax Deed Suspense and General Suspense as time permits, in order to remit funds where they need to be paid. However, there is a limited amount of staff and time to dedicate to this project. | Yes |
| | Sheriff | ML 2015-001 - Formal Written Policies: Certain financial policies for cash receipts, payroll-related disbursements and credit/debit card purchases were not in formal approved written form. The auditors recommend that formal written policies for these areas be adopted and include strong segregation of duties, specific levels of approval, and documentation to show such procedures were followed. (See PDF Page 182) | N/A | 2017 (FY 2014-15) | This finding has been corrected. Effective May 15, 2017, the Sheriff's Office adopted formal written procedures for cash receipts, payroll and agency credit card usage. | Yes |

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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|------------------|-------------------------------|--|-----------|---|---|---|
| Jefferson County | Board of County Commissioners | 2014-001 - Accrual Accounting: Certain expenditures and revenues were not properly accrued and recorded at year-end. The auditors recommend that management review all expenditures and revenues and properly record them in the year incurred. (See PDF Page 82) | MW | N/A | N/A | Yes |
| | | 2013-002 - Accounts Receivable: The allowance for doubtful accounts related to ambulance accounts receivable was understated. The auditors recommend that management review aged accounts receivable timely and adjust the allowance accordingly and implement additional procedures to improve collections. (See PDF Page 82) | SD | 2017 (FY 2014-15) | The County's allowance for doubtful accounts related to its ambulance accounts receivable were understated. This finding is being resolved. The Fire/EMS Department is now requesting the aged accounts more timely from the external collection agent and allow the necessary adjustments to ensure net assets are not overstated. | Yes |
| Liberty County | Sheriff | 2014-IC-01 - General Accounting Records: There was not an accurate general ledger for the inmate welfare or inmate trust accounts, and bank reconciliations were not performed during the year. The auditors recommend that the Sheriff's office review Chapter 944, Florida Statutes, and set up procedures to post activity of both funds to enable the documentation of compliance with the statutory requirements. (See Sheriff's Revised Management Letter, PDF Page 3) [Note: This finding is also referred to as #2016-IC-02 in the original audit report. (See PDF Page part 2,73)] | MW | N/A | N/A | Yes |

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|-------------------|-------------------------------|---|-----------|---|---|---|
| Miami-Dade County | Board of County Commissioners | 2016-01 - Self-Insurance Fund Deficit: The County's self-insurance fund had an accumulated deficit of approximately \$240.7 million as of September 30, 2016, which increased approximately \$30.8 million from the previous year. The rates established to charge each participating fund and/or departments of the County were not sufficient to reimburse the costs of operating the self-insurance fund. The auditors recommend that the County review its risk financing program rates charged to user funds and/or departments to cover the risk financing program current costs and to fund the accumulated deficit. Additional detail is provided in audit report. (See PDF Page 339) | N/A | 2017 (FY 2014-15) | The County's self-insurance fund is comprised of separate self-insured programs for workers' compensation, automobile liability, general liability and health insurance for employees. Although the auto and general liability programs reflect positive fund balances, the overall fund reported a deficit fund balance, which was mainly attributed to the "Incurred But Not Reported" (IBNR) liability in the Workers' Compensation sub-fund. The IBNR is estimated annually by a professional actuary. Workers' Compensation rates are reviewed and set annually as part of the County's budget process with the goal to budget sufficient funds to cover costs and to reduce the fund deficit. The County's response references various factors that have impacted Worker's Compensation. The County indicated that it continues to make every effort to offset the various liability adjustments; however, unforeseen changes in State Law or unfunded mandates, in addition to other economic impacts, limit the ability to cure the fund deficits over a single fiscal period. The County will continue to adjust rates and implement policies that will help reduce costs into future years and further reduce the IBNR liabilities in the fund. | 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
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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|-------------------------------|---|---|-----------|---|--|---|
| Miami-Dade County (continued) | Board of County Commissioners (continued) | 2016-02 - Password Configurations: Password configuration settings have not been adjusted to meet minimum requirements as stated in the ITD Information Security Policy. Risks include unauthorized use, disclosure of proprietary information, modification, damage, or loss of data. The auditors recommend that management consider adjusting the password minimum length, password history, and password expiration settings to meet minimum requirements as stated in the policy. (See PDF Page 340) | N/A | N/A | N/A | Yes |
| Okeechobee County | Board of County Commissioners | 2016-001 - Revenue Recognition and Audit Adjustments: Revenue, receivables, and deferred inflows of resources were misstated because certain gas tax collections were accrued as a receivable and revenue as of the fiscal year-end, one grant was not evaluated for reimbursable expenditures incurred but not submitted for reimbursement as of the fiscal year-end, and the emergency medical services allowance for doubtful accounts adjustment was not posted to the trial balance. Therefore, it was necessary for the auditors to propose adjustments to the County's financial statements. The auditors recommend that management continue to evaluate revenue transactions to ensure they are recognized in accordance with generally accepted accounting principles. Additional detail is provided in the audit report. (See PDF Page 150) | MW | 2017 (FY 2014-15) | The County's Finance Division staff has been in transition experiencing key staff turnover. New procedures have been implemented to allow for additional review to evaluate grants to ensure transactions are recognized in accordance with generally accepted accounting principles. Furthermore, "Transfer In" and "Transfer Out" accounts will be used when resources get transferred between funds, or when new funds are created. The County does not anticipate that this finding will be repeated in the 2015-16 fiscal year. | 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
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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|-------------------|-------------------------------|--|-----------|---|---|---|
| Osceola County | Clerk of the Circuit Court | 2013-008 - Budget Process: Management did not post the Clerk's approved budget to the accounting system. The auditors recommend that the approved budget be posted to the accounting system and proper documentation be implemented for each amendment. (See PDF Part 2, Page 49) | SD | 2017 (FY 2014-15) | Budget policy and processes were formally put in place in 2014. It was determined that the previous Finance Director did not use a budget transfer allotted methodology. This issue has been corrected. Budgets for the 2014-15 fiscal year and the two prior fiscal years did not exceed the appropriation for the fiscal year and the expenditures and collection reports were sent to FCCOC accordingly. | Yes |
| Pinellas County | Sheriff | 2013-2 - Information Systems Controls: The auditors noted one test user account from system implementation who was still listed as having access to a certain application when it was no longer needed. The auditors are aware of the Sheriff's plans to consider a new enterprise resource planning system for the future that would help reduce future control deficiencies, including review of terminated employee access rights and other user access rights. The auditors recommend that the Sheriff continue this process in order to ensure proper monitoring controls. (See PDF Page 405) | N/A | 2017 (FY 2014-15) | The Sheriff's Office has rectified the comment regarding one system analyst by assigning more system analyst resources and putting processes in place to assure changes have a clear order of operations and separation of duties. The Sheriff's Office now performs routine, bi-annual audits of access rights throughout all financial access systems to address the second comment. The Office has been investigating options to replace the outdated payroll system which precipitated these comments. A decision will be made this fiscal year regarding a solution. | Yes |
| Washington County | Board of County Commissioners | BCC10-001 - Reporting and Monitoring: The County has not uploaded electronic versions of financial statements to the REAC website as required by U.S. Department of Housing and Urban Development. The auditors recommend that the County determine reporting requirements and ensure that Tri County Community Council complies with all those requirements. [Note: Also refers to finding as #BCC2010-001] (See PDF Page 92) | SD | 2017 (FY 2014-15) | The County did upload electronic versions of financial statements to the REAC website as required by the U.S. Department of Housing and Urban Development, but the auditors deemed them to be incomplete. The County acts as a "pass-through" agent for this particular grant and is in the process of developing adequate policies to allow them to obtain the necessary financial information to fully comply with Federal reporting and monitoring requirements. | Yes |

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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|-------------------------------|---|--|-----------|---|--|---|
| Washington County (continued) | Board of County Commissioners (continued) | BCC2014-001 - Subrecipient Monitoring and Recordkeeping: Housing and Urban Development funds are received by the County and then passed to a subrecipient, Tri-County Community Council (TCCC). TCCC is contractually responsible for administering and disbursing these funds, but the County retains responsibility for monitoring TCCC's compliance with grant requirements. While the County staff does perform a limited review of TCCC's annual audited financial statements, they do not perform other procedures to adequately monitor and supervise TCCC's compliance related to this award. Excess funds were remitted to TCCC by the County during the year, the error was not detected and corrected until year-end. The auditors recognize that, due to the size of the County, it is not cost effective to take on the responsibility of administering the grant. However, the auditors recommend that the County take measures to ensure that TCCC is in compliance with the award requirements by reviewing supporting documents for program costs and reconciling costs to requests for funds. Additionally, the auditors recommend that the County reconcile cash receipts and disbursements monthly to ensure that funds are not remitted in excess of available funds. (See PDF Page 91) | SD | N/A | N/A | Yes |

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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|----------------------------------|--|---|-----------------|---|---|---|
| Washington County (continued) | Board of County Commissioners (continued) | BCC1997-001 - Capital Assets Records: Property, equipment, and infrastructure were not recorded on the capital asset listing, and property records do not include a complete listing of buildings, land, and infrastructure owned by the County. Because of the lack of sufficient detail, the capital asset listing is unauditible. The auditors recommend that the County undertake a project to ensure all assets are recorded on the capital asset listing at cost or estimated historical cost. A formal policy should be established regarding acquisition and disposition of all assets and a physical inventory be taken at least annually. [Note: Also refers to finding as #BCC1997-01] (See PDF Page 83) | MW | 2017 (FY 2014-15) | The County had designated an employee to take an inventory of all County-owned property and has made much progress in this area. Establishing such records, while not impossible, is a very significant undertaking for a small rural county with limited resources and has required much time and effort. Nonetheless, the County is committed to seeing this project to its completion and asks for some patience in this matter. The finding is expected to remain until the work in this area is completed. | Yes |
| | | BCC2009-003 - Accounting Transactions: Certain accounting transactions were misclassified. The items were related to non-recurring and unusual transactions. The auditors recommend that all transactions be properly recorded and suggest that accounting staff seek guidance in recording significant nonrecurring transactions. (See PDF Page 84) | SD | 2017 (FY 2014-15) | The County has retained the services of a CPA to assist the accounting staff in the proper recording of nonrecurring and unusual transactions. These transactions are infrequent in nature, and the County does not expect that this audit finding will be noted in the FY 2015-16 report. | Yes |
| | Clerk of the Circuit Court | CC 2015-002 - Accounting Transactions: Accrual accounting transactions were not properly recorded including accounts payable during the current year. The auditors recommend that all accrual transactions including accounts payable and other liabilities be recorded. (See PDF Page 128) | SD | N/A | N/A | Yes |

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FOOTNOTE/LEGEND:

1. Most of 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.

Note: All audit reports and responses received from entities that are referenced in this document are available online as follows:

- Audit reports: Local governmental entity audit reports are accessible from the Auditor General's website, <https://flauditor.gov/>, by selecting "Filed Reports" under the heading "Reports Filed with the Auditor General" in the left column.
- Entity responses: All entity responses are accessible from the Committee's website (search "FL JLAC" in your browser), by selecting "Audit Findings Not Corrected – Correspondence" from the home page; then scroll to the bottom of the page to select the type of entity.

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|-----------------|------------------------|---|-----------|---|---|---|
| Bradford County | Property Appraiser | 2009-1 - Separation of Duties: Because of a limited number of available personnel, it was not always possible to adequately separate certain incompatible duties so that no one employee has access to both the physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that incompatible duties be separated among various individuals where it is feasible to do so. (See PDF Page 211) | SD | 2017 (FY 2014-15) | The Property Appraiser has a small office with limited personnel and finances. He is currently in the process of addressing some physical changes which will hopefully rectify the issues. | No |
| Calhoun County | Property Appraiser | 04-01 - Need for Segregation of Duties: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of assets. The auditors realize that the small size of the office makes it difficult to achieve ideal separation duties; however, the Property Appraiser should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for the weaknesses and to provide checks and balances. (See PDF Page 171) | SD | 2017 (FY 2014-15) | An accounting firm has been hired to process payroll and invoices and to complete bank reconciliations each month. The Property Appraiser and one other employee has check signing authority and that employee does not have access to accounting records or processing of payments/invoices. The Property Appraiser is very active in the day-to-day operations. | No |
| | Sheriff | 04-02 - Need for Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. 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 auditor also recommends that the Sheriff receive and review the unopened bank statements each month. (See PDF Page 146) | MW | 2017 (FY 2014-15) | The Sheriff's Office is a small agency with limited funding. The Sheriff is involved in monitoring finances. The Sheriff will continue to monitor and review bank statements each month in order to provide a measure of assurance of proper accountability. | No |

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

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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|-------------------------------|-------------------------------|---|-----------|---|---|---|
| Calhoun County (continued) | Supervisor of Elections | 04-01 - Need for Segregation of Duties: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of assets. The auditors realize that due to the size of the office it is difficult to achieve ideal separation duties; however, the Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for the weaknesses and to provide checks and balances. (See PDF Page 195) | 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 is currently working to identify specific areas to help alleviate this comment. | No |
| Franklin County | Board of County Commissioners | 2016-001 - Inadequate Design of Internal Controls: There is an inadequate design of internal controls over the preparation of the financial statements being audited. The auditors assist with the preparation of the financial statements. (See PDF Page 86) | MW | 2017 (FY 2014-15) | At this time, the benefits derived from investing in the resources required for the County to prepare its own financial statements do not outweigh the cost of those resources. | No |
| | Clerk of the Circuit Court | 2016-002 - Financial Reporting: There is an inadequate design of internal controls over the preparation of the financial statements being audited. The auditors assist with the preparation of the financial statements. (See PDF Page 118) | MW | 2017 (FY 2014-15) | At this time, the benefits derived from investing in the resources required for the Clerk's Office to prepare its own financial statements do not outweigh the cost of those resources. | No |
| | | 2016-001 - Lack of Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the Clerk's Office. The auditors recommend that, in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties. (See PDF Page 118) | MW | 2017 (FY 2014-15) | Due to the small number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to continue to accomplish a more effective internal procedure with more oversight. | No |

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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|-----------------------------|------------------------|---|-----------|---|--|---|
| Franklin County (continued) | Property Appraiser | 2016-001 - Financial Reporting: There is an inadequate design of internal control over the preparation of the financial statements being audited. The auditors assist with the preparation of the financial statements. (See PDF Page 203) | MW | 2017 (FY 2014-15) | At this time, the benefits derived from investing in the resources required for the Property Appraiser's Office to prepare its own financial statements do not outweigh the cost of those resources. | No |
| | Sheriff | 2016-03 - Financial Reporting: There is an inadequate design of internal controls over the preparation of the financial statements being audited. The auditors assist with the preparation of the financial statements. (See PDF Page 149) | MW | 2017 (FY 2014-15) | In the near future, the benefits derived from investing in the resources necessary for the Sheriff's Office to prepare its own financial statements do not outweigh the cost of those resources. | No |
| | | 2016-02 - General Accounting Records: Significant adjustments to the financial statements were made in order for the financial statements to conform to generally accepted accounting principles. (See PDF Page 149) | MW | 2017 (FY 2014-15) | In the near future, the benefits derived from investing in the resources necessary for the Sheriff's Office to prepare its own financial statements do not outweigh the cost of those resources. | No |
| | | 2016-01 - Lack of Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the office. The auditors recommend that, in the absence of the ability to hire additional employees, mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties. (See PDF Page 149) | MW | 2017 (FY 2014-15) | Due to small number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to continue to accomplish a more effective internal procedure with more oversight. | No |

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

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|--------------------------------|-------------------------|--|-----------|---|--|---|
| Franklin County (continued) | Supervisor of Elections | 2016-002 - Financial Reporting: There is an inadequate design of internal controls over the preparation of the financial statements being audited The auditors assist with the preparation of the financial statements. (See PDF Page 227) | MW | 2017 (FY 2014-15) | Staff does not possess the expertise to prepare the financial statements in their entirety. The office relies on the expertise of the auditors to assist with the preparation of the financial statements. At this time the Supervisor of Elections does not feel the benefit derived would outweigh the additional cost to the taxpayers to provide the resources required to prepare the financial statements. | No |
| | | 2016-001 - Lack of Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the office. The auditors recommend that, in the absence of the ability to hire additional employees, mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties. (See PDF Page 227) | MW | 2017 (FY 2014-15) | Due to small number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to continue to accomplish a more effective internal procedure with more oversight. | No |
| | Tax Collector | 2016-002 - Financial Reporting: There is an inadequate design of internal controls over the preparation of the financial statements being audited. The auditors assist with the preparation of the financial statements. (See PDF Page 178) | MW | 2017 (FY 2014-15) | The auditors assist with the preparation of the financial statements. The Tax Collector does not feel that in the near future benefits derived from the costly investing in the resources necessary to prepare the financial statement would outweigh the cost of those resources. | No |

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|--------------------------------|-------------------------------|--|-----------|---|--|---|
| Franklin County (continued) | Tax Collector (continued) | 2016-001 - Lack of Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the office. The auditors recommend that, in the absence of the ability to hire additional employees, mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties. (See PDF Page 178) | MW | 2017 (FY 2014-15) | Due to the small number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to continue to accomplish a more effective Internal procedure with more oversight. | No |
| Gilchrist County | Sheriff | 2016-001 - Separation of Duties: Because of a limited number of available personnel, it was not always possible to adequately segregate certain incompatible duties. The auditors recommend that, whenever possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 129) | MW | 2017 (FY 2014-15) | Certain duties have been segregated, and no one employee shall be responsible for both physical assets and accounting records. Further, no single employee shall be the lone control to all phases of a transaction. | No |
| Glades County | Board of County Commissioners | 2010-001 - Audit Adjustments: The auditors proposed audit adjustments to revise the County's financial statements 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 recommend that County management be consistently aware of all procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items. (See PDF Page 85) | MW | 2017 (FY 2014-15) | The Clerk's Office implemented a Reconciliation Policy effective June 6, 2014. A policy has also been implemented that requires all journal entries to be reviewed and approved by the Finance Director or the Clerk. There are a limited number of personnel in the Finance Office; however, the Clerk's Office is diligently working to improve policies and procedures. | No |

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|---------------|-------------------------------|--|-----------|---|---|---|
| Gulf County | Sheriff | 2016-001 - Lack of Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the office. The auditors recommend that, in the absence of the ability to hire additional employees, mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties. (See PDF Page 165) | MW | 2017 (FY 2014-15) | This finding cannot be fully corrected due to the limited staff and limited resources. The Sheriff's office will continue to attempt to mitigate the issue by reassigning staff duties and additional management oversight. | No |
| Holmes County | Board of County Commissioners | 2010-001 - Financial Statement Preparation Knowledge: The auditors' assistance was necessary to prepare the financial statements including note disclosures in accordance with generally accepted accounting principles. The auditors recommend County personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the financial statements. (See PDF Pages 94-95) | MW | 2017 (FY 2014-15) | This County is a small rural entity with limited resources. This finding will not be resolved until economic growth comes to this rural area and brings the revenue increase that is necessary. Funds are not available to create a position for an in-house certified public accountant. | No |
| | Clerk of the Circuit Court | 2010-01 - Financial Statement Preparation Knowledge: Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the office from being able to prepare financial statements and note disclosures as required by those standards. The auditors encourage the Clerks' 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 Pages 130-131) | MW | 2017 (FY 2014-15) | The Clerk's office has limited staff of 2 FTEs in the finance department. The current budget does not allow for additional positions with increased educational requirements with higher pay rates nor to create a position for an in-house certified public accountant. | No |

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SD = Significant Deficiency (see 3. In Legend)

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|---------------------------|------------------------|--|-----------|---|---|---|
| Holmes County (continued) | Property Appraiser | 2012-02 - Disbursement Controls: Due to a limited number of personnel involved in the cash disbursement process, some critical duties are not adequately segregated. The lack of adequate control procedures could result in the misuse or misappropriation of assets. The auditors recommend implementing control procedures to separate the bank reconciliation, check writing, check distribution and creating new vendor file responsibilities. The audit report addresses some steps that should be taken, including to limit some of the responsibilities of the Chief Deputy. (See PDF Pages 153-154) | MW | 2017 (FY 2014-15) | The office has limited staff and resources of a small entity and does not have funding to hire additional personnel to segregate all disbursement duties at this time. The response includes specific information relating to compensating controls implemented by this office. | No |
| | | 2010-01 - Financial Statement Preparation Knowledge: Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the office from being able to prepare financial statements and note disclosures as required by those standards. The auditors encourage the Property Appraiser's 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 Pages 152-153) | MW | 2017 (FY 2014-15) | Due to limited staff and resources of a small entity, for the foreseeable future the office will continue to rely on the external auditor in the preparation of the annual financial statements. | No |

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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|---------------------------|------------------------|---|-----------|---|--|---|
| Holmes County (continued) | Sheriff | 2010-02 - Financial Statement Preparation Knowledge: Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the office from being able to prepare financial statements and note disclosures as required by those standards. The auditors encourage the Sheriff's 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 (GAAP). (See PDF Pages 206-207) | MW | 2017 (FY 2014-15) | Due to limited staff and limited resource this finding may never be fully resolved. The Sheriff's Office will strive toward personnel training to adhere to the standards of preparing the financial statements, including the notes in accordance with GAAP. | No |
| | | 2010-01 - Segregation of Duties: Due to the limited number of personnel involved in the cash disbursement process, some control duties are not adequately segregated. The lack of adequate control procedures could result in the misuse or misappropriation of assets. The auditors recommend that control procedures be implemented to separate the accounts payable, bank reconciliation, and check writing responsibilities. The audit report provides some recommendations for steps that should be taken, including limiting some of the responsibilities of the Chief Financial Officer. (See PDF Pages 205-206) | MW | 2017 (FY 2014-15) | Due to limited staff and resources this finding may never be fully resolved. The Sheriff's Office has implemented various internal control measures. The Sheriff now reviews, approves, and signs checks, and a third party distributes the checks. Additional details are provided in the response. | No |

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| County | Constitutional Officer | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|---------------------------|-------------------------------|--|-----------|---|--|---|
| Holmes County (continued) | Supervisor of Elections | 2010-01 - Financial Statement Preparation Knowledge: Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the office from being able to prepare financial statements and note disclosures as required by those standards. The auditors encourage the Supervisor of Elections' 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 Pages 177-178) | MW | 2017 (FY 2014-15) | The office does not have funds available to pay the salary for an in-house CPA. The Supervisor of Elections does not foresee being able to resolve this finding, but will strive to maintain excellence even though limited staff and funding are available. | No |
| | Tax Collector | 2010-01 - Financial Statement Preparation Knowledge: Management's lack of familiarity with Governmental Accounting and Financial Accounting Standards prohibits the office from being able to prepare financial statements and note disclosures as required by those standards. The auditors encourage the Tax Collector's 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 Pages 232-233) | MW | 2017 (FY 2014-15) | The Tax Collector acknowledges this finding and will continue to seek opportunities to improve familiarity with Governmental Accounting and Financial Accounting Standards. However, the Tax Collector also acknowledge the difficulty presented by the staffing constraints and limited resources of the small office and, therefore, receives assistance from the auditors. | No |
| Jackson County | Board of County Commissioners | ML 06-01 - Revenues/Collections: The individual responsible for the receipt of payments in the Fire and Rescue Department also is responsible for the posting of payments and charges to the accounts receivable ledger and is responsible for mailing the statements. The auditors recommend that a better separation of duties be established. (See PDF Page 99) | N/A | 2017 (FY 2014-15) | This finding has been resolved. Due to limited clerical staff the separation of duties noted will always be present when one of the two employees are on approved leave. It will not be cost effective for an additional clerical position to be filled on those rare occasions. Appropriate layers of review are in place to mitigate any risk associated with the limited personnel. | No |

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|-------------------------------|------------------------|---|-----------|---|--|---|
| Jackson County (continued) | Property Appraiser | PA06-01 - Need for Segregation of Duties: The size of the Property Appraiser's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. There is a lack of segregation of duties between employees who have record keeping responsibility and custody of assets. The auditors state that the Property Appraiser should be aware of this internal control weakness and continue to separate record keeping duties from custody of assets as much as possible. The auditors also recommend that management require mandatory vacations of at least one week in duration for financial personnel and that their duties be assigned to other personnel while on vacation. (See PDF Page 157) | SD | 2017 (FY 2014-15) | This is a small office, and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties and prepare the financial statements without assistance. The response includes compensating controls implemented by the office. | No |
| | Sheriff | SH06-01 - Need for Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended that as an effective internal control procedure, was not adequate. At a minimum, the auditors recommend the Sheriff receive and review unopened bank statements each month. (See PDF Page 186) | 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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|-------------------------------|-------------------------------|--|-----------|---|---|---|
| Jackson County (continued) | Tax Collector | TC06-01 - Need for Segregation of Duties: The size of the Tax Collector's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. There is a lack of segregation of duties between employees who have record keeping responsibility and custody of the office's assets. The auditors recommend that the Tax Collector be aware of internal control weakness and continue to separate record keeping duties from custody of assets as much as possible. The auditors also recommend that management require mandatory vacations of at least one week in duration for financial personnel and that their duties be assigned to other personnel while on vacation. (See PDF Page 238) | SD | 2017 (FY 2014-15) | The Tax Collectors Office is a small entity with limited resources, and the Tax Collector is aware of the weaknesses in internal control. The office has taken measures to help strengthen the internal controls along with analyzing the cost/benefit of each action. The response includes specific information related to compensating controls implemented by the office. | No |
| Jefferson County | Board of County Commissioners | 2008-002 - Preparation of GAAP-Based Financial Statements: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The County relies on the CPA firm to prepare the annual financial statements including the note disclosures. The auditors understand that the cost-benefit ratio of hiring staff with this expertise is not practical and recommend that the County continue to request outside assistance when preparing annual financial statements. (See PDF Page 83) | SD | 2017 (FY 2014-15) | The County is small and has a limited budget and does not have the level of funding necessary to hire the additional staff. As recommended by the external auditor, the County will continue to request outside assistance when preparing financial statements. | No |

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|---------------------------------|--|---|-----------|---|---|---|
| Jefferson County (continued) | Board of County Commissioners (continued) | 2008-001 - Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. At a minimum, the auditors recommend that the Constitutional Officers receive and review the unopened bank statements each month, indicating on the statement evidence of his/her review. (See PDF Page 83) | SD | 2017 (FY 2014-15) | Due to the size and limited resources available, the County currently does not have the funding available to hire additional staff. Through staff upgrades and training, the County has segregated its accounting functions into accounts payable, accounts receivable, internal audit and financial reporting job duties. The County will continue to make efforts to improve and strengthen internal controls. | No |
| | Clerk of the Circuit Court | C08-02 - Preparation of GAAP-Based Financial Statements: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Management relies on the CPA firm to prepare the annual financial statements including the note disclosures. The auditors understand that the cost-benefit ratio of hiring staff with this expertise is not practical and recommend that the Clerk continue to request outside assistance when preparing annual financial statements. (See PDF Page 116) | SD | 2017 (FY 2014-15) | Due to the size of the office and limited budget, the Clerk does not have the means to hire the additional staff to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). As recommended by the external auditor, the Clerk will continue to request outside assistance with preparing annual financial statements. | No |
| | | C08-01 - Need for Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. 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. At a minimum, the auditors recommend that the Constitutional Officers receive and review the unopened bank statements each month, indicating on the statement evidence of his/her review. (See PDF Page 116) | SD | 2017 (FY 2014-15) | Due to the size and limited resources available to the office, the funding is not available to hire the additional staff to resolve this issue. Through staff upgrades and training, the office has segregated our accounting functions into accounts payable, accounts receivable, internal audit and financial reporting job duties. The Clerk will continue to make efforts to improve and strengthen internal controls. | No |

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|------------------------------|-------------------------|---|-----------|---|--|---|
| Jefferson County (continued) | Sheriff | S08-01 - Need for Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. 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. At a minimum, the auditors recommend that the Constitutional Officers receive and review the unopened bank statements each month, indicating on the statement evidence of his/her review. (See PDF Page 171) | SD | 2017 (FY 2014-15) | Due to the lack of funding, financial pressures and small office, the Sheriff's Office has found the cost/benefit ratio is far too great for the office to employ more personnel. The Sheriff reviews all monthly bills to be paid, and the person responsible for completing bank reconciliations does not process checks/payments. The Sheriff's Office will continue to initiate controls to mitigate the lack of segregation of duties and is working with the auditors to identify specific areas that the office can work on to help alleviate this comment. | No |
| | Supervisor of Elections | SOE 08-02 - Preparation of GAAP-Based Financial Statements: No individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Management relies on the CPA firm to prepare the annual financial statements including the note disclosures. The auditors understand that the cost-benefit ratio of hiring staff with this expertise is not practical and recommend that the Supervisor of Elections continue to request outside assistance when preparing annual financial statements. (See PDF Page 195) | SD | 2017 (FY 2014-15) | Due to financial pressure and lack of funding, the cost/benefit ratio is far too great to employ more personnel. The Supervisor of Elections's Office will continue to rely on the CPA firm to provide financial advice on certain issues when necessary. | No |

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|------------------------------|-------------------------------------|--|-----------|---|---|---|
| Jefferson County (continued) | Supervisor of Elections (continued) | SOE 08-01 - Need for Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. 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. At a minimum, the auditors recommend that the Constitutional Officers receive and review the unopened bank statements each month, indicating on the statement evidence of his/her review. (See PDF Page 195) | SD | 2017 (FY 2014-15) | Due to financial pressure and lack of funding, the cost/benefit ratio is far too great to employ more personnel; compensating controls have been implemented. The Supervisor of Elections reviews all monthly bills to be paid, and the person responsible for completing bank reconciliations does not process checks/payments or have check signing authority. The Supervisor of Elections will continue to initiate controls to mitigate the lack of segregation of duties and is working with the auditors to identify specific areas that the office can work on to help alleviate this comment. | No |
| Lafayette County | Board of County Commissioners | 12-01 - Financial Statement Preparation Knowledge: County personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the County from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that County personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles (GAAP). (See PDF Page 56) | MW | 2017 (FY 2014-15) | As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The County believes that the limited funds received will be of better use to serve constituents. The County will continue to rely on the auditors in preparing financial statements. | No |

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|------------------------------|----------------------------|--|-----------|---|--|---|
| Lafayette County (continued) | Clerk of the Circuit Court | 12-01 - Financial Statement Preparation Knowledge: Clerk of Courts personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Clerk of the Circuit Courts from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that Clerk of Courts personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles (GAAP). (See PDF Page 94) | MW | 2017 (FY 2014-15) | As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The Clerk believes that the limited funds received will be of better use to serve constituents. The Clerk will continue to rely on the auditors in preparing financial statements. | No |
| | Property Appraiser | 12-01 - Financial Statement Preparation Knowledge: Property Appraiser personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Property Appraiser from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that Property Appraiser personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles (GAAP). (See PDF Page 183) | MW | 2017 (FY 2014-15) | As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The Property Appraiser believes that the limited funds received will be of better use to serve constituents. The Property Appraiser will continue to rely on the auditors in preparing financial statements. | No |

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| Lafayette County (continued) | Sheriff | 12-01 - Financial Statement Preparation Knowledge: Sheriff personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Sheriff from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that Sheriff personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles (GAAP). (See PDF Page 125) | MW | 2017 (FY 2014-15) | As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The Sheriff believes that the limited funds received will be of better use to serve constituents. The Sheriff will continue to rely on the auditors in preparing financial statements. | No |
| | Supervisor of Elections | 12-01 - Financial Statement Preparation Knowledge: Supervisor of Elections personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Supervisor of Elections from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that Supervisor of Elections personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles (GAAP). (See PDF Page 211) | MW | 2017 (FY 2014-15) | As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The Supervisor of Elections believes that the limited funds received will be of better use to serve constituents. The Supervisor of Elections will continue to rely on the auditors in preparing financial statements. | No |

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| Lafayette County (continued) | Tax Collector | 12-01 - Financial Statement Preparation Knowledge: Tax Collector personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Tax Collector from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that Tax Collector personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements, including the notes, in accordance with generally accepted accounting principles (GAAP). (See PDF Page 154) | MW | 2017 (FY 2014-15) | As a small county, it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The Tax Collector believes that the limited funds received will be of better use to serve constituents. The Tax Collector will continue to rely on the auditors in preparing financial statements. | No |
| Levy County | Clerk of the Circuit Court | 2016-001 - Financial Reporting: It was necessary for the auditors to assist with the preparation of the Clerk's financial statements. The auditors recommend that the Clerk consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 115) | SD | 2017 (FY 2014-15) | The resources of the County are not as vast and quite as varied as those of larger counties; however, the County shares most of the same core revenue sources and services and must administer those just as larger governments would, without similar economies of scale. The County has one certified and degreed accountant on staff in the entire County government, the Finance Officer. The Finance Officer is the only person on staff with the experience in drafting governmental financial statements; however, his time is primarily dedicated to the Board of County Commissioners. The Clerk is striving to improve processes and provide the most efficient finance operations that it can provide within current limitations. | No |

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|-------------------------|-------------------------------|---|-----------|---|---|---|
| Levy County (continued) | Sheriff | 2016-001 - Separation of Duties: Because of a limited number of available personnel, it is not always possible to segregate certain incompatible duties. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 140) | MW | 2017 (FY 2014-15) | Effective May 3, 2017, the Sheriff's Office has corrected the division of duties which has caused the repeated audit finding. Accounting/inventory duties have been removed from the Property Manager. The Property Manager will no longer be responsible for the annual accounting of physical assets. Written policies will also be modified to reflect this division of duties. | No |
| Madison County | Tax Collector | TC 2016-01 - Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. 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 control. (See PDF Page 191) | SD | 2017 (FY 2014-15) | The Tax Collectors' office is so small and with the workload at times, one employee cannot be designated to only having access to the financial part of the office and not serve customers when needed. Since all collections and transactions are confined to one office setting, no one clerk works independently; therefore, the Clerk feels the system for collections, depositing and reporting of monies is adequate. | No |
| Washington County | Board of County Commissioners | BCC2005-001 - Segregation of Duties: There is a lack of segregation of duties. The custody of assets, recording, and authorization should be separated to the greatest extent possible, without this there is a greater risk of misstatement. The auditors realize that due to the limited number of employees it is difficult to maintain ideal separation of duties, but recommend controls be implemented to help compensate for these weaknesses to the greatest extent possible. (See PDF Page 83) | SD | 2017 (FY 2014-15) | This finding may not ever be fully resolved due to a very limited staff. The County is currently working with an outside consultant to help design and implement compensating controls in this area. It is expected that this effort will reduce the inherent risk generally associated with a lack of segregation duties to an acceptable level, and that this finding will not be included in future audit reports. | No |

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|----------------------------------|------------------------|---|-----------|---|--|---|
| Washington County (continued) | Property Appraiser | 03-03 - Need for Segregation of Duties: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of assets. The auditors realized that, due to the size of the administrative staff, it is difficult to achieve ideal separation of duties; however, the Property Appraiser should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide appropriate checks and balances. [Note: Also refers to finding as #PA03-003] (See PDF Page 156) | SD | 2017 (FY 2014-15) | This is a small office with employees who have overlapping duties and complete segregation of duties is not possible. The Property Appraiser will continue to remain active in the day-to-day operations of the office and continue to ensure there are checks and balances in the daily work and the ledger is balanced on a monthly basis. | No |
| | | 07-11 - Preparation of GAAP-Based Financial Statements: The Property Appraiser does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The auditors understand that the cost-benefit of hiring someone with this expertise is not practical and recommend the Property Appraiser continue to request outside assistance. [Note: Also refers to finding as #PA07-011] (See PDF Page 156) | SD | 2017 (FY 2014-15) | It is not cost efficient to have someone on staff with the expertise necessary in preparing generally accepted accounting principles (GAAP) based financial statements. The Property Appraiser will continue to use outsourced bookkeeping services for the office and require assistance with preparing GAAP based financial statements. | No |

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|-------------------------------|------------------------|--|-----------|---|--|---|
| Washington County (continued) | Sheriff | SH2003-01 - Need for Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. 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. Management has made changes in the internal control procedures in the past year and added additional authorization and review procedures. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. [Note: Also refers to finding as #SH03-001] (See PDF Page 184) | SD | 2017 (FY 2014-15) | The Sheriff's Department is a small office and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties. Procedures to help alleviate this situation include: (1) the person responsible for completing bank reconciliations does not process checks/payments nor does she have check signing authority, and (2) the Sheriff reviews all monthly bills to be paid. The Sheriff will continue to initiate controls to mitigate the lack of segregation of duties and is currently working with the auditors to identify specific areas the Department can work on to help alleviate this comment. | No |
| | | SH2007-10 - Preparation of GAAP-Based Financial Statements: The Sheriff does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The auditors understand that the cost-benefit of hiring someone with this expertise is not practical and recommend the Sheriff continue to request outside assistance. [Note: Also refers to finding as #SH07-010] (See PDF Page 185) | SD | 2017 (FY 2014-15) | The Sheriff will continue to utilize its auditor to provide financial advice on certain issues as well as to prepare the annual financial audit report. | No |

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| Washington County (continued) | Supervisor of Elections | SE2003-03 - Need for Segregation of Duties: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of assets. 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. However, the Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide checks and balances. [Note: Also refers to finding as #SOE03-003] (See PDF Page 210) | SD | 2017 (FY 2014-15) | The Supervisor of Elections is a small office and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties. Procedures to help alleviate this situation include: (1) the person responsible for completing bank reconciliations does not process checks/payments nor does she have check signing authority, and (2) the Supervisor of Elections reviews all monthly bills to be paid. The Supervisor of Elections will continue to initiate controls to mitigate the lack of segregation of duties and is currently working with the auditors to identify specific areas the Department can work on to help alleviate this comment. Appropriate safeguards are in place to deter fraud and abuse from taking place. | No |
| | | SE2007-12 - Preparation of GAAP-Based Financial Statements: The Supervisor of Elections does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The auditors understand that the cost-benefit of hiring someone with this expertise is not practical and recommend the Supervisor of Elections continue to request outside assistance. [Note: Also refers to finding as #SOE07-012] (See PDF Page 210) | SD | 2017 (FY 2014-15) | The Supervisor of Elections will continue to utilize its auditor to provide financial advice on certain issues as well as to prepare the annual financial audit report. | No |

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| Washington County (continued) | Tax Collector | TC03-03 - Need for Segregation of Duties: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of assets. The auditors realize that due to the size of the Tax Collector's staff it is difficult to achieve ideal separation of duties; however, the Tax Collector should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide appropriate checks and balances. [Note: Also refers to finding as #TC03-003] (See PDF Page 237) | SD | 2017 (FY 2014-15) | The Tax Collector Office is a small office and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties. Procedures to help alleviate this situation include: (1) the person responsible for completing bank reconciliations does not process checks/payments nor does she have check signing authority, and (2) the Tax Collector reviews all monthly bills to be paid. The Tax Collector will continue to initiate controls to mitigate the lack of segregation of duties, is currently working with the auditing firm, and will continue to have an active role in office operations. Appropriate safeguards are in place to deter fraud and abuse from taking place. | No |
| | | TC07-11 - Preparation of GAAP-Based Financial Statements: The Tax Collector does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The auditors understand that the cost-benefit of hiring someone with this expertise is not practical and recommend the Tax Collector continue to request outside assistance. [Note: Also refers to finding as #TC07-011] (See PDF Page 237) | SD | 2017 (FY 2014-15) | The Tax Collector has contracted with an outside third party CPA to assist in bookkeeping and to assimilate the financial data and provide accounting expertise. | No |

FOOTNOTE/LEGEND:

1. Most of 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.

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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.

Note: All audit reports and responses received from entities that are referenced in this document are available online as follows:

- Audit reports: Local governmental entity audit reports are accessible from the Auditor General's website, <https://flauditor.gov/>, by selecting "Filed Reports" under the heading "Reports Filed with the Auditor General" in the left column.
- Entity responses: All entity responses are accessible from the Committee's website (search "FL JLAC" in your browser), by selecting "Audit Findings Not Corrected – Correspondence" from the home page; then scroll to the bottom of the page to select the type of entity.

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| Town of Alford | Jackson County | 2014-02 - Public Depositor Annual Report: The public depositor annual report was not completed and submitted to the Florida Department of Financial Services (FDfs) timely. The auditor recommends that the report be submitted to the FDfs by the November 30 deadline. (See PDF Page 55) | N/A | N/A | N/A | Yes |
| | | 2010-01 - Other Post-Employment Benefits: The Town did not implement GASB Statement 45 or obtain the actuarial report necessary to determine the amounts to report in the financial statements. The auditors recommend that an actuarial study and all other items necessary to implement GASB Statement 45 be performed. (See PDF Page 51) | MW | 2017 (FY 2014-15) | Management believes that GASB 45 is not feasible for the Town to calculate due to the small size and the number of employees. The Town will contact the Florida League of Cities about any programs that may be available to help the Town facilitate this in the future. | Yes |
| | | 2011-01 - Accounts Receivable - Collections: The Town does not always implement cut off and subsequent collection procedures on delinquent accounts in a timely manner. The auditors recommend that the Town follow procedures for delinquent accounts. (See PDF Page 51) | MW | 2017 (FY 2014-15) | Significant progress has been made towards the collection of accounts receivable in the 2015-16 fiscal year. The Town Council will continue follow up to ensure that proper procedures for delinquent accounts are being followed. The Clerk does take into account individual circumstances for account holders. Most accounts are brought current soon after September 30. | Yes |
| City of Anna Maria | Manatee County | 2014-1 - Year End Adjustments: The City had turnover in its accounting department. In addition, the City had a change in accounting software. As a result, numerous year-end adjustments were required as part of the audit process in order to correctly reflect the City's financial position and results of operations. The auditors recommend that a monthly reporting checklist and monthly reconciliations of balance sheet accounts be performed and accounts be adjusted monthly to ensure timely and accurate financial reporting in the City's financial statements. (See PDF Page 45) | N/A | N/A | N/A | Yes |

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| City of Archer | Alachua County | 2014-3 - Credit cards: The City maintains two credit cards which are assigned to and under the control of the City Manager and Assistant City Manager. The auditors found instances where original receipts were not always on file to support certain amounts charged to credit cards, as they found finance charges related to late fees. The auditors recommend that original receipts be retained to support all credit card charges, and that monthly credit card statements be promptly paid in order to avoid unnecessary late fees and finance charges. (See PDF Page 50) | N/A | N/A | N/A | Yes |
| | | 2014-4 - Fuel Purchases: The original receipts for fuel purchases were not retained in the files, and there was no control in practice to test for the reasonableness of the charges. The auditors recommend that a more precise procedure be enacted to fully track fuel purchases. (See PDF Page 51) | N/A | N/A | N/A | Yes |
| | | 2014-1 - Utility Billings: Multiple instances were found in current and prior years where meter readings reflected unreasonably high water usage. These erroneous charges were apparently not adjusted in the billing system nor were the computed amounts billed or collected from the customers. The auditors recommend that the City perform a reasonableness test on the monthly utility billings and verify all out-of-range billings and take corrective action prior to mailing utility bills. (See PDF Page 50) | N/A | N/A | N/A | Yes |

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| Town of Bronson | Levy County | ML 2009-4 - Water and Sewer Fund: The Town's water and sewer fund has not been able to operate self-sufficiently under the current rate structure, and has recorded operating losses for the last several years. The auditors recommend that the Town continue to increase the water and sewer rates to a level that will recover all operating expenses and eliminate future operating losses. (See PDF Page 37) | N/A | 2017 (FY 2014-15) | The Town has adopted a motion to separate the Water and Sewer accounts into two separate funds, which will allow more accurate record keeping. Starting in 2017 and for the next two years, the Town has adopted a motion to increase sewer rates and will continue to evaluate both Water and Sewer rates and increase accordingly with the help of Rural Water Rate Studies. | Yes |
| City of Bunnell | Flagler County | 2014-010 - Fuel Tax Returns: The City has historically not filed fuel tax returns with the state. Fuel tax returns can be filed to receive monies back for gas taxes paid on fuel which the City did not use on roads, but rather for heavy equipment, etc. As this results in no additional cost and could result in certain monies being refunded to the City on a regular basis, the auditors recommend that the City institute a process to ensure fuel tax returns are prepared and submitted to the state on a regular basis. (See PDF Page 72) | N/A | N/A | N/A | Yes |
| City of Bushnell | Sumter County | 2014-1 - Interfund Borrowings with the Wastewater Fund: Although the Wastewater fund showed improvement in operations and was able to pay the Electric fund approximately \$12,800 on the interfund short-term loan, the likelihood of the fund to fully repay both the short-term and long-term loans in the near future is remote. The auditors recommend that management consider this issue and determine the appropriate measures to address the interfund borrowings. (See PDF Page 119) | N/A | N/A | N/A | Yes |

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| City of Bushnell (continued) | Sumter County (continued) | 2011-1 - Financial Condition Assessment - Wastewater Fund: The Wastewater fund continues to show a net operating loss and is operating with borrowed funds from both outside sources and through interfund borrowings from the Electric and Water funds. The auditors stated that an increase in overall revenues and cash flows is necessary to increase liquidity, provide for debt repayment, and to improve the overall financial position of the fund. (See PDF Page 119) | N/A | 2017 (FY 2014-15) | The Wastewater Fund (Fund) showed a net operating loss after depreciation in FY 2014-15; however, the fund's net position continues to improve. The Fund is producing enough revenue to meet all cash obligations and debt service coverage ratios. It does not currently generate enough net income to fully fund depreciation. It is expected that the Fund will continue to improve during the current and future fiscal years, primarily due to increased customer connections brought about by new development within the City's utility service area. The City is also currently refinancing debt obligations beginning in FY 2016-17. | Yes |
| City of Callaway | Bay County | 2016-003 - Monthly Closing Process: The City has experienced personnel turnover in the finance department and has been unable to close the month on a timely basis until recently due to numerous factors including volume of the workload, lack of familiarity with the City's software, and issues stemming from utility billing along with strategic initiatives of management and Commission. The auditors recommend the development and implementation of a formal closing schedule which indicates who is responsible for performing each procedure and when the completion of each procedure is due and accomplished. (See PDF Page 125) | SD | N/A | N/A | Yes |
| | | 2016-004 - Written Policies and Procedures: The City's Accounting Policy Manual and Personnel Manual need to be updated to reflect policy changes as well as the current staffing configuration. The auditors recommend that the accounting policies and procedures be updated to reflect current policies and processes. (See PDF Page 126) | SD | N/A | N/A | Yes |

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

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| City of Carrabelle | Franklin County | 2016-011 - Budgetary Controls: The City adopts its budget for the various funds on the modified accrual basis of accounting. Based upon that budget approach, the City's expenditures exceeded appropriations in the General Fund. (See PDF Page 62) | N/A | 2017 (FY 2014-15) | The City intends to adopt a final budget at 2016-17 fiscal year-end to include final fund equities. The City anticipates this finding to be removed by the FY 2017-18 audit. | Yes |
| | | 2016-012 - Budgetary Controls - General: The City did include carry forward amounts in its adopted budget. However, after fiscal year-end when the final fund equities were determined, the City did not amend the budget to include the appropriate amounts. The auditor recommends that the City implement a policy whereby final fund equities are included in the budget as soon as determined. (See PDF Page 63) | N/A | 2017 (FY 2014-15) | The City intends to adopt a final budget at 2016-17 fiscal year-end to include final fund equities. The City anticipates this finding to be removed by the FY 2017-18 audit. | Yes |
| | | 2016-013 - Budget Adoption: A budget was not adopted for the Port and Airport Fund. The auditors recommend that the City develop a policy to adopt a budget for this Fund. (See PDF Page 63) | N/A | 2017 (FY 2014-15) | The City has adopted and will continue to adopt a budget for the Special Revenue Fund (Port and Airport) and believes this finding will be resolved in the next audit. The City has also designated a five-member Airport Advisory Board to assist with this process. | Yes |
| | | 2016-004 - Credit Card Purchases: The City does not maintain adequate support or have adequate approval procedures over credit card purchases. The auditors recommend that the City implement a system to preapprove credit card purchases and maintain receipts for items tested. (See PDF Page 58) | MW | 2017 (FY 2014-15) | The City has implemented a new credit card procedure to preapprove credit card purchases and maintain receipts. The City anticipates this finding being removed in the 2016-17 fiscal year Audit Report. | Yes |
| | | 2016-003 - Capital Assets: The City had not taken a complete physical inventory of property and equipment. The City also did not include an ID number for each item on the inventory listing. The auditors recommend that each property and equipment item be tagged with an ID number and the ID number be included on the physical inventory list. (See PDF Page 58) | N/A | 2017 (FY 2014-15) | The City has completed a complete inventory of vehicles and property with the assistance of Florida League of Cities and anticipates this finding being removed in our next audit. | Yes |

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| City of Carrabelle (continued) | Franklin County (continued) | 2016-010 - Disaster Recovery Plan: The City does not have current, well-defined, written disaster recovery procedures. The auditors recommend that management develop a disaster recovery plan that includes specific items listed in the audit report. (See PDF Page 62) | N/A | 2017 (FY 2014-15) | Due to limited resources and staff the City is seeking grant funding to assist in this process. Until funding is acquired this finding will remain. | Yes |
| | | 2016-009 - Manual: The City does not have an accounting procedures manual. The auditors state that that written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. (See PDF Page 62) | N/A | 2017 (FY 2014-15) | Due to limited resources and staff the City is seeking grant funding to assist in this process. Until funding is acquired this finding will remain. | Yes |
| | | 2016-007 - Community Redevelopment Agency: The City has not yet transferred all of the appropriate amounts due to the Community Redevelopment Agency (CRA) as required by Florida Statutes. The auditors recommend that the City review Chapter 163, Florida Statutes, to ensure the City is in compliance with all requirements and begin to transfer the past amounts due to the CRA. (See PDF Page 59) | N/A | N/A | N/A | Yes |

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| City of Clewiston | Hendry County | 2012-1 - Decrease in Unassigned Fund Balance of Governmental Funds: Governmental net revenues have been less than governmental expenditures. Over the past ten years the unassigned fund balance of the governmental funds of the City has decreased from \$2,678,969 as of September 20, 2006, to a deficit balance of \$869,203 as of September 30, 2016. The City has budgeted expenditures for the governmental funds equal to revenues for the fiscal year ending September 30, 2017. The auditors recommend that the City re-evaluate its future spending plans within the governmental funds to re-establish adequate reserves. (See PDF Page 99) | N/A | 2017 (FY 2014-15) | This condition stems from the economic variables of the region combined with the history of the City's ad valorem tax base. The City is monitoring expenditures closely and have trimmed them when possible. | Yes |
| City of Cottondale | Jackson County | 2009-001 - General Accounting Records: The City uses a separate computer program to record and track its utility revenues and billings. Only cash receipts data is entered into the general ledger program. The totals in the general ledger are not reconciled to the utility billing records. Also, there was no significant attempt to reconcile the billing records to the general ledger, and, in the current year, the general ledger accounts payable account for the general and enterprise funds were either off from the subsidiary reports, had debit balances, or both. The auditors recommend that policies be instituted requiring regular detail reports to be generated and general ledger totals to be reconciled to detail records where applicable. (See PDF Page 51) | MW | 2017 (FY 2014-15) | Regular detail reports will be generated and general ledger totals be reconciled to detail records where applicable. Additional training from an external source will be implemented. The governing commissioners will be required to have closer supervision on all financial activity. | Yes |

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| City of Cottondale (continued) | Jackson County (continued) | 2016-001 - General Accounting Records: The City accounting staff lack formal training and experience for accurate recording of transactions and reporting of financial activity. There is no formal review process of financial records. The auditors recommend that the City Council stay apprised of the status of the financial accounting and controls systems and follow up on any problems that continue to exist. The auditors state that a review system needs to be instituted to help to expose errors and reduce or eliminate them. (See PDF Page 52) | MW | 2017 (FY 2014-15) | Additional training from an external source will be requested. Supervision from the governing commissioners will be mandatory, especially in the areas of the status of financial accounting and controls systems. | Yes |
| City of Dade City | Pasco County | 2014-3 - Implementation of Pooled Cash: The accounting department attempted to implement a method to allocate cash transactions between funds by using one cash account. This method of pooling cash assists in eliminating the use of multiple cash deposit accounts between several funds and is commonly used in governmental accounting with local governments that have multiple funds. However, the system of pooling the cash accounts was not consistently set up among the funds, which made it difficult to properly reconcile the bank accounts and identify the cash accounts among the funds. For the year ended September 30, 2016, the system of pooled cash continues to have incorrect entries recorded, which created audit adjustments to correct. (See PDF Page 92) | N/A | N/A | N/A | Yes |

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| City of Dade City (continued) | Pasco County (continued) | 2014-2 - Separation of Duties: The City operates with a small finance and accounting department and does not have the resources to properly segregate duties among employees so that no one employee has sole control over approving, recording, and accounting for transactions. The auditors recommend that the City's finance and accounting departments continue to develop and expand its current staff to ensure more effective internal control structure over financial reporting. (See PDF Page 87) | SD | N/A | N/A | Yes |
| City of Davenport | Polk County | 2014-1 - Banking Fees: During the prior year, the City paid approximately \$5,800 in banking service charges which were net of any offsetting interest earnings and maintained a cash balance of approximately \$6.8 million at its banking institution. During the current year, the City's banking fees decreased to approximately \$5,000 while its cash balances increased to \$8 million. The auditors recommend that the City evaluate whether increased interest earnings can be obtained through a different banking agreement. (See PDF Page 46) | N/A | N/A | N/A | Yes |

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| City of Deerfield Beach | Broward County | ML 08-2 - Accounting Policies and Procedures Manual: Although the City has policies and procedures in place for purchasing through codification in City ordinances, there is no actual documentation of the individual employee job responsibilities and descriptions of how each process is performed. UPDATE: The City is in the process of preparing its policies and procedures manual. The auditors recommend that an accounting policy and procedures manual be developed to provide documentation of transaction flows, accounting routines, editing routines, and internal controls including review and supervision. Additional details are provided in audit report. (See PDF Pages 186-188) | N/A | 2017 (FY 2014-15) | The City has made substantial progress in the development of its accounting policies and procedures. It has also updated its purchasing policies and has incorporated the updates into its code of ordinances. The City is almost done with its policies and procedures manual and hopes to present it to the City Commission for formal approval by the end of the calendar year. | Yes |
| | | ML11-4 - New Hire Access Request Process and Terminated User Disablement and Removal Process: The City has only partially addressed the prior audit finding which noted that the City does not have a consistent, formal communication process in place either to ensure that all terminated employees or other resources having access to City applications are promptly disabled and/or removed from the network and relevant applications. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual. (See PDF Pages 176) | N/A | 2017 (FY 2014-15) | Due to a shortage of staff in the City's Human Resources and Information Technology Services Departments, the implementation of the City's new hire access Request Policy has not yet been implemented. New staff has been hired and it is the City's hope to have this finding resolved during FY 2018. To address this finding in the interim, an Employee Provisioning/De-Provisioning Policy has been drafted as a compensating control measure. | Yes |

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| City of Deerfield Beach (continued) | Broward County (continued) | ML11-5 - Network Domain and AS-400 Password Parameters: The City has only partially addressed the prior audit finding which noted that the City's domain policy parameters are not set sufficiently to align with industry standards and best practices as it relates to network access due to increasing changes in the IT security arena and the increased vulnerabilities that exist in today's world. The auditors recommend that the City continue the process of completing its Information Technology Department Policies and Procedures Manual. (See PDF Pages 178-180) | N/A | 2017 (FY 2014-15) | The Access Control Policy has been documented in the draft IT Department Policies and Procedures Manual. Access Control Policy provides guidance in User Management Controls, Operating Systems User Access Controls, and Application System Access Controls. This policy remains a high priority of the Department during this fiscal year. | Yes |
| | | ML11-6 - Logging and Monitoring of Security and Auditable Events: The Information Technology Department has only partially addressed the prior audit finding which noted that the City had not reviewed available monitoring mechanisms and reports and had not established formal review controls and related processes. The auditors recommend that the City continue to improve its attempts to create a formal policy. (See PDF Pages 181-182) | N/A | 2017 (FY 2014-15) | The City's IT Department is logging both successful and unsuccessful logon attempts to its Active Directory Network and the AS-400. The Department reviews reports on an as needed basis and will improve this review to occur formally and on a routine basis. IT has updated network monitoring tools and will review the numerous reports provided by the tool to make necessary improvements. | Yes |

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| City of Deerfield Beach (continued) | Broward County (continued) | ML11-8 - Change Management Policies and Procedures and Change Management Approval and Testing: The Information Technology Department has only partially addressed the prior audit finding which noted that the City should maintain a record of every change executed in the production environment and document formal change management policies and procedures to include the different types of changes and requirements for testing, validation, and approvals prior to being placed into production. Additional details are provided in the audit report. The City should continue the process of completing its Information Technology Department Policies and Procedures Manual. (See PDF Pages 182-184) | N/A | 2017 (FY 2014-15) | This finding has been partially corrected. A change management policy has been documented in the City's draft IT policies and procedures. | Yes |
| | | ML11-9 - Disaster Recovery Plan and Data Restoration Testing: The Information Technology Department has only partially addressed the prior audit finding which noted that the City does not appear to have a documented Disaster Recovery Plan or process in place for periodic data restoration testing and communication of results. Although the IT Department has a draft of its Disaster Recovery Plan, a formal review cycle is needed. The auditors recommend that the City continue the process of completing its IT Department Policies and Procedures Manual. (See PDF Pages 184-185) | N/A | 2017 (FY 2014-15) | This finding has been partially corrected. A Disaster Recovery Plan is in its draft stages; however, it is currently under review. It is the City's hope to adopt and implement this plan during the upcoming fiscal year. | Yes |
| | | ML11-1 - Compliance with Investment Policy: Written policies and procedures have been drafted, but have not been finalized or approved. (See PDF Pages 175-176) | N/A | 2017 (FY 2014-15) | The City has since updated its investment policies. All individuals who have check-signing authority have been bonded. | Yes |

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| City of Deerfield Beach (continued) | Broward County (continued) | ML10-2 - Segregation of Duties - Payroll: The payroll accountant has access to the payroll data system, is charged with printing the checks with an electronic signature, and also delivers or mails the checks to the individual employees. The same individual should not be able to initiate, process, and record transactions. The auditors recommend that the City review its policies and procedures to provide for appropriate segregation of duties for payroll processing. (See PDF Pages 185-186) | N/A | 2017 (FY 2014-15) | The City's HR Department, rather than the Payroll Coordinator, will be assuming the duty of entering all personnel actions. The City is currently in the process of migrating a new ERP (Enterprise Resource Planning System) and plans to migrate to this system by January 2018. Once this occurs, the person assigned to process the City's payroll will no longer be involved in updating employees' personnel files. For the time being however, before every payroll is processed, the City's Financial Services Manager will run a payroll audit to verify all payroll changes against approved personnel action forms. Furthermore, each payroll check register is reviewed for reasonableness by the Financial Services Manager. | Yes |
| | | ML 2013-01 - Financial Accounting and Reporting: For the past several years, due to the lack of adequate staffing, the City did not issue its comprehensive annual financial report (CAFR) by the March 31st reporting deadline established by the Government Finance Officers Association (GFOA) Certificate of Achievement program as a best practice. Delays revolved primarily around the lack of adequate staffing in the finance department due to turnover in recent years. This year the finding has been partially corrected and the CAFR was timely filed by the March 31st deadline. However, although written policies and procedures have been drafted, they have not been finalized or approved. (See PDF Page 171) | N/A | 2017 (FY 2014-15) | The City will continue to work with the auditors and administrators of its defined benefit pension plans. For the past several years, receipt of the audited financial statements for these trust funds have been tardy and have contributed greatly to the City's inability to issue its comprehensive annual financial report in a timely manner. During the upcoming audit, the City will undertake every step to ensure timely delivery of the audited financials for the City as well as for its pension trust funds. | Yes |

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| Town of Eatonville | Orange County | 2006-A - Financial Condition Assessment: The Town had a deficit fund unrestricted fund balance and deficit unrestricted net position at fiscal year-end. Without strengthening of financial condition and resolution of other matters, conditions could exist that could lead to a state of financial emergency as prescribed by Florida Statutes, Section 218.503(1). The auditors recommend that the Town's budgeting, financial management, and strategic planning process provide for strengthening of the Town's financial position in order to ensure adequate liquidity and ability to address long-term obligations. (See PDF Page 72) | N/A | 2017 (FY 2014-15) | The Town expects the Fund Balance for all funds to be positive and this finding will be corrected in FY 2015-16 audit report. | Yes |
| | | 2012-C - Enterprise Fund Transfers and Accountability: It appears the Water and Sewer Fund has effectively borrowed from other funds in order to finance transfers made to the General Fund in recent years, resulting in an improved fund balance position for the General Fund, but leaving a deficit in unrestricted Water and Sewer Fund balance of approximately \$2.3 million at fiscal year-end. It is unclear as to the portion of Water and Sewer Fund transfers to the General Fund that might represent payments for administrative overhead versus simply transfers of equity. Accordingly, fund level accountability is compromised, and it is unclear as to how interfund balances will be eliminated. The auditors recommend that interfund activity be evaluated in order to determine how interfund balances will be eliminated and to establish an appropriate methodology for future transfers and/or administrative charges. (See PDF Page 72) | N/A | 2017 (FY 2014-15) | This finding will be partially addressed in FY 2015-16 audit report. The staff has implemented a process related to cost of service for the Water and Sewer fund transfer. | Yes |

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| Town of Eatonville (continued) | Orange County (continued) | 2016-001 - Reconciliations: Reconciliations were not provided for interfund balance sheet accounts, and allowance for doubtful accounts were not analyzed and adjusted at year end. The auditors recommend that the Finance Department prepare regular reconciliations of its balance sheet subsidiary ledgers to the general ledger balances in order to ensure accuracy of general ledger balances. These reconciliations should be reviewed and adjustments should be made to avoid errors or omissions of financial data. (See PDF Page 67) | MW | 2017 (FY 2014-15) | The Town continues to correct this finding with limited staff and in the future by investing in a new software system. In the Fiscal Year 2015-2016 audit report, this finding will be partially addressed. | Yes |
| City of Fort Meade | Polk County | 2016.3 - Power Cost Adjustment (PCA) Tariff: The City adopted a new PCA ordinance in August 2014, but had not fully implemented it. One item was addressed in 2015 per auditors recommendation; the City began recovering certain "power related expenses" through the PCA. However, a definition of "power related expenses" has not been determined and other provisions of the ordinance, for example the establishment of an interest-bearing account for rate stabilization, have not been implemented. The auditors recommend that the City prepare an internal policy memorandum clarifying guidance for the implementation of this ordinance and formalize the methodology into a revised PCA rate tariff, filed with the Florida Public Service Commission. (See PDF Page 90) | N/A | N/A | N/A | Yes |

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| Town of Fort White | Columbia County | 2009-2 - Pumped vs. Billed Variances: The auditors noted, during their audit of revenues in the Town's Enterprise Fund for the prior and current years, large undocumented gallons variances between the amounts of water pumped and the amounts billed for water usage. The auditors recommend that the Town investigate possible causes for the current year and prior year variances and make all necessary repairs and/or corrections to decrease the variances to normal levels, which should be no more than five million gallons. (See PDF Page 44) | N/A | 2017 (FY 2014-15) | To address this finding, the Town will begin utilizing the Excel-based monthly water report that has been adapted by the auditors. On this monthly report, the Town will compute variances and document accountable losses such as blowoffs and flushing needs regarding the levels of lead and other contaminants. This corrective action should fully address this finding. | Yes |
| City of Freeport | Walton County | 2016-01 - Capital Assets: Some of the audit adjustments the auditors proposed were to record capital expenditures and current year depreciation expense not recorded on the City's general ledger in accordance with their capitalization policy and U.S. generally accepted accounting principles. The auditors recommend that the City purchase and maintain a capital assets software package. (See PDF Page 60) | SD | 2017 (FY 2014-15) | The City has not had the financial ability to purchase the software capable of monitoring fixed assets and related depreciation. Due to economic constraints, the City will continue to use the resource of the external accountant to keep the City's fixed asset subledger. | Yes |
| City of Graceville | Jackson County | 2012-002 - Cash: The City's Utility Customer Deposit Listing is not reconciled to the Utility Deposit bank account or the General Ledger. The auditors recommend that these items be reconciled monthly in order to strengthen internal controls. (See PDF Page 65) | N/A | 2017 (FY 2014-15) | Staff has worked diligently to reconcile said Deposit account in the current audit cycle. | Yes |
| | | 2012-001 - Fixed Assets: An inventory of property owned by the City has not been completed in several years. The auditors recommend that the City establish a policy for periodic review of property records in compliance with Section 274.02, Florida Statutes. (See PDF Page 64) | N/A | 2017 (FY 2014-15) | Fixed asset inventory will be completed. | Yes |

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| City of Graceville (continued) | Jackson County (continued) | 2010-001 - Revenues/Collections: The City's water and sewer revenue is not reconciled to the water and sewer billing system. The auditors recommend that reconciliations be prepared on a monthly basis between the general ledger and utility software to maintain proper internal controls. (See PDF Page 64) | N/A | 2017 (FY 2014-15) | City Clerk will complete reconciliations and retain for audit purposes a reconciliation of the water, sewer and garbage receivables. | Yes |
| Town of Greenville | Madison County | 2016-004 - Excess Expenditures Over Appropriations: Expenditures exceeded appropriations at fiscal year-end. The auditors recommend that the Town take appropriate corrective action including monitoring the budget throughout the year and amending the budget when appropriate. (See PDF Page 50) | N/A | N/A | N/A | Yes |
| | | 2016-003 - Monthly Closeout Procedures: The Town did not have any formalized monthly or year-end financial statement closeout procedures. In addition, the QuickBooks accounting system does not require a "close" of each month. Transactions can be backdated to the prior period, thus changing the previously reported financial statements. The auditors recommend that the Town implement QuickBooks' close feature monthly, including restricting access to prior period data. The auditors also recommend that related formal accounting instructions and accounting practices be developed and included in the accounting policies and procedures manual. Additional details are provided in the audit report. (See PDF Page 50) | MW | 2017 (FY 2014-15) | The bookkeeping package the Town uses does not have a monthly close-out feature. The Town has developed a month end check list that will be reviewed by the Town Manager or Town Council. | Yes |

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| City of Gulf Breeze | Santa Rosa County | 2016-001 - Financial Reporting: Several material adjustments were necessary to properly present the financial statements in accordance with generally accepted accounting principles. The auditors recommend that the City continue its efforts to improve the year-end closeout procedures and to consider implementing a comprehensive review process for closeout entries and year-end balances to be performed prior to the audit. (See PDF Page 177) | MW | 2017 (FY 2014-15) | The City intends to hire a part-time or full-time CPA, to commence with year-end reporting sooner, and ensure that all transactions, year-end adjustments, and accruals are recorded in a timely manner. | Yes |
| City of Jasper | Hamilton County | 2014-001 - Housing Liens: Housing liens held by the City should be evaluated to determine what action, if any, should be taken. The City continues to hold liens against four properties established under a grant many years ago. Similar liens have been paid off and others forgiven. Uncertainty surrounds the liens due to the City's failure to maintain records on the properties and update ownership and condition annually. The auditor recommends that the City investigate grant documentation and determine whether the liens should continue after the passage of time. If they continue, the auditor recommends that the City determine the course of action by investigating the property's condition and current tenants. (See PDF Page 70) | N/A | N/A | N/A | Yes |

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| Town of Jupiter | Palm Beach County | 2010-3 - Purchase Approvals: Requisitions and purchase orders should be completed and approved prior to the purchase pursuant to the Town's purchasing policy. For 12 of the 60 purchases tested, the purchase requisition and/or purchase order were approved after the invoice date of the transaction. For 12 additional disbursements neither a requisition nor purchase order was prepared for the disbursement. This issue is due to the Town using a small contract approval process. The auditors recommend that Town management review the Town's current purchasing policy and make the necessary changes to document and authorize the contract approval process currently being used in lieu of purchase requisitions and purchase orders. (See PDF Page 155) | N/A | 2017 (FY 2014-15) | These issues relate to new accounting and purchasing software installed in 2010. After several years of trying to modify the Town's purchasing practices it was determined the only viable method of resolving the areas of concern would be adopting a revised purchasing policy. The Town adopted a new purchasing policy effective December 20, 2016, which is intended to properly document two areas of concern. It is expected that these findings will be identified in the audit report covering the 9/30/16 fiscal year-end, but will be eliminated for subsequent year reports as a result of the revised purchasing policy being adopted. | Yes |
| City of Keystone Heights | Clay County | 2016-001 - Budget Administration: As part of the audit process it was necessary for the auditor of the City's component unit to propose a material adjustment to the component unit's financial statements. It was also necessary for the component unit's auditor to assist with the preparation of the City's financial statements. The proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the City consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 44) | MW | N/A | N/A | Yes |

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| Town of Lake Hamilton | Polk County | 2013-4 - Debt Administration: The Town did not maintain water rates and charges sufficient to satisfy bond requirements. The auditor recommends that the Town maintain water rates and charges sufficient to satisfy bond requirements. (See PDF Page 43) | N/A | 2017 (FY 2014-15) | This finding has been addressed in 2014 when the Town adopted an ordinance to raise the water rates yearly. The Town has also been addressing delinquent water accounts and is dedicated to ensuring all meters are running accurately. In 2016, the Town purchased a new utility billing software. During the 2015-16 fiscal year the water department saw a revenue increase, but also had an emergency water break. The Town will consider a water rate study for FY 2017-18. | Yes |
| City of Lake Helen | Volusia County | 2016-004 - IT Policies and Procedures: The City does not yet have a formal set of policies and procedures related to information technology. The auditors recommend that the City continue working on developing policies and procedures related to information technology in order to finalize a document. Additional guidance is provided in the audit report. (See PDF Page 63) | N/A | 2017 (FY 2014-15) | The City has drafted an official policy on information technology, which it will formally adopt and make effective in May 2017. | Yes |
| Town of Lake Park | Palm Beach County | 2013-1 - Written Accounting Procedures Manual: The Town has prepared an accounting policy manual. However, there is not a detailed written accounting procedures manual. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficiencies, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. The auditors recommend that the Town establish written monthly and year-end closing procedures and continue work on the accounting procedures manual. (See PDF Page 138) | MW | 2017 (FY 2014-15) | The Town has been able to find a limited amount of funds in the current budget and is in the process of negotiating with an independent CPA firm to assist in the preparation of a policy manual. It is anticipated that the necessary procedures will be prepared before the issuance of the audited financial statements for FY 2015-16. | Yes |

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| City of Lakeland | Polk County | 2016-002 - IT Policies and Procedures - Logical Access: The City's logical security controls for the two significant financial reporting systems and the network revealed that several areas would require further control enhancements to meet industry best practices and standards. The auditors recommend that management review the areas specified in the audit report and conform with industry best practices where possible. (See PDF Page 239) | N/A | 2017 (FY 2014-15) | It is the City's position the finding is now addressed as of March 31, 2017. | Yes |
| City of Lauderdale Lakes | Broward County | 2012-06 - Grant Administration and Review Process: The City as a sub-recipient for federal grant awards was not properly reconciling and recording the grant activity to reflect the appropriate balances as of the fiscal year-end. This exists to a lesser extent than during the prior year; however, journal entries were required to be posted in order to properly account for federal awards reported by the City. Due to the progress of certain projects and the timeliness of requests for grant extensions certain funding could be at risk of loss. The auditors recommend that the City develop a system of controls over its grant administration and review process. Additional details are provided in audit report. (See PDF Page 129) | MW | 2017 (FY 2014-15) | The Grant Administration and Review Process of the grants that are received by the City requires management to adhere to various compliance guidelines issued by the City's grantors. To ensure that the City follows all reporting guidelines for all grants received, the City Commission approved a staff complement in their FY 2016-17 budget and the personnel was subsequently hired to specifically address this audit report finding. | Yes |
| City of Lawtey | Bradford County | 2016-3 - Budget Administration: Actual expenses were in excess of budgeted expenditures. The auditors recommend that the City establish procedures to monitor and amend the budget as necessary so that total expenditures by department do not exceed the final budgeted expenditures. Additional details are provided in the audit report. (See PDF Page 41) | N/A | N/A | N/A | Yes |

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| City of Lawtey (continued) | Bradford County (continued) | 2016-2 - Cash: Bank reconciliations were not performed in a timely and accurate manner. The auditors recommend that, when the City performs monthly bank reconciliations, staff reconcile the bank account to the prior month's bank statement balance, as well as the current general ledger balance. (See PDF Page 40) | MW | N/A | N/A | Yes |
| | | 2016-5 - Debt Administration: The required monthly transfers into the Revenue Bond Sinking account pursuant to the loan agreement with the USDA were not always deposited in a timely manner. The auditors recommend that the City establish procedures to ensure the required monthly amount is transferred to the sinking fund on a monthly basis and consider setting up an automatic transfer of funds to facilitate this requirement. (See PDF Page 41) | SD | N/A | N/A | Yes |
| Town of Lee | Madison County | 2014-001 - Unclaimed Property: During the audit of cash (utility deposits), the auditor noted outstanding checks totaling \$366 which would be considered unclaimed. The checks remain outstanding for the period 2010 through 2015. Failure to process these amounts in accordance with Chapter 717, Florida Statutes, could result in a penalty of up to \$500. The auditor recommends that the above amounts be processed in accordance with Florida Statutes. (See PDF Page 60) | N/A | N/A | N/A | Yes |
| Town of Malone | Jackson County | 14-001 - Fixed Assets: Several new asset purchases were not included on the Town's Asset Inventory. The auditor recommends that assets be added to the inventory after purchase in accordance with Town policies and procedures. (See PDF Page 50) | N/A | N/A | N/A | Yes |

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| Town of Mangonia Park | Palm Beach County | 2011-03 - Excess of Expenditures Over Appropriations: There was a department with expenditures in excess of budgeted amounts contrary to Section 166.241(2), Florida Statutes. (See PDF Page 66) | N/A | 2017 (FY 2014-15) | The Town had a backlog with closing and reconciling accuracy of its financial transactions for FY 2014-15, which was inadvertently overlooked for adjusting the final budget within 60 days following the end of the fiscal year. Variances were defined after 60 days, subsequent to the fiscal year closure. | Yes |
| | | 2012-01 - Grant Administrating and Monitoring: The Town does not have appropriate internal controls over grants to ensure that grant funds are being spent in accordance with grant conditions and with Town policies and procedures. The auditors recommend that: (1) someone be designated to oversee grants, (2) policies and procedures be put in place for the evaluation of all grant proposals before submission, and (3) a standard set of policies and procedures should be developed for monitoring grant administration and compliance requirements. See audit report for additional details. (See PDF Page 63) | MW | 2017 (FY 2014-15) | This finding has been corrected and not included in the FY 2015-16 audit. | Yes |
| Town of Medley | Miami-Dade County | 2016-02 - Capital Assets: The Town has not performed a recent physical inventory. Also, the Town has numerous pump station sites in its boundaries that have not been dedicated nor have easement language contained in their plats to conclusively establish proper dedication in accordance with Florida Statutes. The auditors recommend that the Town perform periodic or annual inventories of its capital assets and continue to vigorously pursue the conveyance of completed Town infrastructure constructed by third parties. (See PDF Pages 73-74) | MW | 2017 (FY 2014-15) | In March 2015, the Town's insurance carrier performed an insurable value/replacement cost appraisal of all of the Town's insurable real and personal properties. A complete inventory of all physical and capital assets owned by the Town was performed in April 2017. The Town will continue to perform a comprehensive annual inventory of all assets. Also, the Town has implemented an aggressive program to obtain proper right of way dedications and conveyances of infrastructure and utility sites. | Yes |

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| Town of Medley (continued) | Miami-Dade County (continued) | 2016-05 - Compensated Absences: There is a lack of consistency in how compensated absences are awarded and utilized across departments and employees. The auditors recommend that the Town review its policies over compensated absences to ensure that it is in compliance with the Town's Code and the Fair Labor Standards Act. (See PDF Page 76) | SD | N/A | N/A | Yes |
| | | 2016-04 - Purchasing Procedures: There is no centralized purchasing system in place. Instead, departments have the ability to make their own purchases which leads to circumvention of the Town's ordinance. The auditors 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 Pages 75-76) | SD | 2017 (FY 2014-15) | The Town has implemented a centralized purchasing system, requiring the approval by the Town Mayor of any non-routine purchases or expenditures exceeding \$200. Stricter enforcement of the Town's Purchasing Ordinance has been implemented, specifically, with regards to small purchases. Details are provided in the Town's response. | Yes |
| | | 2016-03 - Licenses and Permits: The auditors noticed several discrepancies and internal control weaknesses, when testing of licenses and permits, as follows: (1) subsidiary ledgers for licensing and permitting functions do not interface with the general ledger, and (2) the Town periodically receives cash payments for licenses and permits and there are little to no controls over such receipts and the safeguarding of these payments. Amounts received are not consistently posted and deposited daily. The auditors recommend that the Town implement an automated system which allows interface between the permitting and licensing function and the financial reporting function and implement a centralized cash register system which interfaces with the financial reporting functions and ensures daily entry and deposit of amounts received. (See PDF Pages 74-75) | SD | 2017 (FY 2014-15) | In October 2016, an integrated financial software solution was implemented and internal control weaknesses and discrepancies have been corrected and reconciled. With the exception of one pending issue regarding the conversion of bad data, the software is operating as intended and revenues collected are reconciled to the general ledger. A cash receipts module is included in the new software program and cash is reconciled on a daily basis. As stated above, the conversion of data did not go well and the Town is still working with the software company to fix on-going problems. As an additional control, the Town has installed and implemented a centralized cash register system in connection with licensing and permitting fees. | Yes |

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

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| Town of Melbourne Beach | Brevard County | 2016-005 - Expenditures in Excess of Appropriations: The Town's general fund and building department fund each had expenditures in certain departments in excess of the approved budget. The auditors recommend that the Town ensure all budget amendments are properly tracked and approved at the department level and for any final adjustments to be approved within 60 days of year-end to maintain budgetary compliance. (See PDF Page 59) | N/A | N/A | N/A | Yes |
| | | 2016-001 - Segregation of Duties: The Finance Manager has overlapping aspects of various key financial processes. While this is not uncommon for an entity the Town's size, this presents a greater risk for error and/or misappropriation due to the lack of segregation of duties. The auditor recommends that the Town consider opportunities to achieve a greater level of segregation of duties over these key financial processes. (See PDF Page 58) | MW | N/A | N/A | Yes |
| City of Melbourne | Brevard County | 2014-3 - Federal Awards: Grant Expenditures reported on the Schedule of Expenditures of Federal Awards "SEFA" were not reviewed prior to the final submission to the auditors. It was noted that one of the Airport Improvement Grants did not report the correct amount of expenditures which caused the SEFA to be revised one time. The auditors recommend that, prior to the final SEFA being submitted to the auditors, a secondary review be performed to ensure the cash amounts received plus the accrual amounts are reconciled to the SEFA. (See PDF Page 201) | SD | N/A | N/A | Yes |

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| City of Miami | Miami-Dade County | ML 2014-03 - Password Configurations: Password configurations have not been setup to meet minimum requirements as stated in the City's Acceptable Technology Use Policy. The auditors recommend that management adjust password length and complexity configuration settings to meet the minimum requirements as stated in the City's Acceptable Technology Use Policy. (See PDF Page 265) | N/A | N/A | N/A | Yes |
| | | ML 2014-04 - User Access Reviews: The City does not have established policies and procedures in place requiring the review of user access rights on a periodic basis. The auditors recommend that management establish formal policies and procedures to allow for the proper administration of user access rights on an ongoing basis. (See PDF Page 266) | N/A | N/A | N/A | Yes |
| | | ML 2014-05 - Data Restoration: There is no formal policy in place requiring the periodic backup and restoration of data. The auditors recommend that management establish formal policies and procedures requiring the periodic storage (backup) and restoration of data. (See PDF Page 267) | N/A | N/A | N/A | Yes |
| | | ML 2014-06 - Change Management: Network changes are not being formally documented on a consistent basis as required by the City's established policies and procedures. The auditors recommend that management adhere to its change management program and policies which requires proper documentation for all changes to the City's IT systems. (See PDF Page 268) | N/A | 2017 (FY 2014-15) | Corrective action has been taken. All changes to production systems are now being submitted to the Change Advisory Board (CAB) for approval. This new policy was implemented in the beginning of the 2016-17 fiscal year. (Letter states this finding was 2014-05). | Yes |

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|------------------|----------------|--|-----------------|---|---|---|
| City of Midway | Gadsden County | 13-08 - General Fixed Assets: The City had not taken a complete physical inventory of property and equipment. The City also did not include an ID number for each item. The auditors recommend that each property and equipment item be tagged with an ID number and the ID number be included on the physical inventory list. The inventory should be compared to the City's property records and differences should be communicated to the City Council for proper disposition. See audit report for additional details. (See PDF Page 50) | N/A | 2017 (FY 2014-15) | The City hired an outside CPA firm to assist in preparing monthly financial statements and performing numerous other account functions. As part of this, the City has started the process of reconciling fixed asset records with actual physical inventories for a complete inventory reconciliation. During the 2016-17 year city employees completed the physical inventory section, and the information is now being reconciled to the financial records, and the required reports will be available for the 2017 annual audit. | Yes |
| | | 13-01 - Prepare Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) and Significant Adjustments: There were certain material adjustments that were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness. (See PDF Page 50) | MW | 2017 (FY 2014-15) | The City hired an outside CPA firm to assist in preparing monthly financial statements, filing payroll tax returns, preparing monthly retirement reports, and paying bills. They were not engaged until after the start of the 2014-15 fiscal year. The City required extensive work from the outside CPA firm, and it was not possible to correct all deficiencies in their first full year. The problems have been corrected for FY 2016-17. | Yes |
| City of Mulberry | Polk County | 2014-005 - Budgetary Control: Actual expenditures exceeded budgeted appropriation by \$494,114 at the fund level of budgetary control. In prior years the auditors recommended that the City amend their budget to ensure that the actual expenditures do not exceed the budgeted appropriations. (See PDF Page 52) | N/A | N/A | N/A | Yes |

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| Town of Oakland | Orange County | 14-006 - Budgetary Control: The Town Commission approved a budget amendment, but the actual expenditures still exceeded amended appropriations. In the two prior years the auditors recommended that the Town amend their budget to ensure that the actual expenditures do not exceed the budgeted appropriations. (See PDF Page 56) | N/A | N/A | N/A | Yes |
| | | 12-3 - Capital Asset Inventory: An inventory of the Town's capital asset property for FY 2015-16 was not performed. In prior years, the auditors have recommended that the Town implement procedures to ensure that a physical inventory of all capital asset property is completed annually and in accordance with Florida Administrative Code. (See PDF Page 56) | N/A | 2017 (FY 2014-15) | Due to limited staff, the Town is seeking options to handle an inventory of all Town property. | Yes |
| | | 10-05 - Internal Control over Financial Reporting: Auditors continued to find many financial statement misstatements, some considered material. (See PDF Page 55) | MW | 2017 (FY 2014-15) | The Town is still in the process of implementing controls and procedures. | Yes |
| | | 11-5 - Approval and Support of Journal Entries: Some journal entries lack adequate documentation and evidence of supervisory review. In prior years the auditors have recommended that management adopt procedures that ensure that all journal entries are supported by adequate documentation and are subject to supervisory review. (See PDF Page 56) | MW | 2017 (FY 2014-15) | The Town has implemented a process to cure this item. | Yes |

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| Town of Oakland (continued) | Orange County (continued) | 14-002 - Accounts Payable Reconciliation: The Town was unable to provide an accurate detailed listing of the Town's accounts payable as of year-end. In the two prior years the auditors recommended that management implement procedures to ensure that a monthly reconciliation of the general ledger control accounts to the accounts payable detailed listing is performed and questionable entries or reconciling items are investigated and corrected in a timely manner. (See PDF Page 56) | SD | N/A | N/A | Yes |
| | | 10-04 - Payroll: Payroll related activity is still being posted to the general ledger incorrectly and without reconciliation between the accrued liabilities and the actual amounts paid for benefits. (See PDF Page 55) | N/A | 2017 (FY 2014-15) | The Town has made progress on this item; however it is still in the process of implementing additional internal controls. | Yes |
| | | 10-01 - Utility Billing Subledgers should be Reconciled to the General Ledger: It was necessary for the auditors to propose immaterial adjustments to the general ledger control accounts to reconcile them to the detail customer accounts receivable subsidiary ledger. The auditors also noted that a monthly analysis is not taking place as recommended. In the past seven audits the auditors have recommended that management implement monthly reconciliations between the detailed utility customer accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts. (See PDF Page 55) | MW | 2017 (FY 2014-15) | The Town is still in the process of implementing internal controls. | Yes |

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| Town of Oakland (continued) | Orange County (continued) | 10-06 - Restricted Cash Monitoring Needs Improvement: The auditors noted that, prior to their proposed adjusting entries, the amount of cash set aside for restricted purposes in the general fund and the water fund was less than required. It was also noted that monthly transfers to the Town's required debt sinking and reserve funds were not being made or monitored. As noted in previous audit reports, management was not always monitoring the restrictions placed on revenues that are restricted as to use by enabling legislation or contract. (See PDF Page 55) | SD | 2017 (FY 2014-15) | The Town is still in the process of implementing controls and procedures. | Yes |
| | | 12-4 - Refuse Collection: The Town's code of ordinances has not been amended to reflect the refuse collection rates being charged. In prior years, the auditors have recommended that management update the Town code of ordinances to reflect the current refuse collection rates. (See PDF Page 56) | N/A | 2017 (FY 2014-15) | This item will be resolved at an upcoming Commission meeting. | Yes |
| Town of Orange Park | Clay County | 14-5 - Water System Line Loss: The auditors calculated the line loss of the Town's water utility based upon gallons billed to customers verses metered gallons pumped from the water treatment plant. The line loss calculated for the fiscal year was a line loss of approximately 1.5%. The auditors noted that management is aware of the issue, has examined possible causes, and has started a meter change out program. The auditors recommend that the Town continue to implement the meter change out program and continue to monitor and investigate the issue. (See PDF Page 86) | N/A | N/A | N/A | Yes |

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| Town of Otter Creek | Levy County | 2011-1 - Financial Statement Preparation: The Town does not have the expertise necessary to prevent, detect, and correct misstatements in its financial statements. Also, the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. These are deficiencies in internal control. (See PDF Page 38) | SD | N/A | N/A | Yes |
| City of Panama City | Bay County | 2016-1 - Deficit Fund Balance: Component Unit - Panama City Downtown Improvement Board. An assessment of the Board's financial condition disclosed it was unfavorable due to the deficit in fund balance. The auditors recommend that the Board continues its efforts to eliminate this deficit balance. (See PDF Pages 225-226) | N/A | N/A | N/A | Yes |
| Town of Pierson | Volusia County | 2012-01 - Utility Billing: The Town's accounts receivable detail report and the customer deposit detail report are not being reconciled to the general ledger accounting system on a monthly basis. The auditors recommend that: (1) the account detail be reconciled to the general ledger and that a member of the Town Council review this reconciliation, and (2) a review be performed on all accounts that are past due in excess of 60 days to ensure that service has been cut off and determine if a lien needs to be recorded on the property. (See PDF Page 41) | SD | 2017 (FY 2014-15) | The Town has corrected and reconciled the customer deposits and set up a new billing system. The Town is still working on the customer accounts receivable to the general ledger on a monthly basis and has contracted with an accountant to have a compliant response within the Town's next audit. | Yes |

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| Town of Pierson (continued) | Volusia County (continued) | 2014-01 - Utility Deposit Interest Payable: The Town has been accruing a liability for deposit interest payable but has not credited or made payment to its customers in several years. The auditors recommend that the Town establish procedures so that the deposit utility interest is paid out on an annual basis as required by the Florida Public Service Commission. (See PDF Page 44) | N/A | N/A | N/A | Yes |
| Town of Ponce de Leon | Holmes County | 2005-04 - Sinking and Reserve Fund Deposits: Sewer and Water Bond covenant requires that, by the 15th of each month, 1/12 of the annual principal and interest debt service requirement be deposited into a sewer sinking fund account and a water sinking fund account. As of fiscal year-end, all required deposits had been made, but not timely. The auditors recommend compliance with the covenant. (See PDF Pages 46-47) | SD | 2017 (FY 2014-15) | The Water sinking and reserve funds are now currently compliant. The Town is making every effort to bring the Sewer accounts into compliance. Due to the financial condition of the Town and the deterioration of the aging infrastructure, the funds to maintain and repair the Sewer system have become very difficult. | Yes |
| | | 2012-01 - Financial Condition Assessment: The Town's overall financial condition weakened in 2016, due largely to operating losses in the proprietary fund. The auditors recommend that management be vigilant in controlling expenses and implementing cost control measures and continue to monitor its financial condition. (See PDF Page 46) | SD | 2017 (FY 2014-15) | The Town's population has decreased over the last several years and the commercial infrastructure has reduced drastically. The new Clerk and the Mayor, with the Council Members, have cut as many expenses as possible. The Town Council has been conducting Financial Workshops to actively seek additional means of revenue and is discussing ways to implement more cost control measures. | Yes |
| | | 2008-05 - Accrual Basis of Accounting: The Town keeps its books on the cash basis of accounting. Generally accepted accounting principles require the financial statements to be on the modified accrual basis of accounting. The Town does not have a system in place to keep its books on the accrual basis. The auditors recommend that the Town convert to the modified accrual basis of accounting. (See PDF Pages 47-48) | MW | 2017 (FY 2014-15) | The QuickBooks software that the Town is currently using is a desktop version that only uses accrual accounting. The Town is aggressively working to ensure previously used cash basis accounting practices are no longer used. | Yes |

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| Town of Sneads | Jackson County | 2000-001 - Fixed Assets: The Town's capital asset records are materially accurate related to cost, date acquired and description. However, they do not provide sufficient required information related to source of funds, restrictions, etc. The deficiency could result in improper use or disposal of equipment or property, possibly in violation of law. The auditors recommend that the Town continue to update its capital asset records by reconciling the cost records with a current complete physical inventory. These records should be updated with other required data such as source of funds and restrictions. The Town should not rely on the external auditor to update these records. (See PDF Page 59) | SD | 2017 (FY 2014-15) | The Town does not have the personnel or resources at this time to complete these records. This would require many hours of work. The Town has limited staff and funding to overtake a project of this size. | Yes |
| City of South Daytona | Volusia County | 2013-1 - Interfund Receivables: The Water/Sewer Fund owes the General Fund \$829,197 at fiscal year-end. The City paid down a substantial portion of the planned payment in 2016. The auditors recommend that the City continue to monitor its plan on a monthly basis until the loan has been repaid. (See PDF Page 162) | N/A | 2017 (FY 2014-15) | The City has continued to monitor its plan to repay this loan and has successfully reduced the balance by approximately 57% from fiscal year 2012-13 when the audit finding was initially presented. As a small City with limited resources, the City is not in a position to immediately pay off this balance but has worked diligently to ensure that the balance is reduced each year. | Yes |

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| City of St. Cloud | Osceola County | 2016-1 - Notice of Event of Default (Stevens Plantation Improvement Project Dependent Special District (District)): The District was formed in 2003 and is presented as a blended component unit of the City of St. Cloud. In May 2013, the Bond Holders of the District's Revenue Bonds, Series 2003, received a Notice of Event of Default because the Trustee (U.S. Bank National Association) did not receive sufficient payments from the District for the payment of the: (i) interest due on the Bonds on May 1, 2013, and (ii) principal maturity on the Bonds due and payable on May 1, 2013. The amounts on deposit in the Revenue Fund and the Reserve account were insufficient to pay the interest and principal on the Bonds due and payable on May 1, 2013. No subsequent payments have been made since the notice of default, except for a partial interest payment made in June 2016. The District is not in compliance with certain provisions of the Bonds. (See PDF Page 159) | N/A | 2017 (FY 2014-15) | The District has continued to aggressively market the property for sale at the highest possible value, while urging the bondholders to consider amending the escrow agreement so as to increase the net proceeds of the property sales available to satisfy the District bonds. Currently the District has entered into five contracts to sell District property. It is anticipated that the first closing of these contracts will occur in August 2017. As it appears the real estate market is improving, the District will continue to market its property and is anticipating additional sales. Furthermore, the District will continue to pursue bond restructuring and amendments to the escrow agreements from the bond trustees and/or bondholders. | Yes |

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| City of St. Cloud (continued) | Osceola County (continued) | 2016-2 - Stevens Plantation Dependent Special District: The District is included as a blended component unit in the government-wide financial statements of the City. Review of the financial condition of the District indicates the following issues that management needs to continue to address: (1) bonds payable of the District of \$4,460,000 are currently in default, (2) land held for sale is reported in the accounting records at \$3,652,697, which is based on the historic values at which the land was purchased for resale, and (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. Additional issues are listed in the audit report 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 Stevens Plantation Community Development District. Detailed recommendations related to each issue are provided in the audit report. (See PDF Pages 164-165) | N/A | 2017 (FY 2014-15) | See response to finding #2016-1 above. | Yes |

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| City of St. Cloud (continued) | Osceola County (continued) | 2016- Utility Billing: The City's utility billing operations are a significant transaction class with its multiple facets and complexities and are a significant portion of City revenues. The City continues to improve on its utility billing process; however, during the audit, a number of issues were brought to the auditors attention including: (1) continuing issues with the utility system's automated telephone bill pay system (Point and Pay), for example, the system moved a decimal to the wrong place for payment received; and (2) various instances of individual utility customer bills in which there were incorrect or missing charges. The auditors recommend that City staff continue to review individual bills on a routine basis to ensure consistency and accuracy related to utility billing. (See PDF Pages 165-166) | N/A | N/A | N/A | Yes |
| City of Starke | Bradford County | 2013-03 - Deposits for Utility Services: Some commercial accounts did not have a deposit for utility services. In one instance, a commercial account that typically incurs over \$40,000 per month did not have a deposit with the City. The current policy requires commercial accounts to have a deposit with the City of approximately twice the average monthly assessment. Certain older accounts were in existence prior to this policy change. The auditors recommend that the City consider requiring older accounts to have the same deposit requirements as the newer accounts. (See PDF Page 71) | N/A | 2017 (FY 2014-15) | The City Commission approved resolutions in October 2014 and April 2016 to address this condition. The most recent resolution primarily provides an exemption to the increased deposit requirement for those accounts that have established 7 years of good payment history. | No The auditors stated that this finding was considered resolved as of September 30, 2016. |

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| City of Tallahassee | Leon County | 2016-001 - Grant Management; Schedule of Expenditures of Federal Awards and State Financial Assistance: During the audit, there were a number of corrections required for amounts of federal and state expenditures reported on the City's Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule). Several of the adjustments are listed in the audit report. The Schedule is prepared by the City's Accounting Services Division, who relies on information supplied by the program managers in various departments, and there is not an independent review of this information to verify its accuracy. In the prior year, the City established a Grants Management Office and developed a Grants Administration Policy, which was being reviewed internally for feedback. The auditors recommend that the City take further actions related to the definition of the roles and responsibilities for this Office and that the Policy be implemented as soon as reasonably possible. (See PDF Page 205) | MW | 2017 (FY 2014-15) | The Grants Management Office (GMO) has developed a Grants Administration Policy which is in the final review process. Pending approval, all future grant submissions will require all grant applications to be reviewed and approved by the GMO prior to being sent to the grantor. The process of creating a central repository of active grants has already begun and will be completed by June 2017. A review of available Grants Administration software has been in progress for several months. | Yes |

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| City of Webster | Sumter County | 2015-003 - Adequacy of Accounting Records: Accounting records were not adequately maintained in a timely manner and, as a result, the Commission did not have timely, reliable financial information to monitor and manage the City's fiscal affairs on an ongoing basis. Additionally, the City did not meet the deadlines for filing its audit report and other financial information with State and Federal agencies and other stakeholders during the fiscal year. The auditors recommend that the City ensure that its accounting records are kept up-to-date and are maintained by someone with adequate skills, knowledge, or experience to perform that function and that the City Council closely monitor the implementation of the City's new accounting system and consider hiring an outsourced accountant to prevent further deterioration of the accounting records. (See PDF Pages 54-55) | MW | N/A | N/A | Yes |
| | | 2015-002 - Financial Close Process: It was necessary for the auditors to assist with the preparation of the City's financial statements, and the auditors detected errors in the City's accounting records and proposed material adjustments to the City's financial statement. The auditors note the areas where assistance was required in the audit report. The auditors recommend that the City consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. Also, the auditors recommend that the City consider hiring an outsourced accountant to help with monthly close and year-end close. (See PDF Pages 53-54) | MW | N/A | N/A | Yes |

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| City of Webster | Sumter County | 2015-001 - Segregation of Duties: Due to the limited number of available accounting personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. The auditors note several areas where improvement should be focused. The auditors recommend that, to the extent possible, steps should be taken to separate employee duties and that the City's accounting function be closely monitored to help ensure that all transactions are adequately supported and accurately and timely recorded. (See PDF Pages 52-53) | MW | N/A | N/A | Yes |
| Town of Zolfo Springs | Hardee County | 2013-3 - Adjustments: Various adjustments were required during the audit process. The auditors recommend that the Town adopt a monthly closing process to ensure accounts are reconciled and adjusted on a monthly basis to ensure accurate and timely financial reporting. (See PDF Page 46) | N/A | 2017 (FY 2014-15) | All adjustment that are being posted are really from budget basis to GAAP basis in the year-end financials. The Town will now be reviewing this prior to the audit process and during the year to minimize any data entry at year end. | Yes |

FOOTNOTE/LEGEND:

1. Most of 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.

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

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

Note: All audit reports and responses received from entities that are referenced in this document are available online as follows:

- Audit reports: Local governmental entity audit reports are accessible from the Auditor General's website, <https://flauditor.gov/>, by selecting "Filed Reports" under the heading "Reports Filed with the Auditor General" in the left column.
- Entity responses: All entity responses are accessible from the Committee's website (search "FL JLAC" in your browser), by selecting "Audit Findings Not Corrected – Correspondence" from the home page; then scroll to the bottom of the page to select the type of entity.

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| Town of Alford | Jackson County | 2007-03 - Preparation of GAAP Based Financial Statements: The Town has a capable individual providing bookkeeping services; however, the Town does not have an individual on staff with the accounting education and experience to properly record more complex accounting transactions and prepare financial statement in accordance with generally accepted accounting principles (GAAP). The auditors understand the cost-benefit of hiring someone with this expertise is not practical and, therefore, recommend that the Town continue to request outside assistance in recording more complex transactions. (See PDF Page 50) | MW | 2017 (FY 2014-15) | The Town will continue to need external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles. The Clerk will seek advice from a qualified individual regarding recordings that are not familiar. | No |
| | | 2013-02 - Accounting Transactions: Adjustment were needed at year end to properly adjust for various receivables and depreciation. Adjustments were also necessary to reconcile fund balance. The auditors recommend that all transactions be properly recorded. (See PDF Page 51) | MW | 2017 (FY 2014-15) | These are errors made by the Clerk in recording receivables and/or depreciations. The errors have been something different each year. Every effort is made to correctly record transactions but human error dictates some errors will possibly occur. More effort will be made to ensure that all transactions are recorded properly. | Yes |
| | | 2007-02 - Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. This is due to the limited number of employees, and certain incompatible duties being performed by the same employee. The auditors recommend that the Town continue to seek ways to strengthen internal control through segregation of duties. (See PDF Page 50) | 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 Anna Maria | Manatee County | 2013-2 - Segregation of Duties: Due to the small size of the City's business office, a lack of segregation of duties exists. The auditors recommend that the City review the mitigating controls it has put in place to ensure they are adequate and are being followed. The auditors also recommend that the City: (1) separate the duties of preparing, making, and posting deposits to ensure proper controls over the cash receipts function, and (2) establish proper controls over the check-signing process. (See PDF Pages 44-45) | N/A | 2017 (FY 2014-15) | Due to the City's size and limited ability to hire additional employees, the scope of duties for employees must be broad. Although the staff is limited, there have been many new process measures and approval processes put in place to minimize the risks. | No |
| City of Apalachicola | Franklin County | 2016-002 - Significant Adjustments to the Financial Records: Adjustments were needed in order for the financial statements to conform with generally accepted accounting principles. The auditors recommend that the accounting staff continue to strive toward minimizing the proposed audit adjustments that have been required. (See PDF Page 67) | MW | 2017 (FY 2014-15) | The City has determined that it is not economically feasible for the City to invest in the substantial resources that would be required for staff to produce financial statements that require no proposed audit adjustments; however, the City will strive to minimize the number of proposed adjustments. | No |
| | | 2016-001 - Segregation of Duties: Due to the small number of accounting staff, the City does not have proper segregation of duties in many areas. Due to the lack of segregation of duties and limited internal controls the City Administrator currently has the ability to issue and approve cash disbursements; reconcile the cash account; input, edit, and approve accounting journal entries; and prepare the financial information. The auditors recommend that the City segregate duties as much as possible and implement mitigating controls where segregation of duties is not possible due to the size of the City. (See PDF Page 67) | MW | 2017 (FY 2014-15) | This issue results from the limited number of employees in the City office. The duties of City office personnel are continually being reviewed by City administration in an effort to work toward a more effective and efficient overall operational structure. | No |

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|----------------|------------------|--|-----------------|---|--|---|
| City of Archer | Alachua County | 2013-1 - Financial Statement Preparation: A deficiency in internal control exists in instances where the City is not capable of drafting the financial statements and all required footnotes disclosures in accordance with generally accepted accounting principles (GAAP). 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 Pages 48-49) | SD | 2017 (FY 2014-15) | The City is a very small government and has used available resources to hire 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. | Yes |
| Town of Bell | Gilchrist County | 2009-1 - Financial Statement Preparation: The Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Pages 39-40) | SD | 2017 (FY 2014-15) | The Town is a very small government and has used available resources to hire 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 |

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

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| City of Blountstown | Calhoun County | 07-01 - Deficiency Over Financial Reporting: The City has a capable individual providing bookkeeping services; however, the City does not have an individual on staff with the accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles (GAAP). The auditors acknowledge that the cost-benefit of hiring someone with this expertise is not practical and, therefore, recommend that the City continue to require outside assistance in recording more complex transactions. (See PDF Page 69) | SD | 2017 (FY 2014-15) | The City is a small municipality, and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements. In an attempt to rectify the deficiencies the City has utilized procedures to help alleviate the situation. The person responsible for completing bank reconciliations each month does not process checks/payments nor does she have check-signing authority. The City also requires two signatures on all City checks, and the Council reviews all monthly bills to be paid. Purchase orders over \$50.00 must be approved by the City Manager or designee. | No |
| | | 06-01 - Segregation of Duties: The City continues to have a lack of segregation of duties between employees who have recordkeeping responsibilities and employees with custody of City assets. The auditors recommend that the City continue to seek ways to strengthen internal control through segregation of duties. (See PDF Page 69) | SD | 2017 (FY 2014-15) | The City is a small entity, and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties. | No |
| City of Bonifay | Holmes County | 2010-03 - Analysis of Financial Condition Assessment: Governmental fund revenues have not been sufficient to cover expenditures during the past few years, thereby creating a fund balance deficit in the general fund. This causes the City to redirect assets from other funds, primarily the utility funds, to the general fund to sustain its current level of services. The auditors recommend that the City closely monitor general fund revenues and expenditures conserving general fund assets whenever possible. (See PDF Page 55) | SD | 2017 (FY 2014-15) | The City is unable to hire personnel with the ability and training needed to prepare financial statements in accordance with generally accepted accounting principles. | No |

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| City of Bonifay (continued) | Holmes County (continued) | 2010-01 - Financial Statement Preparation Knowledge: Management's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the City's personnel from being able to prepare financial statements and note disclosures as required by those standards. The auditors recommend that the City's personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Pages 54-55) | MW | 2017 (FY 2014-15) | The City is aware of the fund balance deficit in the general fund and is reviewing options for reducing the deficit over the next couple of years. These options include additional cost cutting measures and transfers from utilities surpluses to cover budget overruns. | No |
| Town of Branford | Suwannee County | 2010-1 - Financial Statement Preparation: The Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles, and it does not have the expertise necessary to prevent, detect, and correct misstatements. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Pages 53-54) | SD | 2017 (FY 2014-15) | The Town is a very small government and has used available resources to hire a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. | No |
| Town of Bronson | Levy County | 2009-1 - Segregation of Duties: Separation of certain accounting and administrative duties among employees was not considered possible because of the limited number of employees. The auditors recommend that incompatible duties be separated among employees where it is feasible to do so. (See PDF Page 34) | MW | 2017 (FY 2014-15) | The Town is a small municipality in a rural setting with only two full-time staff to handle daily activities. Duties are separated as much as possible. | No |

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| City of Bushnell | Sumter County | 2008-2 - Segregation of Duties: The City operates a small finance, accounting, and customer service department and does not have the resources to properly segregate duties among employees so that no one employee has sole control over approving, recording, and accounting for transactions. The auditors recommend that the City's finance, accounting, and customer service department continue to develop and, if necessary, expand its current staff to ensure a more effective internal control structure over financial reporting. (See PDF Page 115) | SD | 2017 (FY 2014-15) | Several changes were completed during the past fiscal year to improve this finding. The new City Clerk has taken over all of the payroll duties and also tracks all of the receipts and revenues received by the City. The Clerk also reviews and approves certain Council and administrative expenditures for the City. Additional tasks will be assigned to both the City Clerk and the Finance Specialist in the future in an effort to achieve an even greater improvement. Because of the small size of the City staff, it is unlikely that complete segregation of duties can be achieved in the coming fiscal year however significant improvements will be realized. | No |
| Town of Callahan | Nassau County | 2016-002 - Financial Reporting: The auditors proposed material adjustments to the Town's financial statements and assisted in the preparation of the financial statements. The auditors recommend that the Town consider and evaluate the cost and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 47) | MW | 2017 (FY 2014-15) | The Town conducted an evaluation of the internal controls relative to the financial reporting process, as recommended by the Town's auditors, and determined that the third party bookkeepers were performing inadequately. The Town has made the decision to open the bookkeeping contract up for bids with the expectation of hiring new bookkeepers. The Town expects that new bookkeepers will resolve the conditions that led to this finding. | No |

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| Town of Callahan (continued) | Nassau County (continued) | 2016-001 - Separation of Duties: Because the Town has a limited number of personnel, it is not always possible to adequately separate incompatible duties so that no one individual has access to both physical assets and the related accounting records or to all phases of a transaction. The auditors recommend that, to the extent possible, given the available number of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 47) | MW | 2017 (FY 2014-15) | In prior years in response to similar findings, the Town implemented a system in which the water and sewer clerk and bookkeeper do not receive mail. A third person collects the mail and maintains logs of all funds received via the mail. Beyond this, the Town cannot sufficiently segregate duties to address the audit finding without hiring additional personnel. The Town has not had sufficient income to afford additional personnel and does not anticipate having sufficient income in the foreseeable future. The Town will address the audit finding to the best of its abilities by continuing to separate duties to the greatest extent possible given its budgetary limitations. | No |
| Town of Campbellton | Jackson County | 04-01 - Separation of Duties: 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 auditor recommends that the Town compensate for this lack of segregation of duties by being conscious of the financial affairs of the Town. The Mayor and/or Council should review all bills before they are paid and evidence their approval on the invoice even though two signatures are required on all checks. (See PDF Page 45) | SD | 2017 (FY 2014-15) | The Town is a small rural town with limited resources and funding sources to operate the community. This finding will never be cleared as the Town does not have the resources to adequately staff enough persons to separate accounting functions; however, the Town's response includes specific information related to compensating controls implemented by the Town. | No |
| City of Carrabelle | Franklin County | 2016-001 - Prepare Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) and Significant Adjustments: There was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. (See PDF Page 57) | MW | 2017 (FY 2014-15) | There is no one on staff with sufficient knowledge to prepare GAAP-Based financial statements. This finding may never be fully resolved due to limited resources of a small entity. | No |

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| City of Carrabelle (continued) | Franklin County (continued) | 2016-002 - Segregation of Duties: Due to the size of the City's accounting staff, it is not possible to completely separate incompatible duties so that no one individual has access to both physical assets and the related accounting records or to all phases of a transaction. However, the auditors recommended certain practices that could be implemented to improve existing internal controls without impairing efficiency, such as cash receipts deposited intact daily, the review and approval of journal entries made in accounting system reviewed by an individual other than the person preparing and making the entries, maintaining a management approved vendor list, and mailing signed checks without allowing them to be returned to the employee responsible for accounts payable. (See PDF Page 57) | MW | 2017 (FY 2014-15) | Due to size of the City's staff it is not possible to completely separate incompatible duties so that no one individual has access to both physical assets and the related accounting records. Practices are implemented to the best of the City's ability to improve existing controls; however, this finding may never be fully resolved due to lack of staffing. | No |
| City of Clewiston | Hendry County | 2009-1 - Internal Control Over Financial Reporting: The City does not currently have the skills and competencies necessary to prepare the financial statements and to prevent, detect, and correct a material misstatement in the financial statements. The auditors recommend that the City develop a strategy to address the material weakness in internal control over financial reporting. (See PDF Page 99) | MW | 2017 (FY 2014-15) | As a small entity with limited resources, the City feels that it does not have the economic viability to retain an individual to meet the Auditing Standards at this time. The City will continue to evaluate the cost involved in meeting the standards of financial reporting while monitoring and comparing the measure of improvement gained toward achieving an adequate resolution. | No |

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| City of Coleman | Sumter County | 2016-1 - Improve Knowledge of Internal Control Over Financial Reporting: The person responsible for the accounting and reporting function lacks the skills and knowledge to apply 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 60) | 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 |
| | | 2016-2 - Lack of Segregation of Duties: The small size of the City's accounting staff precludes certain internal controls and separation of duties afforded by a larger staff. The Financial and Operations Manager performs all of the accounting tasks. 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 60) | SD | 2017 (FY 2014-15) | The City continues to provide as many safeguards as possible by having bills inspected by the Mayor and approved by the City Council. The response also includes additional compensating controls implemented by the City. | No |

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| City of Cottondale | Jackson County | 2007-001 - Financial Reporting: The City relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles. The auditors recommend that the City continue to consider the effects of the cost of developing and benefits of implementing a system which includes controls over the prevention, detection, and correction of misstatements in the audited financial statements as compared with understanding that, due to the size of its accounting department, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles. (See PDF Pages 50-51) | MW | 2017 (FY 2014-15) | The City is run with a small accounting staff. It will be necessary to continue to have external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles. | No |
| | | 2003-001 - Separation of Duties: The City has not designed its internal control system to include sufficient segregation of duties. Staff members having custody of accounting records also have access to assets. The auditors recommend that, due to limited staff numbers, the City should make every effort to allocate duties for recording assets and access to assets among full-time staff, as well as use Council members to provide review and approval procedures where possible. (See PDF Page 50) | SD | 2017 (FY 2014-15) | Policies and procedures will be revised to allocate duties among full-time employees. These policies and procedures are designed to sufficiently segregate all duties for recording and accessing accounting proceedings. | No |

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| Town of Cross City | Dixie County | 2016-001 - Separation of Duties: Because of a limited number of available personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that the Town recognize this control deficiency and provide compensating controls whenever possible. (See PDF Page 45) | MW | 2017 (FY 2014-15) | The Town is a small governmental entity and all accounting responsibilities are performed primarily by two individuals. The Town has adopted review and control oversight procedures, where possible. It is not cost beneficial to hire additional staff. | No |
| City of Fanning Springs | Gilchrist County, Levy County | 2013-1 - Financial Statement Preparation: The City does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements. Also, the City is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. These are deficiencies in internal control. (See PDF Page 60) | SD | 2017 (FY 2014-15) | The City is a very small government and has used available resources to hire a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. | No |
| Town of Fort White | Columbia County | 2011-1 - Financial Statement Preparation: The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements. The Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. These are deficiencies in internal control. (See PDF Page 42) | SD | 2017 (FY 2014-15) | The Town is a very small government and has used available resources to hire 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 Glen Saint Mary | Baker County | 2016-002 - Financial Reporting: 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 |
| | | 2016-001 - Separation of Duties: Because of the limited number of personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that to the extent possible, given available personnel, steps should be taken to segregate employee duties so no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 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 | 2007-001 - Financial Reporting: The City relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles. The auditors recommend that the City continue to consider the effects of the cost of developing and benefits of implementing a system 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 generally accepted accounting principles. (See PDF Page 60) | MW | 2017 (FY 2014-15) | The City operates with a limited staff responsible for all financial operations. The City operates on a cash account basis and will continue to utilize accounting firms to complete annual audit and work through issues identified. | No |
| | | 2006-001 - Separation of Duties: Custody of assets, recordkeeping, and recording of assets should have adequate separation. Due to the City's size, proper separation of duties may not be feasible. The auditors recommend that management remain very active and involved in the day-to-day operations and that controls be established to provide checks and balances. (See PDF Page 60) | SD | 2017 (FY 2014-15) | The City operates with a small staff consisting of three principal employees dealing with the week-to-week financial functions of the City and a City Manager. | No |

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| Town of Grand Ridge | Jackson County | 2016-001 - Prepare Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) and Significant Adjustments: Financial statements that were generated as a by-product of the accounting system were submitted to the auditors by management. The auditors proposed certain material adjustments to these financial statements as a result of the audit, drafted the final financial statements, drafted the disclosures required by professional standards, and submitted the draft to management for approval. Per professional standards, this is an indication of a deficiency in internal control. (See PDF Page 45) | MW | 2017 (FY 2014-15) | The Town states that it would be cost prohibitive to engage another accounting firm to draft financial statements and related note disclosures. As a compensating control, the Town Council reviews the financial statements and budget comparison on a monthly basis in addition to reviewing and approving all adjustments proposed by the auditors. This provides an additional level of review necessary to mitigate the preparation of financial statements finding. | No |
| Town of Greensboro | Gadsden County | 2016-001 - Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP): A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with GAAP. The Town had no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. These adjustments resulted in a material misstatement of the financial statements; therefore, this deficiency is deemed to be a material weakness. (See PDF Page 46) | MW | 2017 (FY 2014-15) | The Town employs a total of three people. The small staff includes the Town Manager, Office Assistant/Town Clerk and Maintenance person. Preparation of financial statements may only be accomplished within the qualifications of the one person office staff who also serves as the Town Clerk. | No |

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| Town of Greensboro (continued) | Gadsden County (continued) | 2016-002 - Segregation of Duties: The same person within the accounting department handled cash and checks, posted receipts and disbursements to the general ledger, and prepared bank reconciliations. The auditors suggested that the Town have another designated person receive all cash and checks and make required deposits and return a summary of receipts along with a validated deposit slip before turning them over to the accounting department. Additional suggestions are provided in audit report. (See PDF Page 46) | 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 Greenville | Madison County | 2016-001 - Significant Adjustments and Preparation of Financial Statements: Financial statements that were generated as a by-product of the bookkeeping system were submitted to the auditors by management. The auditors proposed certain material adjustments to these financial statements as a result of the audit, drafted the final financial statements, drafted the disclosures required by professional standards, and submitted the draft to management for approval. Per professional standards, this is an indication of a deficiency in internal control. The auditors acknowledged that, due to the nature and size of the Town, it may not be practical or possible to prepare financial statements and relating notes in accordance with generally accepted accounting principles (GAAP) and management may wish to accept this deficiency or develop compensating controls. Management should also review monthly financial statements for correctness. (See PDF Page 49) | MW | 2017 (FY 2014-15) | The Town finds this finding uncorrectable. The Town is a small municipality with limited resources and is not financially able to hire additional personnel or contract with an outside agency to prepare financial statements. | No |

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| Town of Greenville (continued) | Madison County (continued) | 2016-002 - Segregation of Duties: One employee should not have access to both physical assets and the related accounting records or to all phases of a transaction. Although the size of the Town's accounting staff prohibits complete adherence to this concept, certain practices, described in the audit report, could be implemented to improve existing internal controls without impairing efficiency. (See PDF Page 49) | MW | 2017 (FY 2014-15) | There are only two employees, and the only way for the Town to correct this finding is to hire additional personnel and that is not financially possible. The Town will continue to work with the auditors to implement oversights where possible. | No |
| Town of Greenwood | Jackson County | 07-01 - Preparation of Generally Accepted Accounting Principles (GAAP) Based Financial Statements: The Town has a capable individual providing bookkeeping services; however, the Town does not have an individual on staff with the accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with GAAP. Management relies on an outside auditor to prepare their annual financial statements including the note disclosures. The auditors recommend that the Town continue to request outside assistance in recording more complex transactions, as the cost-benefit of hiring someone with this expertise is not practical. (See PDF Page 35) | MW | 2017 (FY 2014-15) | With the financial pressures and lack of funding, the Town has found the cost to benefit ratio is far too great for the Town to employ more personnel. The Town will continue to use its auditor to provide financial advice on certain issues when necessary. Management prepares monthly financial statements for the Town Council and will continue to prepare annual financial statements for auditing purposes. | No |
| | | 05-01 - Segregation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedures, was not adequate. This is due to the limited number of employees and certain incompatible duties being performed by the same employee. The auditors recommend that the Town continue to seek ways to strengthen internal control through segregation of duties. (See PDF Page 35) | MW | 2017 (FY 2014-15) | The Town has taken measures to develop an Accounting Policies and Procedures manual that should alleviate this finding. These measures will segregate duties and responsibilities for administrative personnel. The Town will continue to initiate controls to mitigate the lack of segregation of duties with the small staff it has available. | No |

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|------------------|------------------|---|-----------------|---|--|---|
| Town of Hastings | St. Johns County | 2016-002 - General Accounting Records: As part of the audit process it was necessary for the auditors to propose a material adjustment and assist with the preparation of the Town's financial statements, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the Town consider and evaluate the cost and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 46) | MW | 2017 (FY 2014-15) | The Town will review recurring adjustments with the auditor and Treasurer in an attempt to alleviate this portion of the finding moving forward; however, the Town feels that it is in the best interest financially to continue to have the auditor assist in the preparation of the financial statements. | No |
| | | 2016-001 - Separation of Duties: Because of a limited number of available accounting personnel, it is not always possible to adequately segregate 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, that the Town take steps to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 46) | MW | 2017 (FY 2014-15) | Due to limited staff this finding may never be fully resolved. The response includes specific information relating to compensating controls implemented by the Town. | No |
| Town of Hilliard | Nassau County | 2009-1 - Financial Statement Preparation: The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements. Also, the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. (See PDF Pages 73-74) | N/A | 2017 (FY 2014-15) | The Town is a very small government and has used available resources to hire 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 | 2011-1 - Financial Statement Preparation: The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements. Also, the Town is not capable of drafting the financial statements and all required note disclosures in accordance with generally accepted accounting principles. (See PDF Pages 44-45) | SD | 2017 (FY 2014-15) | The Town is a very small government and has used available resources to hire a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. | No |
| Town of Howey-in-the-Hills | Lake County | 2016-001 - Financial Reporting: It was necessary for the auditors to propose material adjustments to the Town's financial statements and to assist with the preparation of the financial statements. The auditors recommend that the Town evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 53) | MW | 2017 (FY 2014-15) | The Town feels it is cost prohibitive to have someone on staff due to the size of the municipality. | No |
| Town of Inglis | Levy County | 2016-001 - Separation of Duties: Because of the limited number of available personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that, to the extent possible given the availability of personnel, the Town implement a system of checks and balances. Steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. (See PDF Page 45) | MW | 2017 (FY 2014-15) | The Town is a small governmental entity and all accounting responsibilities are performed primarily by two individuals. The Town understands this situation creates an internal control weakness and has adopted review and control oversight procedures by management and the Town Commission, where possible. At this time, the Town does not believe it is cost beneficial to hire additional staff, which would be required, to eliminate this finding. | No |

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| Town of Interlachen | Putnam County | 2007-01 - Preparation of Financial Statements: The Town does not have the expertise to prepare financial statements and note disclosures in accordance with generally accepted accounting principles. While auditors can assist with the preparation of financial statements and related footnotes, the financial statements are the responsibility of management. The auditors state 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 38) | SD | 2017 (FY 2014-15) | The Town has limited resources and utilizes an outside consultant to assist with accrual adjustments related to accounts payable and receivable items. She also reviews revenue and expense coding to ensure that line items are not over-expended or ledgered against the wrong item line. The response includes additional compensating controls taken by the Town. The Town does not currently have resources available to allow for preparation of financial statements and note disclosures in accordance with Governmental Accounting Standards Board requirements. | No |
| City of Jacob City | Jackson County | 2016-001 - Audit Adjustments: It was necessary for the auditors to propose certain audit adjustments relating to the posting and reversing of year-end accruals that were material to the overall financial statements. Auditing standards require the auditors to identify such adjustments when they are considered to be indicators of control deficiencies over financial reporting since they were not detected and prevented by the City's internal control system. (See PDF Page 30) | MW | 2017 (FY 2014-15) | Due to limited staff and resources of the small city, this finding cannot be corrected. Because of the accounting expertise required in order to maintain the books in conformance with generally accepted accounting principles, the cost of correcting this issue is not economically feasible. | No |

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| Town of Jennings | Hamilton County | 2016-002 - Financial Reporting: The Town has an inadequate design of internal controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). There was no one on staff with sufficient knowledge to prepare GAAP- based financial statements or to conclude that the financial statements and related disclosures were complete and presented in accordance with GAAP. Certain adjustments were required to be made to the accounting records subsequent to the start of the auditing process, and management requested that the auditors prepare a draft of the financial statements, including the related footnote disclosures. The auditors acknowledged that there is no practical solution for this finding, as the outsourcing of these services is common for governments of this size and is the result of management's cost benefit decision to outsource rather than incur this internal resource cost. (See PDF Page 61) | SD | 2017 (FY 2014-15) | Due to the limited staff and resources, this area may never be fully resolved. The response includes specific information relating to compensating controls implemented by the Town. | No |
| | | 2016-001 - Separation of Duties: There is an inadequate segregation of accounting duties among personnel. Certain functions are not segregated including collection/deposit of cash and recording of cash receipts and general ledger; cash receipts/disbursements and preparation of bank reconciliation; accounts payable and recording of general ledger and payroll processing and general ledger due to limited staff size. The auditors recommend increased management oversight of the accounting function to mitigate risk. (See PDF Page 61) | MW | 2017 (FY 2014-15) | Due to the limited staff and resources, this area may never be fully resolved. The response includes specific information relating to compensating controls implemented by the Town. | No |

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| City of LaBelle | Hendry County | 2009-1 - Internal Control Over Financial Reporting: City staff does not currently have the skills and competencies necessary to prepare the financial statements and to prevent, detect, and correct a material misstatement in its financial statements. The auditors recommend that the City develop a strategy to address the material weakness in internal control over financial reporting. (See PDF Page 99) | MW | 2017 (FY 2014-15) | The City is a small municipality with limited financial resources and fiscal staffing and may not resolve this finding in the near future. The audit finding weakness has been mitigated during these past few years by the auditors disclosing to and teaching staff how to calculate and create the majority of the year-end adjustments needed for the city's financial statements. Additionally, the auditors conduct an exit conference/interview with the Mayor-Commissioner, Finance Director and staff and have, upon request, done the same with the City's entire Commission, reviewing in enough detail to assure all Commissioners understand the financial reports, the City's financial condition and the results of operations. | No |
| Town of Lake Hamilton | Polk County | 2009-1 - Separation of Duties: There is a lack of separation of duties. Administrative personnel continue to perform conflicting duties due to a limited number of personnel. The auditor recommends that the Town consider hiring additional staff to provide additional control. (See PDF Page 42) | MW | 2017 (FY 2014-15) | The Town has taken a part-time position in the Clerk's Office and made it into a full-time position and implemented policies. The Town does not have sufficient funding to support hiring another employee. | No |
| City of Lawtey | Bradford County | 2016-1 - Financial Reporting: The City does not have someone on staff to prepare the financial statements including disclosures in accordance with generally accepted accounting principles and to record complex adjustments resulting in a significant deficiency under professional standards. The auditors noted that, although the City hired an experienced accountant late in the fiscal year, there was not enough time to impact this finding. The auditors recommend enabling the independent accountant to address this finding. (See PDF Page 40) | MW | 2017 (FY 2014-15) | The City has hired an independent accountant although it was late in the year and not enough time to impact the findings. The City hopes to have this issue resolved for FY 2016-17. | No |

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| City of Macclenny | Baker County | 2016-002 - Financial Reporting: It was necessary for the auditors to propose material adjustments to the City's financial statements and to assist with the preparation of the financial statements. The auditors recommend that the City consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 59) | MW | 2017 (FY 2014-15) | The City continues to train key personnel responsible for the preparation of financial statements and, through the assistance of professional oversight, will continue to reduce the adjustments being made by the auditors to the financial statements. | No |
| | | 2016-001 - Separation of Duties: Because of the limited number of available accounting personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that, to the extent possible given available personnel, steps be taken to segregate employee duties so no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 59) | MW | 2017 (FY 2014-15) | The City has implemented as many external controls, along with internal controls within the City's software, to segregate the duties as much as possible with the limited staff available. The response includes specific information relating to compensating controls implemented by the City. The City expects the finding to remain due to limited staff and funding. | No |
| City of Madison | Madison County | 2012-1 - Financial Statement Preparation: The City does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements or to draft the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. These are deficiencies in internal control. (See PDF Page 78) | SD | 2017 (FY 2014-15) | The City is a very small government and has used available resources to hire 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 | 07-001 - Financial Reporting: 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 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 generally accepted accounting principles. (See PDF Page 44) | MW | 2017 (FY 2014-15) | The Town does not consider it cost effective due to its small size to develop and maintain a system of internal accounting control sufficient to prepare financial statements in accordance with generally accepted accounting principles or maintain internal staff. | No |
| | | 04-001 - Separation of Duties: Custody of assets, recordkeeping, 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. (See PDF Page 44) | SD | 2017 (FY 2014-15) | The Town is a small town and only has two office staff members. This is a remaining issue, and the Town does not see it changing soon. The Mayor and Town Council will continue to be active and involved in the day-to-day operation of the Town's finances. | No |
| City of Marianna | Jackson County | 03-01 - Segregation of Duties: There is a lack of separation of duties between employees who have recordkeeping responsibilities and employees in custody of City assets. The auditors acknowledge that, due to the size of the City's administrative staff, it is difficult to achieve ideal separation of duties. However, the City should be aware of this internal control weakness and attempt to separate recordkeeping duties from custody of assets as much as possible. (See PDF Page 104) | SD | 2017 (FY 2014-15) | Due to financial pressures and lack of funding, cost/benefit ratio is far too great to employ more personnel to accomplish perfect segregation of duties. The City does try to separate functions and duties to the full extent possible. The response includes specific information relating to compensating controls implemented by the City. | No |

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| Town of Mayo | Lafayette County | 2011-1 - Financial Statement Preparation: 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 required footnotes in accordance with generally accepted accounting principles. (See PDF Pages 57-58) | SD | 2017 (FY 2014-15) | The Town used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Mayor and the Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation before the Town Council. | No |
| Town of Medley | Miami-Dade County | 2016-01 - Supervisory Review: Due to the small size of the entity, there is a lack of separation of duties in some accounting and financial reporting functions. Although quarterly financial statements are provided to the Mayor and the Town Council, they are not approved. Journal entries can be prepared, entered, and posted by one individual without review or approval. The auditors recommend that the Mayor and Town Council establish a periodic review and approval of the Town's financial statements and a system of review and approval for nonstandard journal entries be implemented. (See PDF Page 73) | MW | 2017 (FY 2014-15) | The Town has a small finance department and believes it is not efficient and practicable to have journal entries reviewed by a second person as it slows down the work process. As a result of new accounting software implemented in October 2016, there are no longer non-standard journal entries being recorded. General ledger journal entries still being made include correction of postings, allocations to different departments, and period end accruals. Additional details are provided in the Town's response. | No |

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| Town of Micanopy | Alachua County | 2011-1 - Financial Statement Preparation: The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements or draft the financial statements and required footnotes in accordance with generally accepted accounting principles. (See PDF Pages 43-44) | SD | 2017 (FY 2014-15) | The Town is a very small government and has used available resources to hire a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. | No |
| City of Moore Haven | Glades County | 2016-001 - Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP): The City does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related note disclosures [and to ensure they] are complete and presented in accordance with GAAP. The auditors recommend that management continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial. (See PDF Page 89) | MW | 2017 (FY 2014-15) | The City is a very small community and receives approximately \$185,000.00 per annum in ad valorem revenue. The City is not in a financial position to hire additional staff to oversee the areas reported in the audit finding and the system which has been implemented provides for more than sufficient checks and balances by the City's auditors. | No |
| | | 2016-002 - Audit Adjustments: It was necessary for the auditors to propose audit adjustments to revise the City's books at year-end. These adjustments involved the recording of accruals, reclassifications of revenues and disbursements to the proper accounts, and fund balance reclassifications. The auditors acknowledge that this material weakness is already known to management and represents a conscious decision by management and the Council to accept that degree of risk because of cost or other considerations. (See PDF Pages 89-90) | MW | 2017 (FY 2014-15) | The City is a very small community and receives approximately \$185,000.00 per annum in ad valorem revenue. The City is not in a financial position to hire additional staff to oversee the areas reported in the audit finding and the system which has been implemented provides for more than sufficient checks and balances by the City's auditors. | No |

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

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| City of Oak Hill | Volusia County | SD01 (2009) - Segregation of Duties: Due to the limited number of staff working with the administrative and finance departments, many of the critical duties are combined with virtually no managerial oversight or control. Presently, a single individual performs the majority of the accounting functions. The auditors continue to recommend that the City complete formal written accounting policies and procedures. The auditors also suggest that the segregation of duties be reviewed and adjusted where possible to strengthen the system of internal control. (Note: This finding was SD02 (2009) in FY 2014-15) (See PDF Page 75) | SD | 2017 (FY 2014-15) | The City will continue to work diligently to mitigate these matters within its physical and financial constraints. In a very small office environment it is difficult to properly segregate all duties; however, the City will continue to consider its limited options and constraints to separate the important finance functions and duties to further strengthen internal controls. | No |
| Town of Orchid | Indian River County | 2016-001 - Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) and Significant Audit Adjustment: It was necessary for the auditors to propose several significant adjustments (which were approved and posted by management) to adjust the Town's general ledger to the appropriate balances. The auditors recommend that the Town reconcile all general ledgers to subsidiary detail at least on a quarterly basis and gain a more comprehensive understanding of GAAP rules as they apply to the Town's external reporting requirements. (See PDF Page 37) | MW | 2017 (FY 2014-15) | Staff has addressed the numerous issues surrounding this audit finding and made significant changes in process and procedures in an earnest attempt to eliminate this finding. Management has hired a CPA and is no longer dependent on the auditor to reconcile general ledgers to subsidiary detail or to perform closing functions of the Town's accounting records. Additional details are provided in the Town's response. Staff has worked tirelessly to eliminate this audit finding. | No |

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| Town of Orchid (continued) | Indian River County (continued) | 2016-002 - Segregation of Duties: The Town lacks a sufficient number of accounting personnel in order to ensure a complete segregation of duties within its accounting function. The Town has several accounting functions that have the capability to be performed by the same individual. In addition, the accounting software does not have safeguards in place to limit the access for each employee based on their accounting responsibilities. The auditors recommend that the Town continue to improve their internal controls by requiring independent review, reconciliation and approval of accounting functions by qualified members of management and those charged with governance. (See PDF Page 38) | SD | 2017 (FY 2014-15) | Working with the auditors, the City has continued to develop or modify procedures and processes that it believes allows for appropriate segregation of financial functions within the small office. There is a small number of staff, but the Town has taken extensive steps to ensure that no single individual does all aspects of transactions. This finding has been improved to a point that staff believes it should be eliminated in future reports. | No |
| City of Panama City | Bay County | 2007-1 - Segregation of Duties: Component Unit - Panama City Downtown Improvement Board. Due to the limited number of people working in the Panama City Downtown Improvement Board office (a component unit of the City), many duties are combined and assigned to the available employees. The auditors recommend that the segregation of duties be reviewed and adjusted where possible to strengthen the system of internal control. (See PDF Pages 221 & 225) | SD | 2017 (FY 2014-15) | Fiscal constraints make it impossible to hire more staff. However, as of 10/1/2016, the accounting duties are handled by the City staff. The segregation of duties has been improved. | No |
| City of Parker | Bay County | 2016-001 - Significant Adjustments: It was necessary for the auditors to propose adjustments to the financial records in order for the financial statements to conform to generally accepted accounting principles (GAAP). The auditors recommend striving to reduce the number of adjustments needed as much as possible. (See PDF Page 61) | MW | 2017 (FY 2014-15) | It is not economically feasible to invest in additional resources to provide the auditors with accounting records that require no proposed audit adjustments. New accounting staff has been hired, and the City has begun to see substantial improvement in accuracy. | No |

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| City of Parker (continued) | Bay County (continued) | 2016-002 - Lack of Segregation of Duties: The City does not have proper segregation of duties in many areas due to the limited number of staff and having a need to cross train staff in the event of absences. The auditors recommend that the City continue to evaluate the cost/benefit of hiring additional staff to better segregate controls. Details are provided in the audit report. (See PDF Page 61) | MW | 2017 (FY 2014-15) | This finding may never be fully resolved due to the limited staff and resources of the small City. The City has segregated an instance of an employee handling accounts receivable from the ability to be a backup for accounts payable and have removed the Clerk's ability to do financial system transactions for receivables and payables. Additional details are provided in the City's response. | No |
| City of Paxton | Walton County | 2016-01 - Financial Reporting: The City does not have personnel with sufficient knowledge to analyze complex transactions to ensure that all transactions were properly recorded in the accounting records or to prepare financial statements in accordance with generally accepted accounting principles. (See PDF Page 47) | SD | 2017 (FY 2014-15) | Because of the financial disadvantage of the municipality, the City does not have funding to staff an employee with the credentials that would be required to complete the financial statements according to generally accepted accounting principles. Therefore, the City relies on its accountants (auditors) to complete this task. | No |
| | | 2016-02 - Separation of Duties: Due to the small size of the City, the accounting and administrative staff are precluded from performing certain internal controls that would be preferred. A fundamental concept of internal control is the separation of duties. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. (See PDF Page 47) | SD | 2017 (FY 2014-15) | The City is a small municipality with only six employees. Two of the employees are office/administration, City Clerk and Utilities Billing Clerk. Between the two clerks, the City tries to have a checks and balance system in place (with duty separations as suggested by the City's accountants (auditors)). The response includes specific information relating to compensating controls implemented by the City. The City works diligently to keep duties separated as much as possible with a limited staff. | No |

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| Town of Penney Farms | Clay County | 2011-1 - Financial Statement Preparation: The Town does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements or draft financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. (See PDF Page 49) | N/A | 2017 (FY 2014-15) | The Town is a very small government and has used available resources to hire a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The Town has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Town does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. | No |
| Town of Pierson | Volusia County | 2009-01 - Financial Statement Preparation: Management requested the auditors to prepare a draft of the financial statements, including the related notes to the financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management did not prepare the financial statements. The absence of controls over the preparation of the financial statements is considered a material weakness because there is a reasonable possibility that a material misstatement of the financial statements could occur and not be prevented, or detected and corrected, by the entity's internal control. (See PDF Page 40) | MW | 2017 (FY 2014-15) | Due to limited staff and resources, this area may never be fully resolved. | No |

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|--------------------------------|-------------------------------|--|-----------------|---|--|---|
| Town of Pierson (continued) | Volusia County (continued) | 2009-02 - Segregation of Duties: The Town Clerk is responsible to all accounting functions. The auditors recommend that monthly financial statement balances be reviewed by a council member or another employee of the Town. They should be reviewed by someone who can determine whether the balances are reasonable. The auditors also recommend that bank statements be received by a Council member or someone independent of cash receipts and disbursements and canceled checks should be reviewed for unusual items. (See PDF Page 41) | MW | 2017 (FY 2014-15) | Due to limited staff and resources, this area may never be fully resolved. The Town is continually looking for ways to implement compensating controls to help mitigate some of the inherent risks that exist in a small entity. | No |
| Town of Pomona Park | Putnam County | 2009-IC-1 - Segregation of Duties: Because of the number of personnel in the finance department, there is a lack of separation of duties between employees that prepare the transactions and those that review the transactions. (See PDF Page 58) | SD | 2017 (FY 2014-15) | The Town is a small municipality with only five employees. Three are with the Maintenance Department and the other two are the Town Clerk and Accounting Clerk, making it difficult to address the segregation of duties. The response includes specific information relating to compensating controls implemented by the Town. With the precautions taken, it is working well for the Town. In fact, errors/oversights have been detected and resolved during the review process. With the size of the workforce, the City is doing everything possible to address the finding. | No |
| Town of Ponce de Leon | Holmes County | 2007-04 - Financial Statement Preparation: There is no Town personnel with experience, background, and knowledge of the governmental accounting and financial accounting standards to prepare the financial statements internally, including full note disclosures as required by those standards. The auditors recommend that Town personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the financial statements. (See PDF Page 47) | MW | 2017 (FY 2014-15) | The Town has hired a new clerk, who had a tenure with the federal government as the Admin/Finance officer for the National Disaster Medical System, under FEMA. Her experience and background has given her some basic knowledge of governmental accounting. | 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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|--------------------------------------|------------------------------|---|-----------------|---|--|---|
| Town of Ponce de Leon (continued) | Holmes County (continued) | 2005-02 - Separation of Duties: The Town lacks sufficient personnel to appropriately separate all accounting functions. The auditors recommend that the Council implement detection controls independent of the Clerk to monitor daily activities. (See PDF Page 46) | MW | 2017 (FY 2014-15) | Due to the Town's current financial situation, this issue cannot be resolved at this time. The Town is developing a plan to address this issue so that when funding becomes available a second financial employee can be hired. | No |
| Town of Sewall's Point | Martin County | 2011-1 - Organizational Structure: The size of the Town's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. The auditors recommend that the Commission/Town Manager remain involved in the financial affairs of the Town to provide oversight and independent review functions, along with the continued efforts of the Town staff. (See PDF Page 39) | N/A | 2017 (FY 2014-15) | The Town is a 1.2 square mile peninsula populated by approximately 2,000 residents, served by a police force of ten and a civilian staff of six. Despite the challenges of a small staff, the Town has successfully addressed this challenge and established procedures to safeguard its public funds. The response includes specific information relating to compensating controls implemented by the Town. | No |
| Town of Sneads | Jackson County | 2007-001 - Financial Reporting: The Town relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles. Since the auditor cannot be a part of an entity's system of internal accounting control, the Town's system of internal accounting control over the financial reporting is not sufficient by itself to prevent, detect or correct misstatements in the audited financial statements. The auditors recommend that the Town continue to consider the effects of the cost of developing and benefits of implementing a system of internal control, noted above, as compared with understanding that, due to the size of its accounting department, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles. (See PDF Page 60) | MW | 2017 (FY 2014-15) | It is not financially feasible to resolve this issue. | No |

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| City of Sopchoppy | Wakulla County | 16-001 - Preparation of Financial Statements: The City is not capable of drafting the financial statements and all required disclosures in conformity with generally accepted accounting principles. The auditors recommend no change because it would be cost prohibitive for the City to engage another accounting firm to draft the financial statements and related disclosures in advance of year-end audit procedures. (See PDF Page 48) | SD | 2017 (FY 2014-15) | The City Clerk is currently obtaining continuing education on governmental financial statements and is hoping to resolve this finding in the FY 2016-17 audit. | No |
| Town of St. Lucie Village | St. Lucie County | 2016-1 - Organizational Structure: The size of the Town's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimal segregation of duties. The auditors recommend that the Commission remain involved in the financial affairs of the Town to provide oversight and review functions to assist the segregation of duties in the accounting department. [Note: This finding has no number in the original audit report (See PDF Page 21); it is referred to as #2016-1 in the Revised Management Letter (see PDF Page 3).] | 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 | 2016-001 - Segregation of Duties: The same person within the accounting department handles cash and checks and posted receipts and disbursements to the utility ledger. The auditors recommend that the City have another designated person receive all cash and checks and to make required deposits and return a summary of receipts along with a validated deposit slip before turning them over to the accounting department. (See PDF Page 38) | MW | 2017 (FY 2014-15) | The financial resources of the City are limited. The City has two employees who must perform all accounting duties. The City will try to segregate duties of handling cash, checks, posting receipts, and disbursements whenever possible. The City has also engaged another outside CPA firm to assist in bank reconciliations and budget versus actual comparisons to present for the City Council on a monthly basis. Therefore, as a compensating control, the City Council reviews the financial statements and budget comparison on a monthly basis. This control provides the additional level of review necessary to mitigate the lack of segregation of duties finding. | No |
| City of Trenton | Gilchrist County | 2009-1 - Financial Statement Preparation: The City does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements and related notes or draft the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. (See PDF Pages 60-61) | SD | 2017 (FY 2014-15) | The City is a very small government and has used available resources to hire a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. | No |

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| City of Waldo | Alachua County | 2011-1 - Financial Statement Preparation: The City does not have the expertise necessary to prevent, detect, and correct misstatements in financial statements. The City is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. (See PDF Pages 54-55) | SD | 2017 (FY 2014-15) | The City is a very small government and has used available resources to hire a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. | No |
| Town of Wausau | Washington County | 2010-02 - Financial Statement Preparation: The Town's finance officer lacks the experience, background and knowledge of governmental accounting and financial accounting standards to prepare the Town's financial statements including all note disclosures in accordance with generally accepted accounting principles. The auditors recommend that Town personnel continue to develop their knowledge of generally accepted accounting principles in order to prepare the financial statements and that a current disclosure checklist from the AICPA be used to ensure propriety and completeness of the footnotes. (See PDF Page 56) | MW | 2017 (FY 2014-15) | The Clerk is a 30+ year employee with local government with 20+ years as the Town Clerk in Wausau. The Town provides and will continue to provide continuing education for its staff but due to the limited funding the Town will not ever be able to have a CPA on staff. | No |

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| Town of Wausau (continued) | Washington County (continued) | 2010-01 - Segregation of Duties: The Town lacks sufficient clerical personnel to design and implement adequate separation of duties. The Town presently employs only one full-time clerical employee. This individual's responsibilities include billing, collecting, receipting, depositing and recording all revenues. Additionally, she is also responsible for preparing and documenting all disbursements. This results in an inadequate separation of duties relating to the control and recording of receipts and disbursements. The auditors recommend that the Mayor and/or Council monitor daily activities. (See PDF Page 56) | MW | 2017 (FY 2014-15) | The Town fully realizes the hazards of a one-person office but, due to the financial status of the Town and budget constraints, this will be an ongoing default; however, the Town utilizes NCBA trainees to alleviate some of the problems. The response includes specific information relating to compensating controls implemented by the Town. | No |
| City of Wewahitchka | Gulf County | 2011-1 - Financial Statement Preparation: The City does not have the expertise necessary to prevent, detect, and correct misstatements in the financial statements. The City is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. These are deficiencies in internal control. (See PDF Pages 55-56) | SD | 2017 (FY 2014-15) | The City is a very small government and has used available resources to hire a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports. The City has confidence in the audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City does not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. | No |

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| City of Wildwood | Sumter County | 2016-001 - Financial Reporting: The auditors proposed material adjustments to the City's financial statements. Also, it was necessary for the auditors to assist the City with the preparation of the financial statements. The auditors recommend that the City consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 57) | MW | 2017 (FY 2014-15) | Due to limited staff and resources, the City has depended on its auditors to provide certain services that have resulted in this finding. Understanding the importance of having a completely independent audit report, staff is working toward lessening reliance on the auditors as a resource to complete the City's financial statements. Each year the City is taking steps to have the staff assume additional components of the preparation of the financial statements. Although the City cannot guarantee that this finding will be fully eliminated within the next three years, staff is striving to work toward that goal. | No |
| Town of Windermere | Orange County | 16-01 - Internal Controls Over the Preparation of Financial Statements: The Town does not have the necessary expertise to draft the financial statements without assistance from the auditors. The auditors recommend continued training of existing staff to improve financial reporting. (See PDF Page 48) | SD | 2017 (FY 2014-15) | Due to the small size, limited staff and resources of the Town, management acknowledges and accepts this deficiency. However, the material weakness was partially corrected earlier. As noted in a prior audit report, the Finance Director's skills at recording financial transactions in accordance with generally accepted accounting principles have improved such that the auditors did not report a material weakness, but did report a significant deficiency. This deficiency may never be fully resolved and it may not be possible, practical or feasible for the Town to perform this function internally. | No |

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| Town of Yankeetown | Levy County | 2016-001 - Separation of Duties: Because of the limited number of available personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be properly detected. The auditors recommend that the Council provide ongoing monitoring procedures to help mitigate this internal control deficiency. (See PDF Page 43) | MW | 2017 (FY 2014-15) | The Town is a 500-person community with one full time Town Clerk/Treasurer and 2 part-time office employees. Addition of more staff is financially not feasible, and the Town Council believes that sensitive financial duties cannot be reasonably and safely delegated to personnel who are untrained in proper financial management procedures and who are not trusted long-term full-time employees. The response includes specific information relating to compensating controls implemented by the Town. | No |

FOOTNOTE/LEGEND:

1. Most of 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.

Note: All audit reports and responses received from entities that are referenced in this document are available online as follows:

- Audit reports: Local governmental entity audit reports are accessible from the Auditor General's website, <https://flauditor.gov/>, by selecting "Filed Reports" under the heading "Reports Filed with the Auditor General" in the left column.
- Entity responses: All entity responses are accessible from the Committee's website (search "FL JLAC" in your browser), by selecting "Audit Findings Not Corrected – Correspondence" from the home page; then scroll to the bottom of the page to select the type of entity.

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|---|---------------|---|-----------------|---|--|---|
| Amelia Concourse Community Development District | Nassau County | 2013-01/2014-01/2012-01 - Debt Administration: Reserve Requirement: The Debt Service Reserve Requirement was not met at fiscal year-end. The auditors recommend that the District make the necessary arrangements to ensure funds are available to make debt service payments. (Also see Addendum to Management Letter, PDF Page 2) (See PDF Page 35) | N/A | 2017 (FY 2014-15) | Prior year correspondence described the history and status of the District; the Special Purpose Entity (SPE) that was created to hold foreclosed property continued to fund its share of the District's operating and maintenance costs and was actively marketing the property for resale. After the sale of the property, the net proceeds from the sale will be paid to the bondholders. On October 26, 2015, the District approved a purchase and sale agreement between the SPE and a developer for the developer to acquire all remaining undeveloped land within the District in two transactions. The first transaction (conveyance of Phase II lands) closed on January 15, 2016. Until the second transaction (acquiring Phase III lands) is completed, the SPE will continue to fund a portion of the District's operations and maintenance costs. As a result of the acquisition, the District's audit comments should be eliminated from future audit reports. Most recent status: The second transaction has not yet been completed. | Yes |
| | | 2013-02/2014-02/2012-02 - Financial Condition: Financial Condition Assessment: The District's financial conditions continue to deteriorate, and the future of the project remains uncertain. The Debt Service Fund has reported deficit fund balances at the end of the last five fiscal years. Nonpayment of assessments by the former developer caused there to be insufficient funds available to make certain prior year required debt service payments. The District did not make the current year principal payment, any of the past due interest payments, or make the full payment of current year interest due. The auditors recommend that the District take the necessary steps to improve the deteriorating financial condition. (Also see Addendum to Management Letter, PDF Page 2) (See PDF Page 36) | N/A | 2017 (FY 2014-15) | See response for Finding #2012-01/2013-01/2014-01 above. | Yes |

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| Arborwood Community Development District | Lee County | 2015-01 - Noncompliance with Provisions of Trust Indenture: The District did not adequately meet the reserve requirement on the Series 2005A Capital Improvement Revenue Bonds as set forth in the Trust Indenture. The auditors recommend that the District make the necessary arrangements to ensure funds are available to make debt service payments. (See PDF Page 37) | N/A | N/A | N/A | Yes |
| Buckeye Park Community Development District | Manatee County | IC2016-01 - Supporting Documentation: The Trust Estate paid approximately \$153,000 of recorded expenditures relating to the Special Purpose Entity for which no supporting documentation was available to verify their existence, appropriateness, and proper classification. The expenditures were made from a trust account over which District management has no direct control or authority. The funds were removed from the account by the Bond Trustee and transferred to a different account. No supporting documentation was provided to District management regarding the use of these funds. The auditors recommend that the District continue to pursue the supporting documentation and continue to explain to those involved the important of transparency when using governmental-entity funds. (See PDF Page 31) | MW | N/A | N/A | Yes |

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|---|-------------------------------|--|-----------------|---|---|---|
| Buckeye Park Community Development District (continued) | Manatee County (continued) | IC2016-02 - Debt Administration: The District is not in compliance with certain provisions of its Bond Indenture including those relating to: (1) levying and collecting assessments to provide payment of debt service; (2) maintaining adequate funds in debt service reserve accounts; and (3) making its semi-annual debt service principal and interest payments. (See PDF Pages 31-32) | N/A | 2017 (FY 2014-15) | The District Bonds are in default solely due to the former developer abandonment of a portion of the project, including the fact that no new developer has shown interest in acquiring the property as of this writing. The District has a final judgment in favor of the District for the delinquent properties and has foreclosed on all of the delinquent properties. The District has thus fully complied with the obligations set forth in the indenture in the event of special assessment defaults, and has fully cooperated with direction provided by the Indenture Trustee with respect to the defaults. As such, although the assessments remain unpaid due to economic conditions, the District has and will continue to work closely with the Trustee and bondholders toward a solution. | Yes |
| CFM Community Development District | Lee County | IC2010-1 - Debt Administration: At fiscal year-end, the District was not in compliance with certain provisions of its Debt Service Bond indenture, including those relating to: (1) collecting amounts to provide payment of debt service; (2) maintaining adequate funds in debt service reserve accounts; and (3) making its semi-annual debt service principal and interest payments. (See PDF Page 31) | N/A | 2017 (FY 2014-15) | The District and Bondholders have been working to alleviate this issue. During a prior year, the Trustee and Bondholders formed a Special Purpose Entity (SPE) to take ownership of the undeveloped land subject to certain delinquent debt service assessments. During FY 2012-13, the District, Trustee, SPE, and the delinquent landowner entered into a Project Transfer and Transition Agreement, whereby, among other things, the delinquent landowner conveyed its interest in certain areas of its developable property within the District to the SPE. Certain debt service assessments remain delinquent and, once collected, will be used to pay past due debt service payments. At this time, it is uncertain if the debt service reserve will be replenished. There is no change to the status of the finding. | Yes |

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| Chapel Creek Community Development District | Pasco County | 12-01 - Failure to Make Debt Service Payments When Due: In current and prior years, the District did not pay all of the principal and interest due on the Series 2006A Bonds. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition described in Florida Statutes. The auditors recommend the District utilize all remedies available to bring debt service payments current. (See PDF Page 37) | N/A | 2017 (FY 2014-15) | The Trustee, on behalf of the bondholders, created a Special Purpose Entity (SPE) to own, manage, and dispose of the land purchased at a tax deed sale. The District, Trustee, and SPE entered into a tri-party agreement whereby the SPE assumed responsibility for the prior year debt service assessments owed to the District related to the land owned by the SPE. The Trustee has temporarily deferred payment of the principal and interest on the bonds and has directed the District to defer collection of debt service assessments until such time as the District receives notice from the Trustee to the contrary. | Yes |
| | | 12-03 - Failure to Include Component Unit Financial Statements in the Financial Report: The District did not include the Special Purpose Entity (SPE) New Chapel Creek, LLC as a component unit in the District's financial report as required by generally accepted accounting principles. The auditors recommend that the District include the SPE as a blended component unit of the District's government-wide and fund financial statements. (See PDF Page 36) | MW | 2017 (FY 2014-15) | Management does not agree that the SPE should be included as a blended component unit on the government-wide financial statements. It is the position of the auditor that it should be included. The finding will not be resolved until the SPE has sold the property it holds and is dissolved. | Yes |
| | | 12-04 - Land Held for Resale Not Recorded: No appraisal was performed on the land held for resale owned by the Special Purpose Entity (SPE) Chapel Creek CDD Holdings, LLC. As a result, the market value of the land could not be determined at fiscal year-end, and no amount was recorded in the financial statements for this asset. The auditors recommend that an appraisal should be performed on the land held for resale to determine its value and the land should be recorded in the financial statements. (See PDF Page 36) | MW | 2017 (FY 2014-15) | No appraisal was performed on the land owned by the SPE. Management does not agree that the SPE is an asset of the District, thus no appraisal is performed and no market value of land can be determined and no value is recorded in the financial statements for the asset. | Yes |

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| City Center Community Development District | Polk County | 2015-01 - Failure to Meet Debt Service Reserve Account Requirements: The District did not adequately meet the reserve requirements on the Series 2005A and 2007A Special Assessment Revenue Bonds as set forth in the Trust Indenture. The auditors recommend that the District make the necessary arrangements to ensure funds are available to make debt service payments. (See PDF Pages 35-36) | N/A | 2017 (FY 2014-15) | Following five years of litigation and bankruptcy proceedings relating to developer defaults on the Series 2005A and Series 2007 A Bonds (collectively the "Bonds"), the District's bondholders acquired title to the undeveloped and non-performing property (Property) in the District during September 2014, and began the process of restoring the District's financial condition. Subsequently, during March 2015, the District entered into a Forbearance Agreement with the bondholders and the successor developer (a landowner entity 100% controlled by the bondholders) for the purpose of formally suspending payment and other obligations under the trust indentures securing the Bonds. The Forbearance Agreement, as amended, expires March 2019 and is designed to provide time for (i) the successor developer to reposition the Property for sale in the marketplace and (ii) the bondholders to recoup their investment in the Bonds. As of April 2015, the successor developer provided the District with sufficient funding to bring its general account deficit current and resume relatively normal maintenance operations. The District continues to receive funding from the successor developer for such purposes. Most recent status: In March 2017, a significant portion of the Property was sold. The proceeds of this and future property sales belong to the bondholders and allows the bondholders to recoup their investment in the defaulted Bonds. The indebtedness evidenced by the remaining Bonds will likely be restructured or redeemed in this manner through future Property sales. Through this process, the financial conditions noted by the auditor should ultimately be resolved. | Yes |

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|--|----------------------------|---|-----------------|---|---|---|
| City Center Community Development District (continued) | Polk County (continued) | 2015-02 - Financial Condition Assessment: The District has a net position deficit and net governmental funds balance deficit. Current status: The District's bonds were bifurcated into performing and non-performing portions. The District resumed making debt service payments on the performing portion of the bonds and entered into a forbearance agreement for the non-performing portion of the bonds. The auditors recommend that the District utilize all remedies available to alleviate deteriorating financial conditions. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | See response to Finding #2015-01 above. | Yes |
| Clearwater Cay Community Development District | Pinellas County | IC2009-1 - Debt Administration: The District is not in compliance with certain provisions of its bond indenture including those relating to: 1) levying and collecting assessments to provide payment of debt service, 2) maintaining adequate funds in debt service reserve accounts, and 3) making its semi-annual debt service principal and interest payments. (See PDF Pages 31-32) | N/A | 2017 (FY 2014-15) | The District's audit finding relates to the District's lack of full payment of its bond debt payments. Unfortunately, the former developer of the land within the District encountered financial difficulties during the economic downturn and was not able to pay District bond debt service assessments assigned to the developer's property. The District's inability to collect its bond debt service assessments caused the District to default on its bond debt service obligations. The property within the District served as the security for the repayment of the District's bond debt. Thus, pursuant to the trust indenture, the District initiated a foreclosure suit to gain ownership of all developer-owned property located within the District several years ago. The District's foreclosure suit was eventually successful and title to all developer-owned property within the District was obtained. The foreclosed property was held by a special-purpose entity controlled by the District for the benefit of its bondholders. The District, working cooperatively with the bond trustee and bondholders, recently sold the foreclosed property that served as security for the defaulted bond debt. Due to the District's sale of the foreclosed land (at the direction of the District's bondholders), District staff members now consider the District's financial problems substantially solved. | Yes |

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

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|---|--------------------------------|---|-----------------|---|--|---|
| Clearwater Cay Community Development District (continued) | Pinellas County (continued) | IC2014-1 - Supporting Documentation: The District has approximately \$187,000 of revenues and \$245,000 of expenditures recorded relating to the Special Purpose Entity that have no supporting documentation available to verify their existence, appropriateness, completeness and proper classification. The activity was recorded in a trust account over which District management has no direct control or authority. The funds were removed from the account by the Bond Trustee and transferred to a different account. No supporting documentation was provided to District management regarding the receipt or use of these funds. The auditor understands that District management has attempted to obtain the supporting documentation but has been denied access by the Bond Trustee. The auditor recommends the District continue to pursue the supporting documentation and continue to explain to those involved the importance of transparency when using governmental-entity funds. (See PDF Page 31) | MW | N/A | N/A | Yes |
| Concorde Estates Community Development District | Osceola County | 13-01 - Financial Condition Assessment: 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 37) | N/A | 2017 (FY 2014-15) | The restructuring agreement remains in effect, and will remain in effect, until the remaining lots are sold and Special Purpose Entity (SPE) is dissolved. The District's position is that corrective actions, to the extent it can at this time, have been taken. However, the finding will remain until all lots are sold by the SPE and the remaining bonds are paid or extinguished per the Trust Indenture. | Yes |

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|---|-------------------------------|--|-----------------|---|--|---|
| Concorde Estates Community Development District (continued) | Osceola County (continued) | 12-01 - Failure to Include Component Unit Financial Statements in the Financial Report: The District did not include the Special Purpose Entity (SPE) as a component unit in the District's financial report. 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 36) | MW | 2017 (FY 2014-15) | Management does not agree that the Special Purpose Entity (SPE) should be included as a discretely-presented component unit on the government-wide financial statements. Management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit for the following reasons: (1) The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE; (2) The District will not benefit from the activities of the SPE; and (3) When the land held by the SPE is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt, and the District will not be responsible for any deficiency between the net proceeds of the sale of the land and the associated Bond debt. | Yes |
| Connerton West Community Development District | Pasco County | 13-02 - Failure to Make Debt Service Account Reserve Requirements: Debt Service Reserve Accounts for the Series 2006A Bonds were deficient at fiscal year-end. The auditors recommend that the District utilize all legal remedies available to replenish the Debt Service Reserve Accounts. (See PDF Page 35) | N/A | 2017 (FY 2014-15) | The reserve was not replenished at year-end. The District's position is that corrective action, to the extent it can be at this time, has been taken. However, this finding will remain until the reserve fund is replenished. | Yes |
| Creekside Community Development District | St. Lucie County | 2016-01 - Financial Condition Assessment: Deteriorating financial conditions were noted. At fiscal year-end, the District reported deficit fund balances in the general fund and the debt service funds. The Developer and the Landowners have largely stopped funding the District, and the future of the project remains uncertain. A significant portion of the assessments for fiscal years 2009-2015 remain delinquent. As a result, the District did not have sufficient funds to make certain scheduled debt service payments in the prior, current, and subsequent fiscal years. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 30) | N/A | 2017 (FY 2014-15) | The prior year response stated: The District has authorized filing of a foreclosure lawsuit against one of the major landowners with delinquent assessments on their property. The District will not be able to correct the auditor's findings until successful completion of the foreclosure lawsuit and sale of the property. Most recent status: Please be advised there has been no material additional corrective action taken by the District from what was provided in the prior response. | Yes |

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| Crossings At Fleming Island Community Development District, The | Clay County | 15-01 - Failure to Make Debt Service Payments When Due: In the current and prior years, the District did not pay the entire principal and interest due on the Golf Course Revenue Bonds Series 1999. The auditors recommend that the District utilize all remedies available to bring debt service Reserve payments current. (See PDF Page 44) | N/A | 2017 (FY 2014-15) | The District has recently completed approximately \$1.5M of capital improvements designed to improve the financial performance of the golf course and its related facilities. While the course is not yet generating sufficient excess revenues to resolve the issues addressed in the FY 2014-15 audit report, the Board of Supervisors continues to work diligently toward that goal. | Yes |
| | | 15-02 - Failure to Meet Debt Service Reserve Account Requirement: At fiscal year-end, the Debt Service Reserve Account was deficient. The balance in the Debt Service Reserve Account was used to pay debt service requirements. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 45) | N/A | 2017 (FY 2014-15) | The District has recently completed approximately \$1.5M of capital improvements designed to improve the financial performance of the golf course and its related facilities. While the course is not yet generating sufficient excess revenues to resolve the issues addressed in the FY 2014-15 audit report, the Board of Supervisors continues to work diligently toward that goal. | Yes |
| Deer Run Community Development District | Flagler County | 2016-01 - Reserve Requirement: The Debt Service reserve requirement for the Series 2008 Bonds was not met at fiscal year-end. The auditors recommend that the District should make the necessary arrangements to ensure funds are available to make debt service payments. (See PDF Page 35) | N/A | 2017 (FY 2014-15) | The property subject to delinquent debt service assessments securing the repayment of the District's Special Assessment Bonds, Series 2008, has been sold to a national builder. The national builder is in the process of negotiating with the bondholders to resolve all matters related to this finding. The District is hopeful that the process will be finalized prior to the end of this fiscal year, and the FY 2016-17 audit report would indicate that this finding is corrected. The District's operating revenues continue to exceed its operating expenses. | Yes |

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| Deer Run Community Development District (continued) | Flagler County (continued) | 2016-02 - Financial Condition Assessment: The District's financial condition continues to deteriorate. As of fiscal year-end, the District reported a fund balance deficit for which sufficient resources were not available to cover the deficit in the debt service fund. The District has not had sufficient funds to make a scheduled debt service payment since November 2011, and the Series 2008 Bonds remain in default. Also, the 2008 Construction Project was halted, and the future of the project remains uncertain. The auditors recommend that the District continue taking the necessary steps to improve the deteriorating financial condition. (See PDF Page 35) | N/A | 2017 (FY 2014-15) | The property subject to delinquent debt service assessments securing the repayment of the District's Special Assessment Bonds, Series 2008, has been sold to a national builder. The national builder is in the process of negotiating with the bondholders to resolve all matters related to this finding. The District is hopeful that the process will be finalized prior to the end of this fiscal year, and the FY 2016-17 audit report would indicate that this finding is corrected. The District's operating revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the state. | Yes |
| Desoto County Hospital District | DeSoto County | 2016-001 - Financial Reporting: The District does not currently have the visibility in their patient accounts and through information received from the fiscal intermediary to sufficiently or adequately identify all individual patient balances and claims that are subject to recoupments and recoupment notifications. It does not have policies and internal controls in place to ensure it can adequately track Recovery Audit Contractor (RAC) activity at the patient level and estimate the reserves. The auditors recommend that the District establish more effective review and reconciliation policies and procedures as part of the RAC process and work with the fiscal intermediary to get better information to track recoupments. (See PDF Page 36) | SD | N/A | N/A | Yes |

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| Durbin Crossing Community Development District | St. Johns County | 2011-01 - Debt Administration: The District continues to not be in compliance with certain provisions of the 2006-1 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 34) | N/A | 2017 (FY 2014-15) | The depletion of the Reserve Account resulted from the District's collection and enforcement against an owner of a parcel of land (Delinquent Land) that failed to pay debt service assessments (Series 2006-1 Assessments). As a result of that failure, the Delinquent Land was the subject of protracted foreclosure and bankruptcy proceedings. In order to deal with the assessment delinquency and subsequent repositioning of the Delinquent Land, the District's bondholders utilized funds in the Reserve Account. In May 2014, fee title to the Delinquent Land was obtained by a Special Purpose Entity (SPE) established by the District's Bond Trustee for the benefit of owners of another series of bonds issued by the District (Series 2005A), which have since been refunded and are no longer outstanding. The District subsequently entered into a forbearance agreement with the Bond Trustee and the SPE, upon direction of the majority bondholders, providing for payment of debt service assessments by a date certain. The Delinquent Land was sold to a national homebuilder in December 2015. As part of that transaction, the 2006-1 assessments on the Delinquent Land were brought current and a new two-year forbearance agreement was entered into with respect to the 2006-1 assessments on the Delinquent Land with the consent of the Bond Trustee and bondholders. Accordingly, the Delinquent Land is now performing in accordance with applicable District resolutions and agreements. It is important to note that the First Amendment to the Fourth Supplemental Trust Indenture provides that the District is not required to replenish the 2006-1 Reserve Account to the extent monies were withdrawn by the Bond Trustee to pay for remedial expenses. The District does not presently intend to replenish the 2006-1 Reserve Account and there have been no requests by the District's Bond Trustee or bondholders to do so. | Yes |

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

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| Fiddler's Creek Community Development District Number 2 | Collier County | 2010-1 - Debt Administration: The Series 2003A and 2003B reserve accounts reflect deficits at fiscal year-end. The auditors recommend that the District maintain the required reserve account balance. (See PDF Page 39) | N/A | 2017 (FY 2014-15) | As indicated in the District's responses for the past several years, the District is a party in a number of legal actions including Contract, Tort, Declaratory, and the Interpleader action that is specific to the 2003A and 2003B Debt Service Funds. With a global mediation, in these various legal actions, having been scheduled a couple of months back for early June, the District was hopeful that it would be able to provide a positive update; however, no settlements have been reached and it appears all legal actions, including those affecting the 2003A and 2003B Bonds, will continue through the legal process. | Yes |
| | | 2013-1 - Debt Administration: The District did not meet the debt service requirements for the Special Assessment Revenue Bonds, Series 2003A and 2003B for the current fiscal year. The auditors recommend that the District make the debt service payments when due. (See PDF Page 39) | N/A | 2017 (FY 2014-15) | See response to Finding #2010-01 above. | Yes |
| Fred R. Wilson Memorial Law Library | Seminole County | ITEM 3 - Electronic Cash Disbursements: 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. The auditors recommend that the Library institute a Trustee approval step prior to electronically disbursing the funds. (See PDF Page 29) | N/A | N/A | N/A | Yes |
| Gilchrist Soil and Water Conservation District | Gilchrist County | 14-01 - Financial Statement Preparation Knowledge: Lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that District personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Pages 23-24) | MW | N/A | N/A | Yes |

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| Gramercy Farms Community Development District | Osceola County | 12-03 - Failure to Meet Debt Service Reserve Account Requirement: The District did not maintain the minimum balance in the Series 2007 Debt Service Reserve Accounts. The Debt Service Reserve Accounts were deficient at fiscal year-end. The auditors recommend that the District utilize all legal remedies available to collect assessments and replenish the Debt Service Reserve Accounts. (See PDF Page 32) | N/A | 2017 (FY 2014-15) | The District has taken all necessary and available actions in order to comply with the Trust Indenture. A SPE was formed and took ownership of the unplatted land. During a prior year, the bonds were restructured to enable the District to continue with development of the property and completion of the construction project as amended. Due to the restructure, there is no anticipation that funds deposited in the trust accounts will be used to replenish the reserve account relating to the Series 2007 bonds. Such bonds will either be paid off or forgiven when all SPE land is sold. | Yes |
| | | 12-04 - Financial Condition Assessment: The District's financial condition has deteriorated. In a prior year, the Developer failed to pay debt service assessments, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The restructured agreement requires no current payments, and the Special Purpose Entity (SPE) is now funding the District; however, the overall effect of these actions on the District's financial condition cannot be determined at this time. The auditors recommend that the District utilize all legal remedies available to improve the present financial condition. (See PDF Page 35) | N/A | 2017 (FY 2014-15) | In a prior year, the Developer failed to pay debt service assessments, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The restructured agreement requires no current payments, and the SPE is now funding the District; however, the overall effect of these actions on the District's financial condition cannot be determined at this time. The District's position is that corrective action, to the extent it can be at this time, has been taken. | Yes |

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|---|-------------------------------|---|-----------------|---|--|---|
| Gramercy Farms Community Development District (continued) | Osceola County (continued) | 12-01 - Failure to Include Component Unit Financial Statements in the Financial Report: The Special Purpose Entity (SPE) is not included as a component unit in the District's financial report. The auditors recommend that the District include the SPE as a discretely-presented component unit of the District's government-wide financial statements. (See PDF Pages 34-35) | N/A | 2017 (FY 2014-15) | Management does not agree that the Special Purpose Entity (SPE) should be included as a blended component unit on the government-wide financial statements. Management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit for the following reasons: (1) The District has no ownership and/or control over this SPE and in no way can it impose its will on this SPE; (2) The District will not benefit from the activities of this SPE; and (3) When the land held by the SPE is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt. The District will not be responsible for any deficiency between the net proceeds of the sale and the associated Bond debt not satisfied or secured by assessments. | Yes |
| Hardee Soil and Water Conservation District | Hardee County | 2016-001 - Preparation of Financial Statements: District management requested the auditors to prepare a draft of the financial statements, including the notes to the financial statements and the Schedule of Expenditures of State Projects. In addition, the District incorrectly posted expenditures when they cleared the bank instead of when the check was prepared. The District has no employees. The auditors recommend that District management be aware of the responsibilities regarding financial reporting and continue to evaluate the cost/benefit of outsourcing this function. If management chooses to undertake these financial reporting responsibilities, personnel with training and experience in financial statement preparation will need to be hired and a number of policies, procedures, and reviews will need to be developed and implemented. (See PDF Page 26) | MW | N/A | N/A | Yes |

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| Health Care District of Palm Beach County | Palm Beach County | 2016-003 - Information Technology: No formal documented periodic user access reviews are performed for Active Directory (Network) or Administrative and Super User Access. The auditors recommend that District management implement a formal, documented, periodic Active Directory and Administrative and Super User Access review to facilitate the appropriateness of access and perform the reviews at least annually. The auditors also recommend that actions be logged and the remediation tracked of anomalies identified from the review. (See PDF Page 126) | N/A | N/A | N/A | Yes |

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| Heritage Isles Community Development District | Hillsborough County | <p>2009-01 - Financial Condition: 2009-01: The District continues to meet a condition described in Section 218.503, Florida Statutes, in that it failed to make the required debt service payments on the Series 1999 Recreational Revenue Bond., which are secured by the pledged revenue of the Golf Course and Restaurant. (See PDF Page 44 of 47)</p> <p>2014-01: The Restaurant and Golf Course operated at a deficit for the fiscal years ended 9/30/2014, 9/30/2015, and 9/30/2016. Although the Restaurant was leased to a new tenant during the 2014-15 fiscal year, a lease dispute occurred, and the tenant stopped paying the rent. During the current fiscal year, an amended lease was signed, and the tenant began paying rent for five months before defaulting again. Renovations to the Restaurant started during the current fiscal year and are to be completed in the 2016-17 fiscal year. Subsequent to fiscal year-end, an amended lease was signed, and the tenant will begin making payments after renovations are completed. (See PDF Page 45 of 47) (See PDF Page 45)</p> | N/A | 2017 (FY 2014-15) | <p>Prior years' correspondence described a brief history and status of the District, stating that the District's Recreational Revenue Bonds are true "revenue bonds," solely payable from and secured by the "Pledged Revenues" for the Bonds, effectively defined in the Bond Indenture as the net operating revenues from the golf course and restaurant. Therefore, if the golf course and restaurant fail to generate net operating profits, the bondholders do not receive payment. The Board has diligently worked to reduce the operational expenses and maximize profitability of the golf course related operations; however, such operations did not generate sufficient net operating revenues to make further payments on the Bonds for FY 2012-13 through current. Most recent status: The financial condition of the golf course facilities remains unchanged, in that the operating revenues fall short of funding all of the annual costs and expenses associated with the golf course facilities. No material changes or events have occurred since the prior year response, and the financial performance of the golf course facilities remains relatively static due to market conditions, the age of the course, and weather conditions during the most recent fiscal year. The Board is very attentive to this condition and continues to take corrective action to favorably address the audit finding. For example, during FY 2015-16, the District incurred significant expense renovating the "greens" to ensure the golf course will remain competitive and attractive in the market place. In addition, a renovation of the restaurant facilities was recently completed and should result in improved food service operations.</p> | Yes |

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| Holmes Creek Soil and Water Conservation District | Holmes County | 2014-01 - Expenditures/Expenses: It was noted during the audit that a Board member does not approve invoices prior to payment. The auditors recommend that a member of the Board of Directors review and approve invoices prior to their payment to ensure proper internal controls are in place. (See PDF Page 33) | N/A | N/A | N/A | Yes |
| Immokalee Fire Control District | Collier County | 2014-04 - Increase Support for Justification of Use of Impact Fees: The District purchased many items below the capitalization threshold in which they utilized impact fee funds and posted the purchases to the capital outlay account line item. The items should be separately recorded in a non-capital outlay account or grouped if part of a larger purchase like a truck. In addition, supporting documentation for capital assets purchased with impact fees should include support that justifies the use of impact fees. The auditors recommend that the District's attorney render a written opinion on the intended purchase using impact fees prior to purchase, which should be filed with the item's invoice. (See PDF Page 81) | N/A | N/A | N/A | Yes |
| | | 2014-05 - Reconciliation of Fixed Asset and Accounting Software Should be Performed Monthly: There is no procedure for reconciling the detailed fixed asset schedules to the general ledger or capital outlay disbursements on a regular basis. The auditors recommend that the general ledger fixed asset and capital outlay accounts be reconciled to the general ledger on a monthly basis. (See PDF Pages 81-82) | MW | N/A | N/A | Yes |

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| Immokalee Fire Control District (continued) | Collier County (continued) | 2014-03 - Maintain a Check Register for the Impact Fee Operating Account: The District is not maintaining a check register for disbursements processed utilizing impact fee funds. The District is currently hand writing impact fee checks and posting the checks with a journal entry. However, the District has purchased accounting software that is being used in fiscal year 2017 that will likely eliminate this issue. The auditors recommend that the District maintain a check register for all disbursements and perform all disbursements via the accounting software. (See PDF Pages 80-81) | N/A | N/A | N/A | Yes |
| | | 2014-01 - Compensated Absences Should be Monitored for all Employees: The Fire Chief had a payout of vacation and sick time during the fiscal year, which was allowed under his contract. However, the District had not been tracking the Chief's balance of sick and vacation hours, and no record of time off taken was available to the auditors. The auditors recommend that the District track all employees' balances of sick and vacation hours throughout the year to ensure that compensated absences are complete and accurate. Additionally, the Chief's vacation and sick accrual and time taken should be Board approved. (See PDF Page 80) | N/A | N/A | N/A | Yes |
| | | 2014-02 - Accounts Payable Function Should be Utilized in the Impact Fee Fund: The District is not tracking accounts payable for items purchased with impact fees which resulted in proposed audit adjustments. The District has purchased accounting software that is being used in fiscal year 2017 that will likely eliminate this issue. The auditors recommend that the District utilize the accounts payable function in its accounting software to track and monitor accounts payable disbursements for the impact fee fund and ensure proper recording of all liabilities. (See PDF Page 80) | N/A | N/A | N/A | Yes |

MW = Material Weakness (see 2. In Legend)
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| Indian Trail Improvement District | Palm Beach County | 2016-01 - Reporting Deadlines: The District has not provided audited financial statements for fiscal year end in accordance with the requirements for the bond resolution. The auditor recommends that the District should ensure that the annual audit is completed in a timely manner, no later than 180 days after fiscal year end. (See PDF Page 69) | N/A | 2017 (FY 2014-15) | The completion of the FY 2014-15 audit was delayed due to illness of the District manager, thereby requiring the finance director to be named interim District director for approximately six months. The District's Board has selected a new auditing firm to conduct the annual financial audit beginning with FY 2015-16, and District staff is working very closely with the auditors to ensure compliance with all rules, regulations and bond covenants. | Yes |
| Indigo Community Development District | Volusia County | 2016-01 - Financial Condition Assessment: The District's financial conditions continue to deteriorate. The debt service fund had a deficit fund balance at fiscal year-end. In the prior, current, and subsequent fiscal years, major landowners in the District failed to pay significant portions of their assessments. As a result, certain debt service payments were not made, resulting in events of default. In addition, the District has not met the debt service reserve requirement. The District is economically dependent on the major landowners of the District. Furthermore, the title work necessary to commence foreclosure proceedings has been completed, but a foreclosure complaint has not yet been filed by the District. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31) | N/A | 2017 (FY 2014-15) | Prior year correspondence described history and status of the District: Major landowners failed to pay their annual debt service assessments securing the Series 1999C and Series 2005 Bonds. As a result, the District had to utilize the funds in reserve accounts to make debt service payments and subsequently utilized the uniform collection method to ensure a more secure collection method of debt service assessments. Unlike other areas of the state, the real estate market for lands within the District has not recovered. Accordingly, the District has taken various actions in coordination with the major landowners, bondholders, and bond trustee in order to resolve the continued financial problems. The District has declared the project complete for economic reasons, allowing the District to redeem \$6.8 million of outstanding bonds and reduce its annual debt service payments. Efforts to remedy this finding are ongoing between the District, major land owners, bondholders, and bond trustee. Most recent status: There has been no material additional corrective action has been taken by the District. The District's operating revenues continue to exceed its operating expenses, and the District does not require any financial assistance from the state. | Yes |

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| Jackson Soil and Water Conservation District | Jackson County | 06-002 - Budget Administration: The District did not adopt a balanced budget by resolution and is in violation of Section 189.016, Florida Statutes. The auditor recommends that the District prepare a budget in order to be in compliance with law and make necessary amendments as the year progresses. (See PDF Page 27) | N/A | 2017 (FY 2014-15) | In the future, the District will prepare a budget and file it with the Jackson County Clerk in a timely manner for the upcoming fiscal year. The District will amend the budget as necessary throughout the year and as the need arises. | Yes |
| | | 14-001 - Expenditures/Expenses: It was noted during the audit that a Board member does not approve invoices prior to payment. The auditors recommend that a member of the Board of Directors review and approve invoices prior to their payment to ensure proper internal controls are in place. (See PDF Page 32) | N/A | N/A | N/A | Yes |
| Julington Creek Plantation Community Development District | St. Johns County | 2014-01 - Budget Administration: The General Fund actual expenditures exceeded the budget for the years ended 9/30/2014, 9/30/2015, and 9/30/2016, which is in violation of Section 189.016, Florida Statutes. (See PDF Page 35) | N/A | N/A | N/A | Yes |
| Lake Ashton II Community Development District | Polk County | 2016-01 - Financial Condition Assessment: The Developer failed to pay assessments during the current and prior years. As a result, certain scheduled debt service payments were made, in part, by draws on the debt service reserve accounts which resulted in the reserve requirement not being met. Also, certain scheduled debt service payments were not made, resulting in events of default. In addition, the debt service funds reported a deficit fund balance at fiscal year-end. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 32) | N/A | 2017 (FY 2014-15) | The delinquent Series 2006 Bonds have been purchased in whole by the landowner whose property is encumbered by the delinquent debt service assessments that secure the Series 2006 Bonds, and the landowner is currently working closely with the District staff to restructure and/or cancel bonds and past due assessments to bring the bonds into good financial standing. The District is hopeful this process will be concluded before the end of FY 2016-17, and the FY 2016-17 audit report would indicate that this finding is corrected. It is important to note that the District continues to collect sufficient annual assessments to fully fund the administration, maintenance, and operation of the District and fund the annual debt service payments on the Series 2005A bonds. The District does not require or anticipate requiring any financial assistance from the state. | Yes |

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|--|-------------------|--|-----------------|---|---|---|
| Lakeside Plantation Community Development District | Sarasota County | 2016-01 - Reserve Requirement: As a result of unscheduled draws on the Series 1999 debt service reserve account to make certain scheduled debt service payments, the reserve requirement was not met at fiscal year-end. The auditors recommend that the District take the necessary steps to replenish the reserve account. (See PDF Page 29) | N/A | 2017 (FY 2014-15) | Prior year correspondence described history and status of the District relating to the District's acceptance of a deed in lieu of foreclosure of certain land within its boundary due to the nonpayment of debt service assessments levied on such property. In relation to this transaction and as permitted by the District's trust indenture, a majority of the bondholders caused a distribution of 95% of the Reserve Account in June 2004, which distribution has resulted in this ongoing audit finding. Most recent status: There have been no material changes in relation to the amount of funding in the District's Reserve Account. Given the circumstances in which the Reserve Account was depleted, the District has not previously desired to assess landowners and residents in order to replenish the Reserve Account. As in prior years, the District does not presently intend and remains under no obligation to do so. Alternatively, the District has actively investigated the viability of refinancing its outstanding Bonds, the result of which would likely require the establishment and funding of a new reserve account. Despite the Board's ongoing interest, the District has yet to be presented with any viable refinancing options. | Yes |
| Loxahatchee Groves Water Control District | Palm Beach County | 2016-01 - Budget Administration: Actual expenditures exceeded appropriations in the general fund for the fiscal year. The auditors recommend that the District amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted. (See PDF Page 39) | N/A | N/A | N/A | Yes |

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| Madeira Community Development District | St. Johns County | 16-01 - Failure to Make Debt Service Payments When Due: In the current and prior years, the District was unable to pay all of the principal and interest due on the Series 2007 Bonds because the Developer did not pay debt service assessments owed to the District. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 34) | N/A | 2017 (FY 2014-15) | The District is pursuing delinquent assessments. Subsequent to fiscal year-end, the District redeemed a portion of the 2007B Bonds. Pursuant to the Bond's Trust Indenture, Trustee, and Bondholders are authorized to direct remedial proceedings upon the failure of the District to make debt service payments on the Bonds. To date, the Bondholders have directed the District to refrain from remedial actions. Accordingly, the District is deferring to the direction of the trustee and Bondholders regarding such remedial proceedings. Should the Bondholders direct the District to commence remedial actions, the District believes it to be very likely that it would be successful in conducting such actions. | Yes |
| | | 16-02 - Failure to Meet Debt Service Reserve Account Requirement: At fiscal year-end, the Debt Service Reserve Account was deficient. The balance in the Debt Service Reserve Account was used to pay debt service requirements. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 34) | N/A | 2017 (FY 2014-15) | The District is pursuing delinquent assessments. Subsequent to fiscal year-end, the District redeemed a portion of the 2007B Bonds. Pursuant to the Bond's Trust Indenture, Trustee, and Bondholders are authorized to direct remedial proceedings upon the failure of the District to make debt service payments on the Bonds. To date, the Bondholders have directed the District to refrain from remedial actions. Accordingly, the District is deferring to the direction of the trustee and Bondholders regarding such remedial proceedings. Should the Bondholders direct the District to commence remedial actions, the District believes it to be very likely that it would be successful in conducting such actions. | Yes |

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| Magnolia Creek Community Development District | Walton County | 12-01 - Failure to Meet Debt Service Reserve Requirements: The Trust Indentures require the District to keep minimum amounts in the Debt Service Reserve Accounts. At fiscal year-end, the Series 2007 Debt Service Reserve Accounts were deficient. In prior years, Debt Service Reserves were used to pay default expenditures and debt service on the Bonds due to nonpayment by Developer and affiliates. The auditors recommend that the District utilize all legal remedies available to replenish the Debt Service Reserve Account. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | Prior years' correspondence described the history and status of the District: One of the original landowners and developers failed to pay the assessments; the District filed a foreclosure case and successfully obtained a final judgment of foreclosure. A special purpose entity (SPE) was created to own, manage, sell, and/or dispose of the land taken through foreclosure. The District, Trustee, and SPE entered into a tri-party agreement whereby the SPE assumed responsibility for and agreed to pay future operating and maintenance assessments. Most recent status: The District's position is that corrective action, within the ability of the District, has been taken relating to the finding. | Yes |
| | | 12-02 - Failure to Make Bond Debt Service Payments When Due: In prior years and in the current year, principal and interest were not paid when due on the Capital Improvement Revenue Bonds, Series 2007, due to the Developer's nonpayment of debt service assessments to the District. Therefore, the District 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 bring debt service Reserve payments current. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | The District has taken all necessary and available actions in order to address the finding; however, the District's ultimate recovery remains uncertain at this time. | Yes |
| | | 14-01 - Land Held for Sale Not Recorded: No appraisal was performed on the land held for resale, owned by the Special Purpose Entity, due to lack of funding. As a result, the market value of the land could not be determined at fiscal year-end, and no amount was recorded in the financial statements for this asset. The auditors recommend that an appraisal be performed on the land held for resale to determine its value and the land recorded in the financial statements. (See PDF Page 35) | MW | N/A | N/A | Yes |

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| Magnolia West Community Development District | Clay County | 12-02 - Failure to Meet Debt Service Reserve Account Requirement: The Trust Indenture requires the District to keep minimum balance in the Debt Service Reserve Account. At fiscal year-end, the Reserve Account was deficient. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | In prior years, the Trustee used funds from the debt service reserve account to make partial debt service payments which resulted in a deficiency in the debt service reserve fund. The District is uncertain at this time when the proceeds of the land sale will be used to replenish the debt service reserve fund. | Yes |
| | | 12-03 - Land Held for Sale Not Recorded: No appraisal was performed on the land held for resale, owned by the Special Purpose Entity, due to lack of funding. As a result, the market value of the land could not be determined at fiscal year-end, and no amount was recorded in the financial statements for this asset. The auditors recommend that an appraisal be performed on the land held for resale to determine its value and the land recorded in the financial statements. (See PDF Page 35) | MW | 2017 (FY 2014-15) | Due to a lack of District funds available, no appraisal was performed on the land sold by the SPE. Due to this, the market value of the land could not be determined, and no amount was recorded in the District's financial statements. | Yes |

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

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| Marion County Law Library | Marion County | 2016-2 - Financial Reporting: Several adjustments were needed to correct entries related to the reclassification of expenses, revenue classifications, and closeout of prior years, which could have been captured through routine review of financial reports throughout the year. Complicating the reporting process, the Library was resorting to using Excel, as opposed to the accounting system data, to create the financial reports for use by management and the Trustees. Ultimately, this process resulted in financial statements created in Excel and reported to the Trustees with understatements of revenues, expenditures, and cash, and incorrect budget reported compared to actual budget amounts. The auditor recommends that the Library develop procedures for timely and accurate financial reporting by implementing appropriate use of a single accounting software, including training in the accounting software, and a thorough supervisory review of financial statements and related reconciliations and support data. In addition, the auditors recommend that the Library consider outsourcing components of the accounting functions to achieve the necessary level of internal control to ensure timely and accurate financial reporting. (See PDF Page 24) | MW | N/A | N/A | Yes |

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| Marshall Creek Community Development District | St. Johns County | 2014-02 - Debt Administration: The reserve requirement for the Series 2002 Bonds was not met at fiscal year-end. The auditors recommend that the District take the necessary steps to replenish the reserve account to meet the reserve requirement. (See PDF Page 37) | N/A | 2017 (FY 2014-15) | Due to the failure of the prior owner of certain lands within the District to pay the 2002 Bonds special assessments due on such property, the District commenced foreclosure proceedings against such property and subsequently was awarded a Summary Final Judgment of Foreclosure on the property. At the request of the majority of the Series 2002 bondholders, the District formed a Special Purpose Entity (SPE) solely to own, manage, maintain, sell and/or dispose the property. In 2013, with the consent of the bondholders, the Series 2002 Bonds Reserve Account was depleted pursuant to a tri-party agreement between the Trustee, District, and SPE and the Third Supplemental Trust Indenture. Given the circumstances in which the Series 2002 Bonds Reserve Account was depleted, the District does not consider it appropriate to assess the landowners and residents in order to replenish the Reserve Account. However, the District has actively investigated the viability of refinancing or restructuring the Series 2002 Bonds, the result of which would likely require the establishment and funding of a new reserve account. In fact, the District, since late 2016, has been in close negotiations with the bondholders and expects to close on a refinancing of the Series 2002 Bonds in the summer of 2017. This is the corrective action which the District has been diligently pursuing. | Yes |

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| Meadow Pointe IV Community Development District | Pasco County | 13-01 - Failure to Make Debt Service Payment When Due: The Special Assessment Revenue Bonds, Series 2004, 2005, 2007, and 2012, require semiannual interest and principal payments per the Bond Indenture. In the current and prior years, interest and principal were not paid on the bonds. As of fiscal year-end, the District was not in compliance with the requirements of the bond indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to bring the debt service payments current. [Note: This finding is also referred to as #15-01 in the original audit report.] (Also see Addendum - Revised Management Letter and Accountants Report, PDF Pages 5-6) (See PDF Pages 39-40) | N/A | 2017 (FY 2014-15) | 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. Also, in a prior year, the bonds were restructured and portions of the Series 2004, 2005, and 2007 bonds were exchanged for Series 2012A-1 and A-2 bonds; the unexchanged portions are still outstanding. Subsequently, the SPE sold all of the remaining lots to a developer to complete the development. As the developer sells lots, funds are remitted to the Trustee to pay principal and interest on the unexchanged bonds. The principal on the restructured bonds are in forbearance until the maturity date. | Yes |
| | | 13-02 - Failure to Meet Debt Service Reserve Requirements: The Trust Indentures require the District to keep minimum balances in the Debt Service Reserve Accounts. At fiscal year-end, the reserve balances are generally in compliance with the required minimum balances; however, the Series 2012B balance is \$1,466 less than the required amount. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to replenish the Debt Service Reserve Accounts. [Note: This finding is also referred to as #15-02 in the original audit report.] (Also see Addendum - Revised Management Letter and Accountants Report, PDF Page 3) (See PDF Page 37) | N/A | 2017 (FY 2014-15) | Portions of the Series 2004, 2005, and 2007 Bonds were exchanged for Series 2012 Bonds. Subsequent to this, a portion of the 2012B-2 Bonds were exchanged for Series 2014A Bonds. As part of this exchange, any remaining funds in the Series 2004, 2005, and 2007 bond trust funds were transferred to the trust funds relating to the Series 2012 bond trust funds. The debt service reserve requirement has generally been met with only a small delinquent balance remaining. | Yes |

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| Meadow Pointe IV Community Development District (continued) | Pasco County (continued) | 13-03 - Failure to Include Component Unit Financial Statement in the Financial Report: The Special Purpose Entity (SPE) is not included as a component unit in the District's financial report. The auditors recommend that the District include the SPE as a discretely-presented component unit in the District's government-wide financial statements. [Note: This finding is also referred to as #15-03 in the original audit report.] (Also see Addendum - Revised Management Letter and Accountants Report, PDF Pages 6-7) (See PDF Pages 40-41) | N/A | 2017 (FY 2014-15) | Management does not agree that the Special Purpose Entity (SPE) should be included as a discretely-presented component unit on the government-wide financial statements. Management feels that it would be misleading to the users of the financial statements to include such 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 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. | Yes |

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| Middle Village Community Development District | Clay County | 2016-01 - Reserve Requirement: As a result of unscheduled draws on the Debt Service Reserve Account to make certain scheduled debt service payments, the reserve requirement was not met at fiscal year-end. The auditors recommend that the District take the necessary steps to replenish the reserve account. (See PDF Page 33) | N/A | 2017 (FY 2014-15) | Prior years' correspondence described the history and status of the District: In mid-2013, the District entered into an agreement with various delinquent property owners to delay, reduce, and eliminate portions of their annual debt assessments for a defined time period. Those property owners are currently being assessed at their original assessment levels and full payment of their annual debt service assessments is anticipated. In addition, the District negotiated with another delinquent property owner to deed their property in lieu of a costly foreclosure proceeding to a special purpose entity (SPE) created to administer, control, and manage the property for ultimate resale. The property owned by the SPE represents approximately 5% of the total annual assessments and is currently burdened with a large property tax certificate that is significantly higher than the value of the property. However, the tax certificate is likely to be cancelled no later than 6/1/17, at which time the property should become marketable for resale. Unfortunately, until this property is relieved of this enormous debt obligation, the District will continue utilizing a small portion of the Reserve Account in order to pay the scheduled debt payments. Most recent status: There has been no material additional corrective action taken by the District. The parcel of property is currently valued less than the past due taxes and assessments; therefore, it is not economically feasible for the property owner or investor to bring the past due obligations current. The District will continue to work with all interested parties to resolve this matter and is optimistic that it will be successful. | Yes |

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| Midtown Miami Community Development District | Miami-Dade County | 2012-01 - Fund Equity: 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 | 2017 (FY 2014-15) | The net position deficit is attributable to the fact that depreciation occurs at a faster rate than the current principal reduction payments on the bonds. As such, this finding will be repeated for many years to come. In other words, the magnitude of annual principal payments will increase year over year and they will eventually overtake annual depreciation expense, thereby resolving the net deficit over time. The District has a strong cash position as revenues substantially exceed expenses less depreciation, which is a non-cash item. | Yes |
| Montecito Community Development District | Brevard County | 2016-1 - Financial Condition Assessment: The District's financial conditions continue to deteriorate. The Developer and certain major landowners failed to pay a significant portion of the assessments in fiscal years 2009-2015 resulting in significant delinquent assessments. As a result, reserve funds were used to partially pay certain required debt service payments during the current and prior fiscal years. In addition, certain required debt service payments were not made during the prior, current, and subsequent fiscal years, resulting in events of default. The reserve requirement on the Series 2006A Bonds has not been met as a result of the financial condition of the District. Further, the debt service fund reported a deficit fund balance at fiscal year-end. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 34) | N/A | 2017 (FY 2014-15) | Prior years' correspondence stated that the District and Bondholders were working to alleviate this issue through efforts to collect delinquent assessments. The Trustee, on behalf of the Bondholder, created or caused to be created a Special Purpose Entity (SPE) to own, manage, and dispose of the property subject to the delinquent Series 2006 assessments. The District, Trustee, and SPE entered into a tri-party agreement whereby the District will bill the SPE for operations and maintenance assessments. However, the debt service assessments will be held in abeyance and continue to constitute a lien on the property. If the SPE is successful in selling the land, the amount of debt service assessments to be collected by the District is uncertain at this time. Also, it is uncertain as to when the findings will be corrected. Most recent status: There has been no material additional corrective action taken by the District; the District continues to work with all interested parties to provide a resolution to this matter. | Yes |

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| Nature Coast Regional Water Authority | Dixie County, Gilchrist County | 2014-1 - Financial Statement Preparation: While the auditor can assist with the preparation of the financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when a government does not have the expertise necessary to prevent, detect, and correct misstatements. The Authority is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Pages 21-22) | SD | N/A | N/A | Yes |
| Naturewalk Community Development District | Walton County | 12-01 - Failure to Meet Debt Service Reserve Requirements: The Trust Indentures require the District to keep minimum amounts in the Debt Service Reserve Accounts. At fiscal year-end, the Series 2007 Debt Service Reserve Accounts were deficient. In a prior year, Debt Service Reserves were used to pay debt service on the Bonds due to landowner non-payment of assessments. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to replenish the Debt Service Reserve Accounts. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | The District's lack of sufficient funds was due to certain landowners failing to pay their debt service special assessments securing the District's 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 the successor bond trustee and others. The Forbearance Agreement expired in February 2013, at which time all installment payments were due to the District; all such payments have been received in full, with the final installment being received in March 2014. Furthermore, certain property identified in the Forbearance Agreement was conveyed to a special purpose entity (SPE) established by the Trustee for purposes of owning, managing, and selling such property in an effort to minimize the adverse impacts resulting from nonpayment of a portion of the debt service assessments. It is uncertain as to when and if the reserve fund will be replenished with funds received either per the Forbearance Agreement or in connection with a sale of the property owned by the SPE. | Yes |

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

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| Naturewalk Community Development District (continued) | Walton County (continued) | 12-02 - Failure to Make Bond Debt Service Payments When Due: The Capital Improvement Revenue Bonds, Series 2007, require semiannual interest payments and annual principal payments. In the current year, principal on the 2007A Bonds and partial interest were not paid when due on the 2007 Bonds. As of fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to bring debt service payments current. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | In January 2015, outstanding principal and interest payments on the Bonds were satisfied. However, findings 12-01 and 12-02 are repeated in FY 2014-15 audit as the May 2015 principal and interest payments had not been made in full at year end. It is the District's position, nevertheless, that corrective action, within the ability of the District, has been taken relating to the findings. | Yes |

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| New Port - Tampa Bay Community Development District | Hillsborough County | IC2009-002 - Debt Administration: The District is not in compliance with certain provisions of its bond indenture including those related to: (1) levying and collecting assessments to provide payment for debt service; (2) maintaining adequate funds in debt service reserve accounts; and (3) making semi-annual debt service principal and interest payments. In the current year, the District conveyed land to the Special Purpose Entity (SPE) for the purpose of reconfiguring certain land ownership and to facilitate development and sale to third parties. Some of the land may be exchanged within land owned by the SPE, or the SPE will cause bonds to be cancelled corresponding to the value of the property converted to private ownership. The auditors recommend that the District continue pursuing available remedies to ensure funds are available to make debt service payments. (See PDF Pages 34-35) | N/A | 2017 (FY 2014-15) | Prior to the collapse of the real estate market in 2008, no residential units were constructed or completed in this development. During the ensuing recession, the developer defaulted on assessment payments owed to the District, and the District's financial condition deteriorated as indicated in the audit finding. The District was economically dependent on the developer throughout this period of time. Following the developer's default, and pursuant to requirements in the Trust Indenture for the District's Series 2006A and 2006B Bonds (collectively Series 2006 Bonds), the District foreclosed on the delinquent special assessment liens securing payment of the Series 2006 Bonds. Upon completion of the foreclosure, title to all privately owned property within the District was recovered for benefit of the Bondholders. Subsequent to completion of the foreclosure, the bondholders gained control of the District's Board of Supervisors and recommended development of the project, as the successor developer. The first major land sale occurred in January 2017, and the proceeds of the sale were remitted to the bondholders, as will be the case for the proceeds of all subsequent land sales. Contracts for sale are also pending on other parcels of the property. Further, as of January 2017, the District received adequate funding to complete construction of infrastructure improvements on the property and is in financially stable condition. Apparently, generally accepted accounting principles (GAAP) do not permit the auditor to take into account or recognize remedial events required by the Trust Indenture, such as the alternative recovery of collateral security. Therefore, the auditor ignores the effects of the foreclosure and continues to make negative audit findings. For the record, the District's Board of Supervisors has taken all corrective actions required by the Trust Indenture and/or permitted by Chapters 170 and 190, Florida Statutes. The District has exhausted both its contractual obligations and its statutory authority with respect to the matters that are the subject of this audit finding. | Yes |

MW = Material Weakness (see 2. In Legend)
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| Overoaks Community Development District | Osceola County | 2009-01 - Debt Administration: The District continues to meet conditions described in s. 218.503(1), Florida Statutes, related to the failure to make certain scheduled debt service payments on the Series 2010B Bonds. (See PDF Page 35) | N/A | 2017 (FY 2014-15) | The financial condition is due to the failure of two landowners, owning 347 vacant lots (the Delinquent Lands), to pay the special assessments pledged to repay the Series 2004A and 2004B Bonds (collectively the Series 2004 Bonds) issued by the District. In lieu of foreclosure, fee title to the Delinquent Lands was transferred to a special purpose entity (SPE) established as a component of the Trust Estate for the Series 2004 Bonds. The Delinquent Lands were marketed for sale, and sales contracts were subsequently entered into with builders. Fee title to all Delinquent Lands has been transferred to the builders pursuant to sales contracts, of which all 365 lots have been transferred to retail purchasers as of 4/28/2017. Also, a substantial portion of the Series 2004 Bonds were exchanged for Series 2010 Bonds in July 2010. The Series 2010 Bonds are current interest bonds, and payments of principal and interest have been made in accordance with the related trust indenture. The portion of the Series 2004 Bonds not exchanged for Series 2010 Bonds that were outstanding for the sole purpose of capturing excess special assessment revenues generated over and above those revenues necessary to fund debt service on the exchanged bonds will be canceled since all Delinquent Lands have been transferred to retail purchasers. | Yes |
| | | 2012-01 - Fund Equity: The District continues to report a fund balance deficit for which sufficient resources were not available to cover the deficit. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | See response to Finding #2009-01 above. | Yes |

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|--|------------|--|-----------------|---|---|---|
| Portofino Cove Community Development District | Lee County | 2016-01 - Financial Condition Assessment: At fiscal year-end, the debt service fund reported a deficit fund balance. The Developer stopped funding the District during a prior fiscal year, resulting in significant delinquent assessments from fiscal years 2009-2016. Due to the Developer's failure to pay assessments, the District did not have sufficient funds to make certain scheduled debt service payments in the prior, current, and subsequent fiscal years so certain payments were made using draws on the reserve accounts and certain payments were not made resulting in events of default. The reserve accounts have deficits as a result of the deteriorating financial condition. Further, construction of the project has stopped and the future of the projects remain uncertain. Lastly, in the prior fiscal year, the District filed a lawsuit seeking to foreclose on all of the land in the District for which there are delinquent assessments. Subsequent to fiscal year-end, the District entered into a settlement agreement to cure the default. The auditors recommend that the District continue taking the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31) | N/A | 2017 (FY 2014-15) | The District entered into a Settlement Agreement with the landowner and developer of the District in January 2017, which corrected all prior year audit findings. | Yes |

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| Portofino Isles Community Development District | St. Lucie County | 2016-01 - Financial Condition Assessment: The debt service fund had a deficit fund balance at fiscal year-end. The Developer stopped funding the District during a prior fiscal year, resulting in significant delinquent assessments and unfunded contributions in prior fiscal years. As a result, the payments were made, in part, by draws on the debt service reserve account; therefore, the reserve requirement has not been met. Furthermore, the District did not have sufficient funds to make certain debt service payments due on the Series 2005 Bonds. As a result of the delinquent assessments and in lieu of foreclosure, during a prior fiscal year, a Special Purpose Entity (SPE) was created to own, manage, maintain, and dispose of the property comprised by the delinquent Series 2005 assessments, and title to such property was conveyed to the SPE. The auditors recommend that the District continue taking the necessary steps to alleviate the situation. (See PDF Page 32) | N/A | 2017 (FY 2014-15) | Prior years' correspondence described brief history and status of the District: A special purpose entity (SPE) was created and holds title to certain developer-owned property within the District in lieu of foreclosure. The SPE was funding its share of the operating cost of the District; however, the findings had not been corrected and would not be corrected until the property is sold. Most recent status: No material additional corrective action has been taken by the District from what was provided in prior year response. | Yes |

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| Portofino Vista Community Development District | Osceola County | 2016-01 - Financial Condition Assessment: The District's financial conditions continue to deteriorate. 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 certain scheduled debt service payments on the Series 2006A and 2006B Bonds. The District also has deficits in the debt service reserve funds. Furthermore, the District reported deficit fund balances in the general fund and debt service fund. The District commenced foreclosure proceedings on all land with delinquent assessments. The District is economically dependent on the Developer. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31) | N/A | 2017 (FY 2014-15) | Prior years' correspondence described the history and status of the District: The developer stopped paying assessments in prior fiscal years, and the District filed a lawsuit seeking to foreclose on all property benefitted by Series 2006 Bonds for which there were delinquent assessments. The District dismissed the foreclosure lawsuit subject to negotiations of a settlement agreement between landowner, debt holders, and the District. The District entered into a settlement agreement in November 2014 and established a special purpose entity (SPE) to own, maintain, and market for resale the property within the District that has delinquent assessments. Once the property is sold, the outstanding delinquent assessments will be satisfied, and the bonds secured by the assessments on this property will be paid or cancelled. Unfortunately, the District is not able to correct the findings while this process continues. Most recent status: No material additional corrective action was taken by the District from what was provided in the prior year response. | Yes |

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| Reunion East Community Development District | Osceola County | 13-01 - Failure to Make Bond Debt Service Payments When Due: The Prior Developer failed to pay debt service special assessments to the District. Therefore, all of the debt service payments due on the Series 2005 and Series 2002A-2 Bonds have not been made as of fiscal year-end. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments and bring debt service payments current. (See PDF Page 40) | N/A | 2017 (FY 2014-15) | Prior years' correspondence stated that the District issued the Series 2015, Special Assessment Refunding Bonds, in order to refund the defaulted Special Assessment Bonds, Series 2002A-2 and Series 2005 Bonds (Prior Bonds). However, at the request of the debt holders of the Prior Bonds, the Series 2015 Bonds did not refund 100% of the Prior Bonds; a portion of the Prior Bonds remains outstanding and in a defaulted state. Therefore, the audit findings will continue until the full cancellation of the Prior Bonds is completed. The District is continuing to pursue resolution to this matter. A Bond exchange and the Series 2015 Bond issue provided the District with the opportunity for the orderly and continued development of a portion of the Reunion development within the District, permitted the District to resolve delinquencies related with the exchanged bonds, and provided the District additional time within which to retire the obligations originally 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 response. The District will continue to work with all interested parties to provide a resolution to this matter. | Yes |
| | | 13-02 - Failure to Meet Reserve Account Requirement: The District did not meet the reserve requirement on the Series 2005 Bonds at fiscal year-end. The District had to use amounts in the reserve account to pay debt service since the Prior Developer has not paid the special assessments to the District. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments and replenish the Reserve account. (See PDF Page 40) | N/A | 2017 (FY 2014-15) | See response to Finding #13-01 above. | Yes |

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| River Glen Community Development District | Nassau County | 15-02 - Failure to Make Bond Debt Service Payments When Due: The Developer did not pay debt service assessments during prior fiscal years. Due to lack of funds, in the current and prior years the District did not pay all of the principal and interest due on the Series 2006 Bonds. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 37) | N/A | 2017 (FY 2014-15) | The District and Trustee formed a SPE to hold, manage, and dispose of the property on behalf of the Bondholders, and the SPE took title to the Developer property through foreclosure. Due to the foreclosure, the assessment lien on the property was released. At this time, it is uncertain as to when and if the property will be sold. The proceeds from the sale will go to the Bondholders as payment toward the outstanding bond debt. | Yes |
| | | 15-01 - Land Held for Resale Not Recorded: Due to lack of funding, no appraisal was performed on the land owned by the Special Purpose Entity (SPE). As a result, the market value of the land could not be determined at fiscal year-end, and no amount was recorded in the financial statements for this asset. The auditors recommend that an appraisal be performed on the land held for resale to determine its value and that the land be recorded in the financial statements. (See PDF Page 36) | MW | 2017 (FY 2014-15) | No appraisal has been performed on the property owned by the SPE; therefore, no value has been recorded in the financial statements as the market value could not be determined. | Yes |
| River Place on the St. Lucie Community Development District | St. Lucie County | 13-01 - The Special Assessment Bonds, Series 2001B, matured in 2010 and the principal outstanding balance of \$870,000 was not paid. The Special Assessment Bonds, Series 2001A principal of \$85,000 was not paid during the current fiscal year. The balance owed at fiscal year-end was \$955,000 matured principal and \$335,153 matured interest. The auditors recommend that the District utilize all legal remedies to collect the past due special assessments and pay the outstanding balances due. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | The District was successful in its foreclosure lawsuit obtaining ownership of the final 70 lots that were owned by the original developer. The District needed to obtain ownership of these lots in order to resolve the current deteriorating financial condition and correct the finding. The District is working with a buyer of the property and county tax collector to resolve delinquent property tax payments. At the conclusion of this process, all past due assessments owed to the District and past due debt service payments owed to the bondholders will be either repaid or cancelled which will result in the finding being corrected. | Yes |

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| River Place on the St. Lucie Community Development District (continued) | St. Lucie County (continued) | 13-02 - Debt Administration: The District did not meet the reserve requirement of the Series 2001 Special Assessment Bonds. The auditors recommend that the District collect the past due special assessments and fund the reserve to the required amount. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | See response to Finding #13-01 above. | Yes |
| Riverwood Estates Community Development District | Pasco County | 15-01 - Failure to Make Debt Service Payments When Due: 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. [Note: This finding is also referred to as #12-01 in the Revised Management Letter and Accountants Report, PDF Pages 4-5] (See PDF Pages 32-33) | N/A | 2017 (FY 2014-15) | The Trustee formed a SPE to hold, manage and dispose of the property on behalf of the Bondholders. During a prior year, the SPE took title of the Developer property through a credit bid sale. The SPE has assumed responsibility for the operations and maintenance payments. The past due and future debt service payments will be held in abeyance until the Trustee notifies the District to the contrary. | Yes |
| | | 15-02 - Debt Administration: 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. [Note: This finding is also referred to as #12-02 in the Revised Management Letter and Accountants Report, PDF Page 3] (See PDF Page 31) | N/A | 2017 (FY 2014-15) | As mentioned in the response for Finding #15-01 above, the SPE has assumed responsibility for the operations and maintenance assessments. The Trustee on behalf of the Bondholders is funding the SPE using bond proceeds, which is in turn, funding the District. This has resulted in the deficiency in the Debt Service Reserve Account. The deficiency will remain until the Trustee instructs the District otherwise. | Yes |

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| Riverwood Estates Community Development District (continued) | Pasco County (continued) | 15-03 - Failure to Include Component Unit Financial Statement in the Financial Report: The Special Purpose Entity (SPE) is not included as a component unit in the District's financial report. The auditors recommend that the District include the SPE as a discretely-presented component unit in the District's government-wide financial statements. [Note: This finding is also referred to as #12-03 in the Revised Management Letter and Accountants Report, PDF Page 5] (See PDF Page 33) | N/A | 2017 (FY 2014-15) | Management does not agree that the SPEs should be included as blended component units on the government-wide financial statements. In summary, management feels that it would be misleading to the users of the financial statements to include the SPEs as component units for the following reasons: (1) The District has no ownership and/or control over the SPEs and in no way can it impose its will on the SPEs; (2) The District will not benefit from the activities of the SPEs; (3) When the land held by the SPEs is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt; and (4) The District will not be responsible for any deficiency between the net proceeds of the sale of the SPE owned land and the associated Bond debt not satisfied or secured by assessments. | Yes |
| Silverleaf Community Development District | Manatee County | IC2016-001 - Construction Retainage Payable: Construction retainage payable and related expenditures were understated by approximately \$16,000 on the financial statements. The retainage payable was from one specific payment application and appears to have been overlooked when District staff was preparing its annual financial report. The auditors recommend that the District review construction vendor activity within a reasonable timeframe from year-end to ensure that all applicable contract liabilities are identified and recorded. (See PDF Pages 29-30) | MW | N/A | N/A | Yes |

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

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| South Bay Community Development District (Hillsborough County) | Hillsborough County | IC2010-01 - Supporting Documentation: The District has approximately \$225,000 of expenditures recorded relating to the Debt Service Fund that have no supporting documentation available to verify their existence, appropriateness, and proper classification. The expenditures were made from a trust account over which District management has no direct control or authority. The funds were removed from the account by the Bond Trustee and transferred to a different account, and no supporting documentation was provided to District management regarding the use of the funds. In addition, it is unknown if default expense investment account has a balance at year-end. The auditors understand District management has attempted to obtain supporting documentation for these types of expenditures and additional cash accounts, but has been denied access by the Bond Trustee. The auditors recommend that the District continue to pursue the supporting documentation and continue to explain to those involved the importance of transparency when using government-entity funds. (See PDF Page 32) | MW | 2017 (FY 2014-15) | The Series 2005 Bonds were in default from 2008 until 2015 when the Bonds were restructured. Since the default occurred, the Trustee has paid extraordinary expenditures (usually, but not limited to, legal expenditures) out of the District's Trustee Account. Because the Bonds were in default, the Trustee did not need the District's approval to pay these expenditures. The District has requested the supporting documentation from the Trustee for expenditures made by the Trustee from District Trust Accounts. The District's auditors have requested the supporting information from the Trustee as well. The Trustee has not provided the requested information. The explanation provided by the Trustee for not forwarding the requested information was that the account in question was established by the Trustee and used to pay expenses of the Trustee and the Bondholders. The District will continue to request documentation from the Trustee for financial transactions processed through District accounts. | Yes |

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| Sterling Hill Community Development District | Hernando County | 12-03 - Failure to Meet Debt Service Reserve Account Requirement: The Debt Service Reserve Accounts were deficient at fiscal year-end. The balances in the Debt Service Reserve Accounts were used to pay prior year debt service on the Series 2006 Bonds. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 38) | N/A | 2017 (FY 2014-15) | The District and the Bondholder have been working to alleviate this issue. During a prior year, the Trustee formed SPE 1 to own and maintain the property subject to delinquent Series 2006 assessments. In addition, during prior years, the District filed foreclosure against three landowners for failure to pay assessments due on the Series 2003B Bonds, and the Trustee formed SPE 2 to own and maintain the property subject to delinquent Series 2003B assessments upon transfer of ownership to the SPE. Also, one landowner conveyed land to the SPE in lieu of foreclosure, and a third SPE was formed to own and control land taken through foreclosure of the assessment lien. The District is taking all necessary and available actions in order to collect both Operations & Maintenance assessments and Debt assessments. In October 2015, one of the SPEs entered into a lot purchase agreement with a builder for development of 52 lots; all outstanding liability for the Series 2003A and 2003B assessments allocated to these lots were satisfied by the SPE. In February 2017, a further lot purchase agreement was approved for 104 lots; likewise the outstanding liability for the Series 2003A and 2003B assessments on those lots were satisfied as part of the sale. Once all of the outstanding assessments have been collected, the Trustee and the District will need to determine if the debt service reserve funds will be replenished. The District's position is that corrective action, to the extent it can be at this time, has been taken. | Yes |

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| Sterling Hill Community Development District (continued) | Hernando County (continued) | 12-04 - Failure to Make Debt Service Payments When Due: In current and prior years, the District did not pay all principal and/or interest due on the Series 2003B and Series 2006 Bonds. The District is not receiving debt service assessments due to landowner nonpayment and Special Purpose Entity purchase of the land within the District. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 38) | N/A | 2017 (FY 2014-15) | The District and the Bondholder have been working to alleviate this issue as discussed in the response to finding #12-03 above. During a prior year, the Trustee formed SPE 1 to own and maintain the property subject to delinquent Series 2006 assessments. In addition, during prior years, the District filed foreclosure against three landowners for failure to pay assessments due on the Series 2003B Bonds, and the Trustee formed SPE 2 to own and maintain the property subject to delinquent Series 2003B Bond assessments upon transfer of ownership to the SPE. Also, one landowner conveyed land to the SPE in lieu of foreclosure, and a third SPE was formed to own and control land taken through foreclosure of the assessment lien. The District is taking all necessary and available actions in order to collect both Operations & Maintenance assessments and Debt assessments. The District made its bond payment in May 2017 for the Series 2003A and Series 2003B Bonds, as a result of the lot sale transactions. The District's position is that corrective action, to the extent it can be at this time, has been taken. | Yes |
| | | 12-01 - Failure to Include Component Unit Financial Statements in the Financial Report: The District did not include the Special Purpose Entities as blended component units in the District's financial statements. The auditors recommend that the District include the SPEs as a blended component units of the District's government-wide financial statements. (See PDF Page 37) | MW | 2017 (FY 2014-15) | Management does not agree that the special purpose entities (SPEs) should be included as blended component units on the government-wide financial statements. In summary, management feels that it would be misleading to the users of the financial statements for the following reasons: (1) The District has no ownership and/or control over the SPEs and in no way can it impose its will on the SPEs; (2) The District will not benefit from the activities of the SPEs; (3) When the land held by the SPEs is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt; and (4) The District will not be responsible for any deficiency between the net proceeds of the sale and the associated Bond debt. | No |

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| Stevens Plantation Community Development District | Osceola County | 2016-01 - Financial Condition Assessment: The District's financial conditions continue to deteriorate. The debt service fund had a deficit fund balance at fiscal year-end. In prior, current, and subsequent fiscal years, the District has been unable to make its debt service payments on the Series 2003A and 2003B bonds since November 2012 due to lack of funds. In addition, the District has not met the debt service reserve requirement. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31) | N/A | 2017 (FY 2014-15) | The audit finding relates specifically to the District and the Stevens Plantation Improvement Project Dependent Special District (DSD), a component unit of the City of St. Cloud. The District, as directed by the bondholders, initiated foreclosure proceedings on several of the District's Series 2003B Bond assessment liens. The initial phase of the foreclosure proceedings included foreclosure on 21 vacant lots. The goal, of course, is to collect the unpaid assessment liens to satisfy the bond obligations. The District will be proceeding with further legal action against the balance of the properties upon which the unpaid bond assessment liens remain. In addition, the DSD continues to market the property to complete transactions with the sale proceeds being used to satisfy outstanding bond assessments in accordance with the bond covenants. | Yes |

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| Sun'n Lake of Sebring Improvement District | Highlands County | 2016-01 - Financial Condition Assessment: The Debt Service Fund had a deficit fund balance at fiscal year-end. Landowners within the District failed to pay their share of the current and prior years' assessments; as a result, the Series 2008 Note debt service payments were not made in full. The 2008 Note is only secured against the collections from landowners, so the District is not required to use other revenue sources or funds to meet the shortfall. The District's options to ameliorate this situation are limited. The compounding effects of past due principal, interest, and operation and maintenance assessments have caused development to stagnate within the District and have, therefore, not improved the District's ability to collect assessments. The auditors recommend that the District consult with legal counsel to initiate negotiations with the debt holders to settle and possibly restructure the outstanding debt. A timely resolution to this situation is unlikely to materialize without concessions from the debt holders. (See PDF Page 52) | N/A | 2017 (FY 2014-15) | The District's fund balance is in a deficit position, but is in this position only because it has been unable to collect assessments imposed on properties which have benefitted from the improvements that have been constructed on specific properties in the District; these properties are the only ones benefitted by such improvements. Because such assessments have not been collected, the District is not liable for payment of the amounts owed under the terms of the Series 2008 Note (Note), and, therefore, the Note is not in default. The entire amount to be paid under the Note has been included in the District's audit report only because it has matured, but is not payable, and the District is therefore not "unable" to make such payment. It is a mere conduit for the collection and remission of assessments from landowner to lender. The District has not failed to comply with any recommendation of the auditor. It cannot restructure the loan in any way which will enhance the financial condition of the District. Any restructuring which would cause liability for payment not limited to collected assessments would in fact be detrimental to that condition. When assessments are collected by the District, they are, and will continue to be, paid by the District in accordance with the terms of the Note. As such, the District asserts it has done all that it can in response to the audit finding. | Yes |

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| Tern Bay Community Development District | Charlotte County | IC2009-01 - Debt Administration: The District is not in compliance with certain provisions of its Bond Indenture, including those relating to: (1) collecting assessments to provide payment of debt service; (2) maintaining adequate funds in debt service reserve accounts; and (3) making its semi-annual debt service principal and interest payments. (See PDF Page 32) | N/A | 2017 (FY 2014-15) | In essence, there is no change and no updates from the prior year response. The subject District Bonds are in default solely due to the former developer abandonment of the entire project, including the fact that no new developer has shown interest in acquiring the property. The District has a final judgment in favor of the District for the delinquent properties and has foreclosed on all of the delinquent properties. The District has thus fully complied with the obligations set forth in the Indenture in the event of special assessment defaults. It has fully cooperated with direction provided by the Indenture Trustee with respect to the defaults. As such, although the assessments remain unpaid due to economic conditions, the District has and will continue to work closely with the trustee and bondholders toward a solution. Unfortunately, there is no foreseeable conclusion to these findings unless and until another developer purchases this property and/or works out an agreeable solution to the delinquent assessments. | Yes |
| Trails Community Development District | Duval County | 14-01 - Financial Condition Assessment: The District's financial condition has deteriorated. In a prior year, the Developer failed to pay debt service assessments, causing the District to be unable to pay certain debt service payments when due. An event of default was declared, and the debt was subsequently restructured with the agreement of the bondholders. The restructured agreement requires no current payments, and the Special Purpose Entity (SPE) is now funding the District; however, the overall effect of these actions on the District's financial condition cannot be determined at this time. (See PDF Page 39) | N/A | 2017 (FY 2014-15) | The deterioration of the District's financial conditions relates to the nonpayment of debt service assessments, which are secured by the land within the District. In lieu of foreclosing on such lands, and in cooperation with the Trustee and bondholders, the District entered into a settlement agreement which required the developer to convey the property to a special purpose entity (SPE) established on behalf of the Trustee. Accordingly, it is the District's position that it has taken every available measure to comply with the Trust Indenture related to the District's bonds. The SPE recently sold its remaining land to a developer to finish the development and the SPE was dissolved on 5/22/2017. The District is in discussions with the developer, trustee, and staff regarding a restructuring of the bond debt. It is expected that the restructuring will significantly improve the District's financial condition. | Yes |

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| Treeline Preserve Community Development District | Lee County | 15-01 - Failure to Make Debt Service Payments When Due: In current and prior years, the District did not pay all of the principal and interest due on the Series 2007A Bonds. The Developer did not pay debt service assessments owed to the District. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | Prior years' correspondence provided a history and status of the District: The Developer and owner of all the assessable land in the District failed to pay prior years' annual assessments to fund the operations of the District and make annual debt service payments. The District filed a lawsuit seeking to foreclose on all of the land for which there were delinquent assessments. The District stated that, at the successful completion of the foreclosure lawsuit, all of the delinquent assessments will be extinguished from the property and the District's Series 2007A Bonds (Bonds) will be secured solely by the property within the District. After the District takes ownership of the property, the property will be sold and proceeds of the sale will be utilized to retire 100% of the Bonds; the District will then levy and collect future operating assessments that will eliminate the District's deteriorating financial condition. Correspondence received last year stated that, on 2/25/2016, the Court granted the District's Motion for Summary Judgment against the Defendant/Counter-Claimant, as to all claims. Also, the District had obtained an order for summary judgment against all remaining parties. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response. | Yes |
| | | 15-02 - Failure to Meet Debt Service Reserve Account Requirement: The Debt Service Reserve Account was deficient at fiscal year-end. The balance in the Debt Service Reserve Account was used to pay debt service expenditures. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 37) | N/A | 2017 (FY 2014-15) | See response to Finding #15-01 above. | Yes |

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| Villa Vizcaya Community Development District | St. Lucie County | 2016-01 - Financial Condition Assessment: The District's financial conditions continue to deteriorate. The Debt Service Fund had a deficit fund balance at fiscal year-end. The Developer stopped funding the District during a prior fiscal year, resulting in significant delinquent assessments and unfunded contributions in prior fiscal years. As a result, certain costs were paid out of the Debt Service Reserve Accounts and the debt service reserve requirement has not been met. Furthermore, the District did not have sufficient funds to make the scheduled debt service payments during fiscal years 2011-2016 and, therefore, the payments were not made, resulting in events of default. The auditors recommend that the District continue to take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 32) | N/A | 2017 (FY 2014-15) | Prior years' correspondence described brief history and status of the District: A special purpose entity (SPE) was created, and the developer and major landowner deeded the majority of the land within the District to the SPE in lieu of foreclosure. No collection of past or future debt assessments will be made until certain provisions of a Forbearance Agreement between the District and the SPE are reached. The District is unable to correct the finding(s) at this time. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response. | Yes |

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|--|----------------|---|-----------------|---|---|---|
| Villages of Avignon Community Development District | Manatee County | 11-01 - Failure to Meet Debt Service Reserve Account Requirement: The Series 2007 Debt Service Reserve Account was deficient at fiscal year-end. In prior years, the Debt Service Reserve Account was used to pay debt service on the Bonds due to the Developer's nonpayment of debt service assessments. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 33) | N/A | 2017 (FY 2014-15) | Prior years' correspondence described the history and status of the District. The original developer defaulted on all agreements for payment to the District; one of developer's primary creditors initially took over the majority of District lands and provided operations and maintenance funding to keep District operational; the District, in cooperation with the bondholders, took possession of the property in an attempt to sell the property and deplete the bonds that are in default and petition Manatee County (County) to dissolve the District. Most recent status: County taxes, fees, and assessments have continued to accrue on the District's property, and, as a result, the County has sought to sell a tax deed on the property. The Tax Collector's ability to pursue this avenue was the subject of a recent court case, and the judge authorized the Tax Collector to proceed with this action. Since the District and its bondholders disagree with this decision, an appeal was filed. Upon appeal, the judge authorized the Tax Collector to proceed with a tax deed sale subject to the District's liens. The District will continue to work with the County and bondholders on a solution to these issues and remains hopeful that a sale of the subject property can be completed and the dissolution of the District can move forward. | Yes |
| | | 11-02 - Failure to Make Bond Debt Service Payments When Due: In the current and prior years, the District did not pay principal and interest due on the Series 2007 Bonds. It is not receiving debt service assessments due to landowner nonpayment and District foreclosure on the land. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 33) | N/A | 2017 (FY 2014-15) | See response to Finding #11-01 above. | Yes |

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|--|------------------|---|-----------------|---|--|---|
| Waterford Estates Community Development District | Charlotte County | 2016-01 - Financial Condition Assessment: As a result of delinquent assessments for current and prior fiscal years, certain scheduled debt service payments were not made, resulting in events of default. In addition, the debt service funds reported a deficit fund balance at fiscal year-end, and the reserve requirement has not been met. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 31) | N/A | 2017 (FY 2014-15) | 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 3/1/16, the District has sold 97 lots to a builder. However, until all of the property owned by the SPE is sold, the findings will not be corrected. Most recent status: There has been no material additional corrective action taken by the District from what was provided in the prior year response. However, it is important to note the current majority landowner continues to sell lots to a national homebuilder who is selling homes to future homeowners, The District's overall ending fund balance improved by approximately \$300,000 in FY 2015-16. Unfortunately, this improvement is not sufficient to correct the continued findings by the District's auditor. | Yes |
| Waterstone Community Development District | St. Lucie County | 2016-01 - Financial Condition Assessment: The District's financial conditions continue to deteriorate. The debt service fund had a deficit fund balance at fiscal year-end. The Developer stopped funding the District during FY 2008-09 and did not pay its share of assessments for the prior fiscal years, resulting in significant delinquent assessments. In addition, the reserve requirement has not been met. Furthermore, the District did not have sufficient funds to make certain scheduled debt service payments during fiscal years 2009 to 2016 and, therefore, the payments were not made, resulting in events of default. The auditors recommend that the District continue to take the necessary steps to alleviate the deteriorating financial conditions. (See PDF Page 29) | N/A | 2017 (FY 2014-15) | Prior years' correspondence described brief history and status of District: Deteriorating financial conditions were due to the annual assessments not being paid by certain property owners within District. The property was conveyed to a special purpose entity (SPE) in lieu of foreclosure to own, manage, maintain, and dispose of such property. The majority of the property within the District remains in the ownership of the SPE; therefore, no debt assessments are being collected. Until the property is sold by the SPE, the District will be unable to correct the findings, and the timeframe for the sale is unknown. Most 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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| West Villages Improvement District | Sarasota County | 2016-01 - Debt Service Reserve Requirements: The debt service reserve requirements for the Series 2006 Unit 3 Bonds and the Series 2005 Unit 2 Bonds were not met as of fiscal year-end. In the prior fiscal year, funds from the debt service reserve accounts were used to cover partial debt obligations. The auditors recommend that the District take the necessary steps to replenish the reserve accounts. (See PDF Page 32) | N/A | 2017 (FY 2014-15) | Due to the majority landowners not making timely payments of their annual assessments to the District, the Debt Service Reserve Accounts for two of the three units of development of the District (Unit Two - Series 2005 and Unit Three - Series 2006) were underfunded. The Unit Two bonds remain in default due to non-payment on approximately 40% of the property (owned by one landowner). There are on-going discussions about restructuring and/or paying down the debt to bring the bonds current and move forward with the project; however, currently there has been no agreement to restructure the Unit Two bonds. It is unknown when this situation will be resolved, although there are encouraging signs of development activity with the new developers/property owners. The Unit Three bonds are current; the District is working with and providing information to the bondholders and Trustee in finding a resolution to the Reserve Requirement issue. Specific details relating to the Unit Two bonds are included in the District's response. | Yes |
| | | 2016-02 - Financial Condition Assessment: A deteriorating financial condition exists. The District had approximately \$1.4 million in delinquent assessments due from a major landowner as of fiscal year-end. Consequently, the District did not make certain scheduled debt service payments in the current and prior fiscal years. The auditors recommend that the District take the necessary steps to alleviate the deteriorating financial condition. (See PDF Page 32) | N/A | 2017 (FY 2014-15) | Due to the majority landowners not making timely payments of their annual assessments to the District, the District had not made certain scheduled Debt Service payments for one of the three units of development of the District (Unit Two - Series 2005). Thus a deteriorating financial condition exists. The Unit Two bonds remain in default due to non-payment on approximately 40% of the property (owned by one landowner). There are on-going discussions about restructuring and/or paying down the debt to bring the bonds current and move forward with the project; however, currently there has been no agreement to restructure the Unit Two bonds. It is unknown when this situation will be resolved, although there are encouraging signs of development activity with the new developers/property owners. | Yes |

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

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| Westridge Community Development District | Polk County | 13-01 - Failure to Meet Debt Service Reserve Account Requirement: The Debt Service Reserve Account was deficient at fiscal year-end. The balance in the Debt Service Reserve Account was used to pay debt service expenditures. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | The District, on behalf of the bondholders, created a special purpose entity (SPE) to own, manage and dispose of the land acquired at a foreclosure sale. The special assessment lien has been foreclosed on and the collateral for the bonds is the land. Once the land is sold, any proceeds will remain in the trust estate for the benefit of the bondholders. At this time, it is uncertain as to if and when the land will be sold and what the proceeds will be. | Yes |
| | | 13-02 - Failure to Make Debt Service Payments When Due: In current and prior fiscal years, the District did not pay all of the principal and interest due on the Series 2005 Bonds because the Developer did not pay debt service assessments owed to the District. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | See response for Finding #13-01 above. | Yes |
| | | 14-01 - Land Held for Resale Not Recorded: Due to lack of funding, no appraisal was performed on the land held for resale, owned by the Special Purpose Entity. As a result, the market value of the land could not be determined at fiscal year-end, and no amount was recorded in the financial statements for this asset. The auditors recommend that an appraisal be performed on the land held for resale to determine its value and the land be recorded in the financial statements. (See PDF Page 35) | MW | N/A | N/A | Yes |

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| Westside Community Development District | Osceola County | 2011-01 - Debt Administration: The District continues to be unable to make certain scheduled debt service payments and meet debt service reserve requirements on the Series 2005 and Series 2007 Bonds. (See PDF Page 34) | N/A | 2017 (FY 2014-15) | There have been property sale transactions in the District that have improved the balance sheet of the Series 2005 and Series 2007 Debt Service Funds by approximately \$7M from lot sale proceeds that were utilized to pay past due debt service payments. Unfortunately, the District continues to have an overall deficit ending fund balance in both Funds and does not collect sufficient annual debt service assessments to pay mandatory debt service payments. However, as the economy improves and real estate values continue to increase in the region, the District is optimistic that the deteriorating financial condition of the District will be resolved in the near future. | Yes |
| | | 2012-01 - Financial Condition: The District reported a fund balance deficit in the Series 2005 Debt Service Fund and Series 2007 Debt Service Fund for which sufficient resources were not available to cover the deficit. Both Funds had a significant decrease in their deficit balances at fiscal year-end. (See PDF Page 35) | N/A | 2017 (FY 2014-15) | See response to Finding #2011-01 above. | Yes |

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| Woodlands Community Development District, The | Sarasota County | 13-01 - Failure to Make Debt Service Payments When Due: 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. The auditors recommend that the District utilize all remedies available to bring debt service payments current. (See PDF Page 37) | N/A | 2017 (FY 2014-15) | As also noted in prior years' correspondence, in a prior year the developer defaulted on debt assessment payments owed to the District, and as a consequence the District's financial condition deteriorated because it was economically dependent on the developer who owned the majority of land in the District. Ultimately, the economic recovery has taken hold in the area, and new construction has slowly progressed on remaining developed lots, along with some new development. The District anticipates that more residential units will continue to be constructed if market conditions continue to improve, but no changes have occurred on the undeveloped lands which are the subject of the delinquent debt assessments. The District has also received revenue from tax certificate sales, which have significantly improved its financial position. As of the close of FY 2014-15, the District's general fund no longer reported a deficit, and all outstanding accounts were brought current. As for the undeveloped parcels, the developer landowners and the Bond Trustee entered into a Forbearance Agreement in July 2013, in which the Bond Trustee agreed to take no enforcement action and to maintain the status quo until October 31, 2017. Subsequently, the Bond Trustee and the delinquent landowners, directed the District to take no enforcement action, and the District became a party to the First Amendment to Forbearance Agreement in November 2013. The District is required to forbear in collection efforts until the Forbearance Agreement terminates. Apparently, generally accepted accounting principles (GAAP) do not permit the auditor to take into account or recognize controlling events of this type, and, therefore, the auditor ignores the Forbearance Agreement and continues to make negative audit findings notwithstanding the District's stand-still agreement with its creditor. The District's Board of Supervisors has taken (a form of) corrective action by entering into the Forbearance Agreement, at the express request of the affected creditor. Also, the affected debt service payments are solely secured by special assessments on the property, and the Bonds are not a full faith and credit obligation of the District. Further, the delinquent assessment debt is directly related to the undeveloped property and does not affect the residents in the District. | Yes |

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|---|-----------------------------|--|-----------------|---|--|---|
| Woodlands Community Development District, The (continued) | Sarasota County (continued) | 13-02 - Failure to Meet Debt Service Reserve Account Requirement: The Series 2004A Debt Service Reserve Account was deficient at fiscal year-end. The balance in the Series 2004A Debt Service Reserve Account was used to pay debt service payments. The auditors recommend that the District utilize all remedies available to replenish the Debt Service Reserve Account. (See PDF Page 37) | N/A | 2017 (FY 2014-15) | See response for Finding #13-01 above. | Yes |
| Wyld Palms Community Development District | Citrus County | 14-01 - Compliance with Bond Indenture Covenants: The District has not made the required debt service payments since May 2009. The District foreclosed on all property within the District in a prior year due to nonpayment of assessments. Also, the District did not meet the reserve requirement on the Series 2007 Bonds at fiscal year-end. The auditors recommend that the District use all available efforts to sell the foreclosed property and redeem the Series 2007 Bonds. (See PDF Page 33) | N/A | 2017 (FY 2014-15) | The District issued Capital Improvement Revenue Bonds, Series 2007A and 2007B, to fund capital improvements providing a benefit to the District's property owners. Unfortunately, the former developer of the land within the District encountered financial difficulties during the economic downturn and was not able to pay the bond debt service assessments assigned to the developer's property. The District's inability to collect its bond debt service assessments caused the District to default on its bond debt service obligations. Several years ago, the District initiated a foreclosure suit to gain ownership to all developer-owned property located within the District (which served as the sole security for the repayment of the bond debt). The foreclosure suit was successful, and a special purpose entity (SPE) was created and now holds title to all of the developer-owned property within the District for the benefit of the bondholders. As a result of the foreclosure, the District bond debt assessments on the foreclosed property have been extinguished. Upon sale of the foreclosed property, the funds received will be used to retire and extinguish the bond debt. The District and the bond trustee have recently retained a new real estate broker in an effort to accelerate the sale of the property within the District and permanently extinguish the District's delinquent bond debt. The District's balance sheet will improve dramatically upon the sale of the foreclosed property. | Yes |

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| Zephyr Ridge Community Development District | Pasco County | 09-01 - Failure to Make Bond Debt Service Payments When Due: In the current and prior years, the District did not pay required debt service on the Series 2006 Bonds. The District was unable to make the required debt service payments due to nonpayment of debt assessments owed to the District. At fiscal year-end, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Section 218.503(1), Florida Statutes. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to bring debt service payments current. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | The District is continuing to work diligently to collect assessments in order to pay the required debt service assessments. A special purpose entity (SPE) was created to own, manage, and dispose of the property related to the delinquent assessments which represents 88% of the total property within the District. Until a purchaser of the property is found or a new developer becomes involved, the debt assessments are held in abeyance (as agreed to by the District and the Bondholders); therefore, no assessments will be collected to enable the District to make the scheduled debt service payments. There is no estimate as to the timing of the resolution of this finding. | Yes |
| | | 09-02 - Failure to Meet Debt Service Reserve Requirements: The Series 2006 Debt Service Reserve Accounts were deficient at fiscal year-end. In prior years, the Debt Service Reserves were used to pay debt service on the Bonds due to the former Developer's nonpayment of assessments owed. The auditors recommend that the District utilize all legal remedies available to collect delinquent assessments to replenish the Debt Service Reserve Accounts. (See PDF Page 36) | N/A | 2017 (FY 2014-15) | Upon the sale of the property related to the delinquent assessments, it is uncertain as to if the debt service reserve will be replenished as the proceeds from the sale will go to the Bondholders. | Yes |
| | | 12-01 - Failure to Include Component Unit Financial Statements in the Financial Report: The Special Purpose Entity (SPE) is not included as a component unit in the District's financial report. The auditors recommend that the District include the SPE as a discretely-presented component unit of the District's government-wide financial statements. (See PDF Page 35) | MW | 2017 (FY 2014-15) | Management does not agree that the SPE should be included as a blended component unit on the government-wide financial statements. In summary, management feels that it would be misleading to the users of the financial statements for the following reasons: (1) The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE; (2) The District will not benefit from the activities of the SPE; (3) When the land held by the SPE is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt; and (4) The District will not be responsible for any deficiency between the net proceeds of the sale of the SPE owned land and the associated Bond debt not satisfied or secured by assessments. | Yes |

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FOOTNOTE/LEGEND:

1. Most of 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.

Note: All audit reports and responses received from entities that are referenced in this document are available online as follows:

- Audit reports: Local governmental entity audit reports are accessible from the Auditor General's website, <https://flauditor.gov/>, by selecting "Filed Reports" under the heading "Reports Filed with the Auditor General" in the left column.
- Entity responses: All entity responses are accessible from the Committee's website (search "FL JLAC" in your browser), by selecting "Audit Findings Not Corrected – Correspondence" from the home page; then scroll to the bottom of the page to select the type of entity.

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| Alligator Point Water Resources District | Franklin County | 2016-001 - Preparation of Financial Statements in Accordance with GAAP: 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, there was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, a number of adjustments were required to be made to the accounting records subsequent to the start of the audit process. These adjustments resulted in a material misstatement of the financial statements. (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 |
| | | 2016-002 - Separation of Duties: The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if staff was large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the District to provide oversight and independent review functions. (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 County, Jefferson County, Madison County, Taylor County | 2013-1 - Financial Statement Preparation: The Administration is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles (GAAP). While the auditor can assist with the preparation of the financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the government does not have the expertise necessary to prevent, detect, and correct misstatements. (See PDF Pages 33-34) | SD | 2017 (FY 2014-15) | The Administration is a small government and has used available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. Both staff and the Governing Board review the annual financial reports prepared by the audit firm utilizing these records and have the opportunity to ask any questions regarding the reports prior to its formal presentation at a scheduled meeting of the Governing Board. At this time, the Administration does not believe it would not be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. | No |
| Baker County Development Commission | Baker County | 2016-002 - Financial Reporting: 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 audit 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 29) | MW | 2017 (FY 2014-15) | Because of limited staff, no one on staff has the education, training, or experience to always prepare the financial statements perfectly. However, with 30 years of business experience, the executive director has the ability to discuss entries and approve corrections when they are suggested by the accounting firm conducting the audits. | No |

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| Baker County Development Commission (continued) | Baker County (continued) | 2016-001 - Separation of Duties: 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 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 applicable personnel, steps be taken to segregate employee duties so that no individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 29) | MW | 2017 (FY 2014-15) | Staff is limited to one full-time employee (the executive director) and two part-time employees. Compensating controls have been implemented, to the extent possible, given the limited number of available staff. All checks require two signatures. An individual independent of the receipting process prepares bank reconciliations. Finally, the Board reviews and approves all expenses before checks are approved. | No |
| Baker County Hospital District | Baker County | 2016-02 - Financial Reporting: As part of the audit process, the auditors proposed material adjustments to the Authority's financial statements and assisted with the preparation of the financial statements. The proposed audit adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the Authority consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving this process, the Authority will have an enhanced ability to monitor its budget position on an ongoing basis. (See PDF Page 23) | MW | 2017 (FY 2014-15) | Because of limited staff, no one on staff has the education, training, or experience to always prepare the financial statements perfectly. However, with 30 years of business experience, the executive director has the ability to discuss entries and approve corrections when they are suggested by the accounting firm conducting the audits. | No |

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| Baker County Hospital District (continued) | Baker County (continued) | 2016-01 - Separation of Duties: 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 all phases of a transaction. The Authority has implemented compensating controls to the extent possible, given available staff, to mitigate the risk of unintentional or intentional errors occurring and not being detected. The auditors recommend that to the extent possible, given applicable personnel, steps be taken to segregate employee duties so that no individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 23) | MW | 2017 (FY 2014-15) | Staff is limited to one full-time employee (the executive director) and two part-time employees. Compensating controls have been implemented, to the extent possible, given the limited number of available staff. All checks require two signatures of two Board members; administrative staff is not authorized to sign checks. An individual independent of the receipting process prepares bank reconciliations. Finally, the Board reviews and approves all expenses before checks are approved. | No |

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| Beach Mosquito Control District | Bay County | 2016-1 - Separation of Duties: The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff was large enough to provide optimum separation of duties. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. Oversight provided by the Board of Commissioners has been a mitigating factor which prevents this from being a material weakness. As previously recommended by the auditors, the 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. 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 Pages 45 and 49) | SD | 2017 (FY 2014-15) | This finding may never be fully resolved due to limited staff. The District is a small government with limited staff and limited funds, and the Board of Commissioners does not believe that it is practical to hire another employee to assist in the separation of duties. Certain procedures have been implemented to address the lack of segregation of duties, such as the Commissioners and Director reviewing the monthly deposits and expenditures and including approval and comments in the minutes of the Board meetings. | No |
| Big Bend Water Authority | Dixie County, Taylor County | 2016-001 - Separation of Duties: 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. Consequently, the possibility exists that unintentional errors or irregularities could exist and not be promptly detected. To help compensate, the auditors recommend that the Authority's day-to-day financial activities be closely monitored on an ongoing basis, and, to the extent practical, a system of "checks and balances" be maintained to help mitigate the Authority's overall risks that result from this condition. (See PDF Page 34) | MW | 2017 (FY 2014-15) | The Authority is a small governmental entity, and all accounting responsibilities are performed primarily by two individuals. The Authority understands this situation creates an internal control weakness and has adopted review and control oversight procedures by management and the Board of Directors, where possible. At this time, the Authority does not believe it is cost beneficial to hire additional staff, which would be required, to eliminate this finding. | No |

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| Cedar Key Water and Sewer District | Levy County | 2016-001 - Separation of Duties: 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 both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional errors or irregularities could exist and not be promptly detected. The auditors recommend that the Board provide ongoing oversight to help mitigate this control deficiency. (See PDF Page 22) | MW | 2017 (FY 2014-15) | The District is a small governmental entity, and all accounting responsibilities are performed primarily by a single individual. The District understands this situation creates an internal control weakness and has adopted review and control oversight procedures by management and the Board Members, where possible. At this time, the District does not believe it is cost beneficial to hire additional staff, which would be required, to eliminate this finding. Compensating controls have been adopted and are described in the response letter. | No |
| Children's Services Council of Okeechobee County | Okeechobee County | 2016-1 - Financial Reporting and Statement Preparation: Internal controls over financial reporting is necessary to ensure that those charged with the responsibility for financial reporting have the skills and knowledge needed to apply generally accepted accounting principles (GAAP) in preparing the Council's financial statements. The Council's accounting and financial reporting functions are handled by employees that do not have the training to prepare financial statements in accordance with GAAP. Also the complexity of the Council's accounting and financial reporting has increased over the past several years. The auditors recommend that the Council consider engaging an accountant with expertise in governmental accounting or provide training to employees; this will improve the Council's internal control over financial reporting. (See PDF Page 27) | MW | 2017 (FY 2014-15) | Due to the small size and limited resources of the Council, this issue may never be fully resolved. The Council considers the cost to implement and maintain a system of internal control to be prohibitive. | No |

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

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| Children's Services Council of Okeechobee County (continued) | Okeechobee County (continued) | 2016-2 - Lack of Segregation of Duties: The size of the Council's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum separation of duties. Presently, a single individual is responsible for preparing checks, reconciling the bank account, and maintaining the general ledger. Although the bookkeeper is not an authorized check signer and bookkeeping functions are closely monitored by the executive director, the auditors feel that internal controls could be improved if cash disbursement duties were segregated from cash reconciliation duties. The auditors recommend that management review, on an on-going basis, the assignments of the employees and segregate duties where possible. The auditors further recommend that the Board members remain involved in the financial affairs of the Council to provide oversight and independent review functions. (See PDF Pages 27-28) | SD | 2017 (FY 2014-15) | Due to the small size and limited resources of the Council, this issue may never be fully resolved. In an effort to maintain the integrity of the Council's assets, all records are available for review at any time, and the Council members review the financial statements at regularly scheduled meetings. | No |

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| City-County Public Works Authority | Glades County | 2010-003 - Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP): Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. GAAP. The Authority does not have an internal control policy in place over annual financial reporting that would enable management to, and does not have the necessary staff capacity to, prepare the annual financial statements and related footnote disclosures in accordance with GAAP. It relies on the audit firm to prepare the annual financial statements and related footnote disclosures; however, management reviews and approves them. The auditors recommend that management continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial. (See PDF Page 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 |
| | | 2010-002 - Audit Adjustments: The auditors proposed audit adjustments to revise the Authority's books at fiscal year-end. These adjustments involved the recording of accruals and fund balance reclassifications. The Authority has a limited number of personnel and some accounts do not get reconciled properly due to time constraints. The auditors understand that this material weakness is already known to management and represents a conscious decision by management and the Board of Supervisors to accept that degree of risk because of cost or other considerations. (See PDF Pages 18-19) | MW | 2017 (FY 2014-15) | The Authority is located in a small rural community with limited resources. Unfortunately, the Authority is not in a financial position to hire additional staff. The system which has been implemented provides for more than sufficient checks and balances. | No |

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| City-County Public Works Authority (continued) | Glades County (continued) | 2010-001 - Segregation of Duties: The Authority does not have adequate segregation of the accounting functions due to limited personnel. The auditors understand that this material weakness is already known to management and represents a conscious decision by management and the Board of Supervisors to accept that degree of risk because of cost or other considerations. If additional segregation is not feasible, the auditors recommend that Authority management and the Board of Supervisors continue to implement and perform oversight procedures to help mitigate the lack of segregation of duties as much as possible. (See PDF Page 18) | MW | 2017 (FY 2014-15) | The Authority is located in a small rural community with limited resources. Unfortunately, the Authority is not in a financial position to hire additional staff. The system which has been implemented provides for more than sufficient checks and balances. | No |
| Collier Soil and Water Conservation District | Collier County | 2016-001 - Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP): Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. GAAP. The District does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures in accordance with GAAP. It relies on the audit firm to prepare the annual financial statements and related footnote disclosures; however, management reviews and approves them. The auditors recommend that management continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial. (See PDF Pages 45-46) | MW | 2017 (FY 2014-15) | The District relies on the auditor for a thorough evaluation of District transactions and on the Bookkeeper to discover technical conditions requiring attention and correction. The District has implemented certain compensating controls (described in the response letter), strives to follow prudent supervisory methods, and is responsive to findings and, where prudent and economically feasible, their correction. This finding will continue because the District has three employees whose funds are derived from audited government grants and the employment of a person to perform that function would be cost prohibitive. | No |

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| Escambia-Pensacola Human Relations Commission | Escambia County | 2016-001 - Overall Segregation of Duties: Due to the limited number of people working in the office, many of the critical duties are combined and assigned to an available employee, such as access to checks, access to the general ledger, and the ability to create a new vendor in the accounting system. Due to the fact that incompatible duties are not adequately segregated, the potential exists for errors or irregularities to occur which would not be found or corrected in a reasonable time period. Due to budget constraints, the benefit of additional segregation of duties is outweighed by the cost of additional personnel required to segregate incompatible functions. Therefore, the auditors recommend that the Board utilize its members and an outside CPA firm to perform and review accounting matters as a compensating control. (See PDF Page 24) | SD | 2017 (FY 2014-15) | The management of the Commission hired two additional part-time staff persons to further delegate internal duties. The original staff person's duties were split with an additional staff person as a check and balance. This establishes protocol to help adequately segregate duties and assist to eliminate errors or irregularities and in cases of human error find and/or if needed correct in a timely manner. Staff persons were hired in FY 2015-16 after this year's fiscal report was submitted. | No |
| Fellsmere Water Control District | Indian River County | 2016-001 - Separation of Duties: 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 38) | 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 |

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| Flagler Estates Road and Water Control District | St. Johns County | 2016-002 - General Accounting Records: As part of the audit process, the auditors proposed material adjustments to the District's financial statements and assisted in 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 cost and benefits of improving controls relative to the financial reporting process. (See PDF Page 31) | MW | 2017 (FY 2014-15) | In general, the proposed audit adjustments related to the presentation of prepaid expenses and inventory in conformity with generally accepted accounting principles. The District's Board, in conjunction with the contracted accounting firm serving as the District's treasurer, have reviewed the entries and discussed the ramifications of implementing procedures to correct condition. The District will review the recurring adjustments with the auditor and the treasurer in an attempt to alleviate this portion of the finding. However, the District feels that it is in the best interest of the District financially to continue to have the auditor assist in the preparation of the financial statements. | No |
| | | 2016-001 - Separation of Duties: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that no one individual has access to both physical assets and the related accounting records, or 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 31) | MW | 2017 (FY 2014-15) | The District has contracted with an accounting firm to serve as treasurer for the District and perform monthly oversight of financial records. The District feels that this contractual arrangement provides a measure of mitigation to this finding. The District has also employed part-time help in an effort to segregate certain duties. However, with limited staff, the District is unable to fully resolve this finding. | No |

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| Fred R. Wilson Memorial Law Library | Seminole County | ITEM 1 - Improve Knowledge of Internal Control over Financial Reporting: The person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles (GAAP) in recording the Library's financial transactions or preparing its financial statements. The basis for this control issue is that the auditor cannot be considered part of the Library's internal control (i.e., cannot be substituted for elements within the Library's internal control system). The auditors recognize that it requires the assessment of a cost effective solution. Alternative solutions might include training accounting staff, hiring additional staff or engaging outside consultants, or obtaining assistance from knowledgeable volunteers to prepare financial statements in accordance with GAAP. (See PDF Page 29) | N/A | 2017 (FY 2014-15) | The Library is a small entity, has relatively limited financial resources, and has only two full-time employees, both librarians. The Library has a CPA firm that prepares quarterly financial statements, and receives the bank statements prior to preparing these financial statements. Each quarter, all three of the Library's trustees review the bank statements and quarterly reports generated by the CPA firm. Much of the day-to-day financial transactions are administered jointly by the two librarians, both of whom have substantial experience handling the Library's affairs. The training and experience of the two librarians, together with the oversight provided by the Library's trustees (described in the letter), provide a consistent and reliable degree of care in the internal reporting of the Library's finances on a quarterly and annual basis. | No |

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| Fred R. Wilson Memorial Law Library (continued) | Seminole County (continued) | ITEM 2 - Internal Control: One person has the primary responsibility for most of the financial administration and financial duties. As a result, many of those aspects of internal control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Library. The auditors recognize that the Library is not large enough to make the employment of additional people cost effective for the purpose of segregating duties and that this condition is quite common in many small organizations. Increased involvement of the Board of Trustees, such as reviewing and signing all disbursement checks, compensates to a degree for the absence of adequate segregation of duties. The auditors also recommend that a Trustee open and review all bank statements, reconciliations, and unfavorable budget variances. (See PDF Page 29) | N/A | 2017 (FY 2014-15) | The Library only has two employees, both librarians. Due to limited resources, the Library cannot afford to hire additional employees without incurring a dramatic reduction in services provided to patrons. The librarians do provide joint oversight of the Library's daily financial transactions, which are reported and reviewed by the three Library trustees on a quarterly basis. Given the modest resources, lack of known instances of misuses, and limited transactions of the Library, compensating controls involving Board trustees' oversight (described in the letter) are the most extensive and responsible internal controls available to the Library. | No |
| Hendry-La Belle Recreation Board | Hendry County | 2011-1 - Internal Control Over Financial Reporting: The Board does not currently have the skills and competencies necessary to prepare the financial statements and to prevent, detect, and correct a material misstatement in its financial statements. The auditors recommend that the Board develop a strategy to address the material weakness in internal control over financial reporting. (See PDF Page 29) | MW | 2017 (FY 2014-15) | Due to limited financial resources and fiscal staffing, this finding may not be resolved in the near future. The District does practice separation of duties to the fullest extent possible to minimize the possibility of errors in recording and reporting. The auditors perform a detailed review of the records, District staff reviews all audit adjustments independently, and the auditors answer any and all questions arising from the review prior to the preparation of the financial statements. The District is a simple operation that performs very limited activities, and the governing body has the business and operational insight to detect any material misstatements in the financial records. | No |

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| Holmes Creek Soil and Water Conservation District | Holmes County | 2007-001 - Financial Reporting: The District relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). Since the auditor cannot be a part of the system of internal accounting control, the District's system of internal accounting control over the financial reporting is not sufficient by itself to prevent, detect, or correct misstatements in the audited financial statements. The District has a small accounting staff necessitated by its overall small size. It does not consider it cost effective to develop and maintain a system of internal accounting control sufficient by itself to allow the preparation of financial statements in accordance with GAAP, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect, or correct misstatements in audited financial statements. The auditors recommend that the District continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that, due to the size of its accounting department, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 28) | MW | 2016 (FY 2013-14) | Due to the District's small size and limited resources, this issue may never be fully resolved. The District considers the cost to implement and maintain a system of internal control to be prohibitive. | No |

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| Holmes Creek Soil and Water Conservation District (continued) | Holmes County (continued) | 2003-002 - Separation of Duties: Custody of assets, record keeping, and recording of assets should have adequate separation. The District has a small one-person bookkeeping system; as a result, proper separation of duties may not be feasible. The auditor recommends that management remain very active and involved in the day-to-day operations, records be maintained current and up-to-date, and controls be established to provide checks and balances. (See PDF Page 28) | SD | 2016 (FY 2013-14) | Due to the District's small size and limited resources, this issue may never be fully resolved. In an effort to maintain the integrity of the District's assets, financial transactions require the signature of two Board members, and staff does not have signature authority on any of the accounts. All records are available for review at any time, and Board members review the financial statements at regularly scheduled meetings. | No |
| Indian River Farms Water Control District | Indian River County | 2016-001 - Segregation of Duties: The limited size of the District's staff does not allow for proper separation 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 also provides a degree of compensating control for this weakness. (See PDF Page 36) | SD | 2017 (FY 2014-15) | The District acknowledges the weakness regarding the segregation of duties for optimum efficiency in internal control. The only action that would completely resolve this issue would be to hire an additional employee and reorganize as far as internal control of accounting tasks. Unfortunately, the District does not have the sustainable resources available to afford this additional expense, and it is unclear at this time when these resources will be available. The degree of involvement by the Board members has been increased to compensate for this weakness. | No |

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| Jackson Soil and Water Conservation District | Jackson County | 07-001 - Financial Reporting: The District relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles (GAAP). Since the auditor cannot be a part of the system of internal accounting control, the District's system of internal accounting control over the financial reporting is not sufficient by itself to prevent, detect, or correct misstatements in the audited financial statements. The District has a small accounting staff necessitated by its overall small size. It does not consider it cost effective to develop and maintain a system of internal accounting control sufficient by itself to allow the preparation of financial statements in accordance with GAAP, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect, or correct misstatements in audited financial statements. The auditors recommend that the District continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that, due to the size of its accounting department, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 28) | MW | 2017 (FY 2014-15) | The District considers the cost of maintaining a system of internal control to be prohibitive. The small size of the District, as well as the minimal number of staff, precludes the establishment of such a system. The District will make a concerted effort to identify and assess potential risks on a daily basis. | No |

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| Jackson Soil and Water Conservation District (continued) | Jackson County (continued) | 06-001 - Separation of Duties: Custody of assets, record keeping, and recording of assets should have adequate separation. The District has a small one-person bookkeeping system; as a result, proper separation of duties may not be feasible. The auditor recommends that management remain very active and involved in the day-to-day operations, records be maintained current and up-to-date, and controls be established to provide checks and balances. (See PDF Page 27) | SD | 2017 (FY 2014-15) | Due to limited staff and resources, this issue may never be completely resolved. The District will make every effort to separate the record keeping duties from the custody of assets as much as possible with its small (one person) administrative staff. The District continues to maintain an active role in the day-to-day operations. | No |
| Lake Shore Hospital Authority | Columbia County | 2011-1 - Financial Statement Preparation: While the auditor can assist with the preparation of the financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when an entity does not have the expertise necessary to prevent, detect, and correct misstatements. The Hospital Authority is not capable of drafting the financial statement and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Pages 49-50) | SD | 2017 (FY 2014-15) | The Authority is a very small government and has used its available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. Both staff and the Board of Trustees review the annual financial reports prepared by the audit firm utilizing these records and have the opportunity to ask any questions regarding the reports prior to its formal presentation at a scheduled meeting of the Board of Trustees. At this time, the Authority does not believe it would not be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. | No |

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| Levy Soil and Water Conservation District | Levy County | 13-01 - Financial Statement Preparation Knowledge: Management is responsible for the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP). District personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that District personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with GAAP. (See PDF Page 23) | MW | 2017 (FY 2014-15) | As a small county it would not be economically feasible to hire an accountant with the skills and knowledge to keep current with accepted accounting principles. The District appreciates the efforts of the auditors in preparing the financial statements and will continue to rely on their expertise in the future. | No |

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| Marion County Law Library | Marion County | 2016-1 - Segregation of Duties: The accounting function is primarily handled by one employee of the Library, often handling complete accounting cycles and having access to the complete accounting system, including the handling of cash receipts and reporting of cash receipts. In addition, the Library does not employ or engage an individual, either internally or externally, who has the necessary capability, skills, and competencies to prepare the financial statements in accordance with generally accepted accounting principles, as well as prevent, detect, and correct material misstatements. The Library is typical of most small organizations wherein it is not economically feasible to hire all required staff needed to separate duties. The auditors recommend that the Library determine appropriate alternative procedures, for instance incorporating the Senior Circuit Judge and Board of Trustees in the financial operations processes by providing continuous oversight and independent reviews of accounting and administrative staff functions, or contracting with individuals to supplement the needed level of safeguards. (See PDF Page 24) | MW | 2017 (FY 2014-15) | The Library is a small entity and lacks the financial resources to hire an accounting or bookkeeping firm to manage or review, other than annually, the routine monetary transactions involved in the daily operations of the Law Library. The letter provides background information on the Library and describes compensating controls implemented. | No |

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| Municipal Service District of Ponte Vedra Beach | St. Johns County | 2016-002 - Financial Reporting: It was necessary for the auditors to assist with the preparation of the District's financial statements in order for the statements to be fairly presented in conformity with generally accepted accounting principles. The auditors recommend that the District consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 27) | MW | 2017 (FY 2014-15) | The District evaluated the cost versus benefit of improving internal controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP) and determined that it is in the District's best interest to outsource this task to the auditors. The District believes that it has the controls and reviews in place to safeguard the trust its residents place in it. While it does not have staff to segregate all duties and generate GAAP compliant financial statements, it does have the checks and balances and the accounting system (QuickBooks) in place to strictly control financial records and transactions and generate complete and timely reports. | No |
| | | 2016-001 - Separation of Duties: There is an inadequate segregation of duties. Because the District has a limited number of available personnel, it is not always possible to adequately segregate 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 applicable personnel, the District take steps to separate employee duties so that no individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 27) | MW | 2017 (FY 2014-15) | Due to the limited number of financial staff, it is not always possible to segregate incompatible duties. Whenever possible, incompatible duties are segregated in order to minimize the impact of the control deficiency. | No |

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Included in the FY 2015-16 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? |
|--|--------------------|---|-----------------|---|---|---|
| North Okaloosa County Fire District | Okaloosa County | 2016-01 - Financial Statement Preparation, Knowledge and Audit Adjustments: The District does not prepare its audited financial statements. Because of the limited number of available personnel, the District engages the auditor in non-attest services, including assistance with the preparation of the financial statements in accordance with generally accepted accounting principles. The District's Board of Commissioners reviews the draft audited financial statements during a monthly Board meeting with the auditor prior to approving the issuance of the statements. The District also signs a management representation letter acknowledging its responsibility for the financial statements. (See PDF Page 35) | MW | 2017 (FY 2014-15) | The current year response did not address this finding. The prior year response stated that the District believes the cost in fully correcting the weakness outweighs the benefits derived from additional controls. The District has implemented an internal control of having Board members with years of business experience review and approve the financial statements and all audit adjustments prior to issuance of the audit report. | No |
| North St. Lucie River Water Control District | St. Lucie County | ML 2016-1 - Lack of Segregation of Duties: The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum separation of duties. This situation dictates that the District implement a system to review and reconcile financial transactions on a regular basis and the Board of Supervisors remain involved in the financial affairs of the District to provide oversight and independent review functions. The auditors recognize that this condition requires staff assessment of a cost effective solution. Alternative solutions might include training accounting staff or hiring additional staff. (See PDF Page 33) | SD | 2017 (FY 2014-15) | The District is a very small independent special district with limited resources. Staff includes one Superintendent of Works, five board members, and one bookkeeper. The District feels it has implemented as many controls that are feasibly possible to address these issues. The District does not anticipate receiving any additional funding that would allow for an increase in the number of staff, but plans to continue in its diligence to mitigate as much lack of segregation of duties as possible. | No |

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2015-16 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? |
|--|----------------------|--|-----------------|---|--|---|
| Ocean City - Wright Fire Control District | Okaloosa County | IC2007-01 - Preparation of Financial Statements in Accordance to GAAP: The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires the preparer to have knowledge of the accounting principles affecting the entity, including financial statement disclosure requirements, the awareness of Governmental Accounting Standards Board changes, and the knowledge of resources for researching and properly implementing accounting standards. As a result of audit procedures, the auditors were required to propose significant adjustments to equity, capital lease liabilities, fixed assets, prepaid assets, payables, accruals, and pension accounts. Since the District must rely on the auditors to propose significant adjustments and prepare the financial statements in accordance with GAAP, this finding is considered a material weakness in the District's internal control. (See PDF Page 55) | MW | 2017 (FY 2014-15) | The District has hired a new Financial Administrator who will begin on 6/29/17, and is confident that for future FY audits, District administration will have sufficient knowledge in generally accepted accounting principles (GAAP) principles and will no longer need significant adjustment assistance for the audit team for journal entries, closing entries, preparation of financial statements, and fixed assets. | No |
| Okeechobee Soil and Water Conservation District | Okeechobee County | 2016-1 - Preparation of Financial Statements: The District does not have personnel handling its accounting and financial reporting functions with sufficient technical knowledge and training to record transactions and prepare financial statements in accordance with generally accepted accounting principles. This is due to the limited resources of the District. The auditors recommend that the District consider engaging an accountant with expertise in governmental accounting or provide training to current employees, which will improve the District's internal control over financial reporting. (See PDF Pages 52-53) | MW | 2017 (FY 2014-15) | Due to the small size and limited resources, this issue may never be fully resolved. The District considers the cost to implement and maintain a system of internal control to be prohibitive. | No |

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 2015-16 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? |
|-----------------------|---------------|--|-----------------|---|--|---|
| Palatka Gas Authority | Putnam County | 2016-001 - Financial Reporting: 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 that the Authority consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. (See PDF Page 28) | MW | 2017 (FY 2014-15) | This Authority is a small organization with limited staff and finds it not financially feasible or responsible to add the level of staff necessary to enable financial statements to be prepared in-house or to outsource the same to another accounting firm. This finding will continue to be listed for the foreseeable future. The Authority has taken steps to alleviate some inherent risks by implementing controls that prohibit an employee from having access to both the physical assets and the related accounting records. Additionally, an employee who receives monies is prohibited from disbursing monies or persons receiving product inventory is prohibited from relieving product inventory. The Authority also requires two approvals on any monies disbursed, whether in cash, check, or wire transfer. The Authority believes it has implemented sufficient controls to prohibit any one employee from having access to all phases of a transaction. | No |

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2015-16 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? |
|--|---|---|-----------------|---|---|---|
| Panhandle Public Library Cooperative System | Calhoun County, Holmes County, Jackson County | 07-01 - Preparation of GAAP-Based Financial Statements: The Cooperative has a small accounting staff necessitated by its overall small size. It does not consider it cost effective to develop and maintain a system of internal accounting control sufficient to prepare financial statements in accordance with generally accepted accounting principles (GAAP), nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect, or correct misstatements in the audited financial statements. The auditors recommend that the Cooperative continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that due to the size of its accounting department, it will continue to need external assistance with the preparation and understanding of financial statements in accordance with GAAP. (See PDF Page 23) | MW | 2017 (FY 2014-15) | The overall small size of the entity does not make it cost effective to develop and maintain a system of internal accounting controls sufficient to prepare financial statements in accordance with generally accepted accounting principles (GAAP), nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in the financial statements. A decision was made to rely upon the external auditor to assist with preparing and explaining financial statements in conformity with GAAP. | No |

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2015-16 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? |
|--------------------------------------|--------------------|--|-----------------|---|--|---|
| Seminole County Port Authority | Seminole County | Item 2 - Improve Knowledge of Internal Control over Financial Reporting: The person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements. The basis for this control issue is that the auditor cannot be considered part of the Authority's internal control (i.e., cannot be substituted for elements within the Authority's internal control system). The auditors recognize that it requires the Authority's assessment of a cost effective solution. Alternative solutions might include training accounting staff, hiring additional staff or engaging outside consultants, or obtaining assistance from knowledgeable volunteers to prepare financial statements in accordance with generally accepted accounting principles. (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 |
| | | Item 1 - Internal Control: One person has the primary responsibility for most of the accounting and financial duties. As a result, many of those aspects of internal control which rely on adequate segregation of duties are, for all practical purposes, missing in the Authority. The auditors recognize that the Authority is not large enough to make the employment of additional people cost effective for the purpose of segregation of duties and that this condition is quite common in many small organizations. Increased involvement of the Board of Directors mitigates, to a limited degree, for the absence of adequate segregation of duties. (See PDF Page 37) | N/A | 2017 (FY 2014-15) | The Authority has limited staff that consists of one executive secretary/assistant and one executive director. The Authority's Board and management have decided from a cost/benefit analysis, it is not practical to expend funds to employ additional personnel to correct this deficiency. Procedures implemented to mitigate the deficiency are described in the response. | No |

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2015-16 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 | 2016-01 - Lack of Segregation of Duties: The size of the Authority's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. The auditors recommend that management continue to exercise a high level of management review and supervision and the Board of Directors remain involved in the financial affairs to provide oversight and independent review functions. (See PDF Page 49) | MW | 2017 (FY 2014-15) | This finding relates to an area that may never be fully resolved due to limited staff and resources. The Authority's executive director is the only employee. All other controls/services, such as legal, bookkeeping, engineering, IT, auditing, capital improvements, and maintenance, are performed by private contractors or afforded by the municipal membership. Certain internal controls and procedures that have been implemented to compensate are described in the response. | No |
| St. Augustine Port, Waterway and Beach District | St. Johns County | 2016-001 - Separation of Duties: Because the District has a limited number of available personnel, it is not always possible to adequately separate certain incompatible duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. The auditors recommend that, to the extent possible given applicable personnel, the District take steps to separate duties so that no individual has access to both physical assets and the related accounting records, or all phases of a transaction. (See PDF Page 26) | MW | 2017 (FY 2014-15) | The District's size does not require a full-time administrative staff. As a result, it is impossible to have effective internal controls using segregation of duties. Some procedures implemented to compensate are described in the response. | No |
| Suwannee County Conservation District | Suwannee County | 12-01 - Financial Statement Preparation Knowledge: Personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements. The auditor recommends that District personnel increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles. (See PDF Pages 24-25) | 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 |

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 2015-16 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

| Special District | County | Audit Finding | MW or SD? | Year Last Response Received (RE: Fiscal Year) | Summary of Entity's Most Recent Response | Recommend Requiring a Written Response this Year? |
|---|---------------|---|-----------------|---|---|---|
| Taylor Coastal Water and Sewer District | Taylor County | 2010-1 - Financial Statement Preparation: A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While the auditors can assist with the preparation of the financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the government does not have the expertise necessary to prevent, detect, or correct misstatements. The District is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures. (See PDF Pages 35-36) | 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 |

FOOTNOTE/LEGEND:

1. Most of 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.

**Local Governmental Entities That Failed to Take Full Corrective Action in Response to a Recommendation
Included in the FY 2015-16 Fiscal Year Audit Report and the Two Preceding Audit Reports¹**

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.

Note: All audit reports and responses received from entities that are referenced in this document are available online as follows:

- Audit reports: Local governmental entity audit reports are accessible from the Auditor General’s website, <https://flauditor.gov/>, by selecting “Filed Reports” under the heading “Reports Filed with the Auditor General” in the left column.
- Entity responses: All entity responses are accessible from the Committee’s website (search “FL JLAC” in your browser), by selecting “Audit Findings Not Corrected – Correspondence” from the home page; then scroll to the bottom of the page to select the type of entity.

**8 Three Peat: Auditor
General Notification**

Attachments:

2017 State Universities and Colleges Recurring Findings Notification.docx

From: JAIME HOELSCHER [<mailto:JAIMEHOELSCHER@aud.state.fl.us>]**Sent:** Friday, July 28, 2017 12:54 PM**To:** Dubose, Kathy <DUBOSE.KATHY@leg.state.fl.us>**Cc:** GREG CENTERS <GREGCENTERS@AUD.STATE.FL.US>; JIM STULTZ <JIMSTULTZ@AUD.STATE.FL.US>**Subject:** 2015-16 Fiscal Year 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 the 2015-16 fiscal year audit reports for one State university and two colleges disclosed that the university and colleges had 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 university and colleges, the applicable audit reports, and the recurring findings.

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

2015-16 FISCAL YEAR LISTING OF
 UNIVERSITIES AND COLLEGES THAT FAILED TO TAKE
 FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION
 INCLUDED IN THE TWO PRECEDING AUDIT REPORTS

| <u>UNIVERSITY/COLLEGE</u> | <u>REPORT NUMBERS</u> | <u>FINDING NUMBERS</u> |
|---|---------------------------|----------------------------|
| Florida Agricultural and Mechanical University | 2017-197 | 1,9 |
| | 2014-108 | 1,2 |
| | 2013-103 | 4,8 |
| College of Central Florida | 2017-046 | 4 |
| | 2015-043 | 5 |
| | 2013-054 | 8 |
| Palm Beach State College | 2017-072 | 7 |
| | 2015-065 | 3 |
| | 2013-036 | 7 |

Attachments:

2016 DSB Recurring Findings JLAC Notification.docx

From: MICAH RODGERS [<mailto:MICAHRODGERS@AUD.STATE.FL.US>]**Sent:** Friday, July 28, 2017 12:53 PM**To:** Dubose, Kathy <DUBOSE.KATHY@leg.state.fl.us>**Cc:** GREG CENTERS <GREGCENTERS@AUD.STATE.FL.US>; JIM STULTZ <JIMSTULTZ@AUD.STATE.FL.US>**Subject:** 2016 District School Board Recurring Findings Notification

Ms. Dubose,

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

This e-mail is to notify you that the 2015-16 fiscal year audit reports for 24 district school boards disclosed that the district school boards had failed to take full corrective action in response to one or more recommendations included in the two preceding financial or operational audit reports. Please see the attached document identifying the respective district school boards, the applicable audit reports, and the recurring findings.

Sincerely,

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

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

2015-16 FISCAL YEAR LISTING OF
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. Brevard ¹ | 2017-139 | Operational: 3 |
| | 2014-089 | Operational: 2 |
| | 2013-135 | Operational: 6 |
| 2. Charlotte ¹ | 2017-083 | Operational: 4 |
| | 2014-161 | Fin/Op: 12 |
| | 2011-152 | Fin/Op: 6 |
| 3. Clay ¹ | 2017-069 | Operational: 4, 8 |
| | 2016-157 | Fin/Op: 8, 20 |
| | 2013-156 | Fin/Op: 7, 13 |
| 4. Duval ¹ | 2017-145 | Operational: 4, 5, 10 |
| | 2014-076 | Operational: 12, 7, 16 |
| | 2011-042 | Operational: 10, 7, 12 |
| 5. Escambia ¹ | 2017-185 | Operational: 13, 14 |
| | 2015-075 | Operational: 23, 24 |
| | 2012-037 | Operational: 9, 10 |
| 6. Flagler | 2017-100 | Operational: 6 |
| | 2016-158 | Fin/Op: 6 |
| | 2015-174 | Fin/Op: 14 |
| 7. Gadsden | Financial: 2017-189 | Financial: 2016-001 (Repeated 2016-156, No. 1) |
| | Operational: 2017-147 | Operational: 5 (Repeated 2016-156, No. 7), 6 (Repeated 2016-156, No. 7) |
| | 2016-156 | Fin/Op: 1, 7 |
| | 2015-164 | Fin/Op: 1, 8 |

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

2015-16 FISCAL YEAR LISTING OF
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> |
|----------------------------------|-------------------------------------|--|
| 8. Gilchrist | 2017-158 | Financial: 2016-001 |
| | 2016-105 | Fin/Op: 1 |
| | 2015-129 | Fin/Op: 1 |
| 9. Glades | 2017-174 | Financial: 2016-001 |
| | 2016-148 | Fin/Op: 1 |
| | 2015-167 | Fin/Op: 1 |
| 10. Hernando | CPA Firm FY 2015-16 | Financial: 2016-1 |
| | 2016-167 | Operational: 11 |
| | CPA Firm FY 2013-14 | Financial: 2014-2 |
| 11. Indian River | 2017-095 | Operational: 4, 5 |
| | 2016-077 | Operational: 1, 2 |
| | 2015-076 | Operational: 3, 4 |
| 12. Jefferson | 2017-193 | Financial: 2016-001 (Repeated 2016-169 Nos. 3 and 4), 2016-002, 2016-003 |
| | 2016-169 | Fin/Op: 3, 4, 1, 2 |
| | 2015-179 | Fin/Op: 3, 4, 1, 2 |
| 13. Leon | CPA Firm FY 2015-16 | Financial: 2016-001, 2016-003 |
| | CPA Firm FY 2014-15 | Financial: 2015-001, 2015-002 |
| | 2015-177 | Fin/Op: 3, 1 |
| 14. Madison | 2017-146 | Operational: 5, 7 |
| | 2016-132 | Fin/Op: 7, 8 |
| | 2015-162 | Fin/Op: 4, 5 |
| 15. Manatee ¹ | 2017-092 | Operational: 1, 3, 9 |
| | 2014-079 | Operational: 2, 10, 33 |
| | 2011-050 | Operational: 10, 3, 13 |

¹ See footnote on page 1.

2015-16 FISCAL YEAR LISTING OF
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> |
|----------------------------------|--|---|
| 16. Miami-Dade ¹ | <u>2017-196</u> | Operational: 2, 5, 8 |
| | <u>2015-089</u> | Operational: 4 (Repeated 2011-099, No. 4), ² 11 (Repeated 2013-108, No. 4), 15 (Repeated 2011-099, No.18) ² |
| | <u>2013-108</u> | Operational: 4 |
| | <u>2011-099</u> | Operational: 4, 18 |
| 17. Orange ¹ | <u>2017-132</u> | Operational: 10 |
| | <u>2014-147</u> | Fin/Op: 11 |
| | <u>2011-165</u> | Fin/Op: 8 |
| 18. Osceola ¹ | <u>2017-070</u> | Operational: 4, 6 |
| | <u>2014-071</u> | Operational: 14, 22 |
| | <u>2011-051</u> | Operational: 4, 5 |
| 19. Palm Beach ¹ | <u>2017-149</u> | Operational: 3 |
| | <u>2015-090</u> | Operational: 8 |
| | <u>2014-163</u> | Fin/Op: 2 |
| 20. Pasco ¹ | <u>2017-091</u> | Operational: 7 |
| | <u>2014-073</u> | Operational: 12 |
| | <u>2011-072</u> | Operational: 11 |
| 21. Pinellas | <u>CPA Firm FY 2015-16</u> | Financial: 4, 12, 15, 16, 18, 19 |
| | <u>CPA Firm FY 2014-15</u> | Financial: 4, 12, 15, 16, 18, 19 |
| | <u>2015-130</u> | Fin/Op: 4, 12, 15, 16, 18, 19 |
| 22. Putnam | <u>2017-163</u> | Operational: 13 |
| | <u>2016-170</u> | Fin/Op: 5 |
| | <u>2015-163</u> | Fin/Op: 10 |

¹ See footnote on page 1.

² The topics related to these findings were not included in the scope of audit report No. 2013-108.

2015-16 FISCAL YEAR LISTING OF
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> |
|----------------------------------|---------------------------------|------------------------|
| 23. Santa Rosa ¹ | <u>2017-053</u> | Operational: 6 |
| | <u>2014-131</u> | Fin/Op: 16 |
| | <u>2011-133</u> | Fin/Op: 11 |
| 24. Washington | <u>2017-056</u> | Operational: 7, 9 |
| | <u>2016-122</u> | Fin/Op: 1, 3 |
| | <u>2015-143</u> | Fin/Op: 7, 9 |

¹ See footnote on page 1.

From: DEREK NOONAN <DEREKNOONAN@AUD.STATE.FL.US>
Sent: Wednesday, April 26, 2017 2:05 PM
To: Raulerson, Dan; Mayfield, Debbie
Cc: Dubose, Kathy; White, Deborah
Subject: 2015-16 FY Notification Pursuant to Section 218.39(8), Florida Statutes
Attachments: 2016 PPY Findings Notification.xlsb

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

This email is to notify you of those charter schools and charter technical career centers (listed on the attached document) for which the 2015-16 fiscal year audit report disclosed that the entity failed to take full corrective action in response to one or more recommendations included in the two preceding financial audit reports.

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

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

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

| Charter School | Finding Category | CY Finding No | PY Finding No | PPY Finding No | PDF page # (1) | Revision or Addendum (2) |
|--|----------------------|---------------|---------------|----------------|----------------|--------------------------|
| Academy of Environmental Science | Separation of Duties | 2013-001 | 2013-001 | 2013-001 | 30 | No |
| Bay Haven Charter Academy Elementary School | Records Management | 2016-001 | 15-1 | 14-1 | 45 | No |
| Bay Haven Charter Academy Middle School | Records Management | 2016-001 | 15-1 | 14-1 | 45 | No |
| Bridgeprep Academy of Arts and Minds Charter Schools | Records Management | 2016-2 | 2015-2 | 2014-3 | 1 | Yes |
| Central Charter School | Records Management | 2012-1 | 2012-1 | 2012-1 | 46 | No |
| Micanopy Middle School | Miscellaneous | 2016-007 | 2015-2 | 2014-3 | 26 | No |
| North Bay Haven Career Academy | Records Management | 2016-001 | 15-1 | 14-1 | 45 | No |
| North Bay Haven Charter Academy Elementary School | Records Management | 2016-001 | 15-1 | 14-1 | 45 | No |
| North Bay Haven Charter Academy Middle School | Records Management | 2016-001 | 15-1 | 14-1 | 45 | No |
| Sebastian Charter Junior High | Separation of Duties | 2016-1 | 2015-1 | 2014-1 | 28 | No |
| Wayman Academy of the Arts | Miscellaneous | 16-1 | 15-1 | 14-1 | 37 | No |
| Notes: | | | | | | |
| (1) The page number listed is the PDF document page number, not the report page number. | | | | | | |
| (2) This column indicates if there is an addendum or revised report on the Auditor General's Web site that is associated with findings from the 2015-16 fiscal year audit report that should also be viewed. | | | | | | |

From: DEREK NOONAN <DEREKNOONAN@AUD.STATE.FL.US>
Sent: Friday, October 06, 2017 10:58 AM
To: Mayfield, Debbie; Sullivan, Jennifer
Cc: White, Deborah; Dubose, Kathy
Subject: 2015-16 FY Notification Pursuant to Section 218.39(8), Florida Statutes
Attachments: 2016 PPY Findings Notification.xlsb

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

This email is to notify you of those local governmental entities for which the 2015-16 fiscal year audit report disclosed that the entity failed to take full corrective action in response to one or more recommendations included in the two preceding financial audit reports.

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

Derek H. Noonan, Audit Supervisor
Auditor General, State of Florida
111 West Madison Street, Rm 401-P
Tallahassee, FL 32399-1450
Office (850) 412-2864
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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 Response To A Recommendation Included In The 2015-16 Fiscal Year Audit Report and the Two Preceding Financial Audit Reports

| Entity ID | Entity | Constitutional Officer (For Counties) | Finding Category | Finding No | PY Finding No | PPY Finding No | PDF p # (1) | Revision or Addendum (2) |
|-----------------|----------------------------------|---------------------------------------|--------------------------------|-------------|---------------|----------------|-------------|--------------------------|
| COUNTIES | | | | | | | | |
| C00400 | Bradford County | Clerk of the Circuit Court | Cash | ML 2013-1 | ML 2013-1 | ML 2013-1 | 123 | No |
| | | Property Appraiser | Separation of Duties | 2009-1 | 2009-1 | 2009-1 | 211 | |
| C00599 | Broward County | Sheriff | Information Technology | 2014-001 | 2014-001 | 2014-001 | part 2, 49 | No |
| | | Sheriff | General Accounting Records | 2014-002 | 2014-002 | 2014-002 | part 2, 50 | |
| C00700 | Calhoun County | Property Appraiser | Separation of Duties | 04-01 | 04-01 | 04-01 | 171 | No |
| | | Sheriff | Separation of Duties | 04-02 | 04-02 | 04-02 | 146 | |
| | | Supervisor of Elections | Separation of Duties | 04-01 | 04-01 | 04-01 | 195 | |
| C01200 | Columbia County | Board of County Commissioners | Purchasing/Contract Management | 2014-1 | 2014-1 | 2014-1 | 97 | No |
| C01800 | Franklin County | Board of County Commissioners | Financial Reporting | 2016-001 | 2015-001 | 2014-001 | 86 | No |
| | | Clerk of the Circuit Court | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 118 | |
| | | Clerk of the Circuit Court | Financial Reporting | 2016-002 | 2015-002 | 2014-002 | 118 | |
| | | Property Appraiser | Financial Reporting | 2016-001 | 2015-001 | 2014-001 | 203 | |
| | | Sheriff | Separation of Duties | 2016-01 | 2015-01 | 2014-011 | 149 | |
| | | Sheriff | General Accounting Records | 2016-02 | 2015-02 | 2014-02 | 149 | |
| | | Sheriff | Financial Reporting | 2016-03 | 2015-03 | 2014-03 | 149 | |
| | | Supervisor of Elections | Separation of Duties | 2016-001 | 15-001 | 14-001 | 227 | |
| | | Supervisor of Elections | Financial Reporting | 2016-002 | 15-002 | 14-002 | 227 | |
| | | Tax Collector | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 178 | |
| | | Tax Collector | Financial Reporting | 2016-002 | 2015-002 | 2014-002 | 178 | |
| C02000 | Gilchrist County | Sheriff | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 129 | No |
| C02100 | Glades County | Board of County Commissioners | General Accounting Records | 2010-001 | 2010-001 | 2010-001 | 85 | No |
| | | Clerk of the Circuit Court | Distribution of Funds | ML 2010-001 | ML 2010-001 | ML 2010-001 | 127 | |
| | | Sheriff | Policies and Procedures | ML 2015-001 | ML 2015-001 | ML 2013-001 | 182 | |
| C02200 | Gulf County | Sheriff | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 165 | No |
| C02900 | Holmes County | Board of County Commissioners | Financial Reporting | 2010-001 | 2010-001 | 2010-001 | 95 | No |
| | | Clerk of the Circuit Court | Financial Reporting | 2010-01 | 2010-01 | 2010-01 | 130 | |
| | | Property Appraiser | Financial Reporting | 2010-01 | 2010-01 | 2010-01 | 152 | |
| | | Property Appraiser | Expenditures/Expenses | 2012-02 | 2012-02 | 2012-02 | 153 | |
| | | Sheriff | Separation of Duties | 2010-01 | 2010-01 | 2010-01 | 205 | |
| | | Sheriff | Financial Reporting | 2010-02 | 2010-02 | 2010-02 | 206 | |
| | | Supervisor of Elections | Financial Reporting | 2010-01 | 2010-01 | 2010-01 | 177 | |
| | | Tax Collector | Financial Reporting | 2010-01 | 2010-01 | 2010-01 | 232 | |
| C03100 | Jackson County | Board of County Commissioners | Revenues/Collections | ML 06-01 | ML 06-01 | ML 06-01 | 99 | No |
| | | Property Appraiser | Separation of Duties | PA06-01 | PA06-01 | PA06-01 | 157 | |
| | | Sheriff | Separation of Duties | SH06-01 | SH06-01 | SH06-01 | 186 | |
| | | Tax Collector | Separation of Duties | TC06-01 | TC06-01 | TC06-01 | 238 | |
| C03200 | Jefferson County | Board of County Commissioners | Separation of Duties | 2008-001 | 2008-001 | 2008-001 | 83 | No |
| | | Board of County Commissioners | Financial Reporting | 2008-002 | 2008-002 | 2008-002 | 83 | |
| | | Board of County Commissioners | Revenues/Collections | 2013-002 | 2013-002 | 2013-002 | 82 | |
| | | Board of County Commissioners | Expenditures/Expenses | 2014-001 | 2014-001 | 2014-001 | 82 | |
| | | Clerk of the Circuit Court | Separation of Duties | C08-01 | C08-01 | C08-01 | 116 | |
| | | Clerk of the Circuit Court | Financial Reporting | C08-02 | C08-02 | C08-02 | 116 | |
| | | Sheriff | Separation of Duties | S08-01 | S08-01 | S08-01 | 171 | |
| | | Supervisor of Elections | Separation of Duties | SOE 08-01 | SOE 08-01 | SOE 08-01 | 195 | |
| | | Supervisor of Elections | Financial Reporting | SOE 08-02 | SOE 08-02 | SOE 08-02 | 195 | |
| C03300 | Lafayette County | Board of County Commissioners | Financial Reporting | 12-01 | 12-01 | 12-01 | 56 | |
| | | Clerk of the Circuit Court | Financial Reporting | 12-01 | 12-01 | 12-01 | 94 | |

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|--------------------------|--|---------------------------------------|----------------------------|-------------------------|---------------|----------------|-------------|--------------------------|
| | | Property Appraiser | Financial Reporting | 12-01 | 12-01 | 12-01 | 183 | No |
| | | Sheriff | Financial Reporting | 12-01 | 12-01 | 12-01 | 125 | |
| | | Supervisor of Elections | Financial Reporting | 12-01 | 12-01 | 12-01 | 211 | |
| | | Tax Collector | Financial Reporting | 12-01 | 12-01 | 12-01 | 154 | |
| C03700 | Levy County | Clerk of the Circuit Court | Financial Reporting | 2016-001 | 2015-001 | 2014-001 | 115 | No |
| | | Sheriff | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 140 | |
| C03800 | Liberty County | Sheriff | General Accounting Records | 2014-IC-01 | 2014-IC-01 | 2014-IC-01 | part 2,73 | Yes |
| C03900 | Madison County | Tax Collector | Separation of Duties | TC 2016-01 | TC 2015-01 | TC 2014-01 | 191 | No |
| C04250 | Miami-Dade County | Board of County Commissioners | Fund Equity | 2016-01 | 2015-01 | 2014-01 | 339 | No |
| | | Board of County Commissioners | Information Technology | 2016-02 | 2015-04 | 2014-05 | 340 | |
| C04600 | Okeechobee County | Board of County Commissioners | Revenues/Collections | 2016-001 | 2015-001 | 2014-001 | 150 | No |
| C04800 | Osceola County | Clerk of the Circuit Court | Budget Administration | 2013-008 | 2013-008 | 2013-008 | part 2, 49 | No |
| C05100 | Pinellas County | Sheriff | Information Technology | 2013-2 | 2013-2 | 2013-2 | 405 | No |
| C06600 | Washington County | Board of County Commissioners | Fixed Assets | BCC1997-001 | BCC1997-001 | BCC1997-001 | 83 | No |
| | | Board of County Commissioners | Separation of Duties | BCC2005-001 | BCC2005-001 | BCC2005-001 | 83 | |
| | | Board of County Commissioners | General Accounting Records | BCC2009-003 | BCC2009-003 | BCC2009-003 | 84 | |
| | | Board of County Commissioners | Federal Awards | BCC10-001 | BCC10-001 | BCC10-001 | 92 | |
| | | Board of County Commissioners | Federal Awards | BCC2014-001 | BCC2014-001 | BCC2014-001 | 91 | |
| | | Clerk of the Circuit Court | Financial Reporting | CC 2015-002 | CC 2015-002 | CC 2015-002 | 128 | |
| | | Property Appraiser | Separation of Duties | 03-03 | 03-03 | 03-03 | 156 | |
| | | Property Appraiser | Financial Reporting | 07-11 | 07-11 | 07-11 | 156 | |
| | | Sheriff | Separation of Duties | SH2003-01 | 03-01 | 03-01 | 184 | |
| | | Sheriff | Financial Reporting | SH2007-10 | 07-10 | 07-10 | 185 | |
| | | Supervisor of Elections | Separation of Duties | SE2003-03 | SOE03-03 | SOE03-03 | 210 | |
| | | Supervisor of Elections | Financial Reporting | SE2007-12 | SOE07-12 | SOE07-12 | 210 | |
| | | Tax Collector | Separation of Duties | TC03-03 | TC03-03 | TC03-03 | 237 | |
| | | Tax Collector | Financial Reporting | TC07-11 | TC07-11 | TC07-11 | 237 | |
| SPECIAL DISTRICTS | | | | | | | | |
| D01000 | Alligator Point Water Resources District | | Financial Reporting | 2016-001 | 2015-01 | 2014-01 | 19 | No |
| | | | Separation of Duties | 2016-002 | 2015-02 | 2014-02 | 19 | |
| D01450 | Amelia Concourse Community Development District | | Debt Administration | 2013-01/2014-01/2012-01 | 2012-01 | 2012-01 | 35 | Yes |
| | | | Financial Condition | 2013-02/2014-02/2012-02 | 2012-02 | 2012-02 | 36 | |
| D02120 | Arborwood Community Development District | | Debt Administration | 2015-01 | 2015-01 | 2014-02 | 37 | No |
| D02700 | Aucilla Area Solid Waste Administration | | Financial Reporting | 2013-1 | 2013-1 | 2013-1 | 33 | No |
| D03000 | Baker County Development Commission | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 29 | No |
| | | | Financial Reporting | 2016-002 | 2015-002 | 2014-002 | 29 | |
| D03100 | Baker County Hospital Authority | | Separation of Duties | 2016-01 | 2015-01 | 2014-01 | 23 | No |
| | | | Financial Reporting | 2016-02 | 2015-02 | 2014-02 | 23 | |
| D04900 | Beach Mosquito Control District | | Separation of Duties | 2016-1 | 2015-1 | 2014-1 | 49 | No |
| D05190 | Big Bend Water Authority | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 34 | No |
| D08980 | Buckeye Park Community Development District | | Expenditures/Expenses | IC2016-01 | IC2015-01 | IC2014-01 | 31 | No |
| | | | Debt Administration | IC2016-02 | IC2015-03 | IC2014-03 | 31 | |
| D09200 | CFM Community Development District | | Debt Administration | IC2010-1 | IC2010-1 | IC2010-1 | 31 | No |
| D11100 | Cedar Key Special Water and Sewer District | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 22 | No |
| D11970 | Chapel Creek Community Development District | | Debt Administration | 12-01 | 12-01 | 12-01 | 37 | No |
| | | | Financial Reporting | 12-03 | 12-03 | 12-03 | 36 | |
| | | | Fixed Assets | 12-04 | 12-04 | 12-04 | 36 | |
| D12800 | Children's Services Council of Okeechobee County | | Financial Reporting | 2016-1 | 2015-1 | 2014-1 | 27 | No |

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| | | | Separation of Duties | 2016-2 | 2015-2 | 2014-2 | 27 | No |
| D14005 | City Center Community Development District | | Debt Administration | 2015-01 | 2015-01 | 2014-01 | 35 | No |
| | | | Financial Condition | 2015-02 | 2015-02 | 2014-02 | 36 | No |
| D16048 | City-County Public Works Authority | | Separation of Duties | 2010-001 | 2010-001 | 2010-01 | 18 | No |
| | | | General Accounting Records | 2010-002 | 2010-002 | 2010-02 | 18 | |
| | | | Financial Reporting | 2010-003 | 2010-003 | 2010-03 | 19 | |
| D16490 | Clearwater Cay Community Development District | | Debt Administration | IC2009-1 | IC2009-1 | IC2009-1 | 31 | No |
| | | | Expenditures/Expenses | IC2014-1 | IC2014-1 | IC2014-1 | 31 | |
| D17700 | Collier Soil and Water Conservation District | | Financial Reporting | 2016-001 | 2013-001 | 2013-001 | 45 | No |
| D18370 | Concorde Estates Community Development District | | Financial Reporting | 12-01 | 12-01 | 12-01 | 36 | No |
| | | | Financial Condition | 13-01 | 13-01 | 13-01 | 37 | |
| D18380 | Connerton West Community Development District | | Debt Administration | 13-02 | 13-02 | 13-02 | 35 | No |
| D19630 | Creekside Community Development District | | Financial Condition | 2016-01 | 2015-01 | 2014-01 | 30 | No |
| D19900 | Crossings At Fleming Island Community Development District, The | | Debt Administration | 15-01 | 15-01 | 2014-01 | 44 | No |
| | | | Debt Administration | 15-02 | 15-02 | 2014-03 | 45 | |
| D21740 | Deer Run Community Development District | | Debt Administration | 2016-01 | 2015-01 | 2012-01 | 35 | No |
| | | | Financial Condition | 2016-02 | 2015-02 | 2012-02 | 35 | |
| D22200 | Desoto County Hospital District | | Financial Reporting | 2016-001 | 2015-002 | 2014-002 | 36 | Yes |
| D23750 | Durbins Crossing Community Development District | | Debt Administration | 2011-01 | 2011-01 | 2011-01 | 34 | No |
| D26550 | Escambia-Pensacola Human Relations Commission | | Separation of Duties | 2016-001 | 2015-1 | 2014-1 | 24 | No |
| D27000 | Fellsmere Water Control District | | Separation of Duties | 2016-001 | 2015-1 | 2014-1 | 38 | No |
| D27110 | Fiddlers Creek Community Development District Number 2 | | Debt Administration | 2010-1 | 2010-1 | 2010-1 | 39 | No |
| | | | Debt Administration | 2013-1 | 2013-1 | 2013-1 | 39 | |
| D27400 | Flagler Estates Road and Water Control District | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 31 | No |
| | | | General Accounting Records | 2016-002 | 2015-002 | 2014-002 | 31 | |
| D29300 | Fred R. Wilson Memorial Law Library | | Financial Reporting | ITEM 1 | ITEM 1 | ITEM 1 | 29 | No |
| | | | Separation of Duties | ITEM 2 | ITEM 2 | ITEM 2 | 29 | |
| | | | Expenditures/Expenses | ITEM 3 | ITEM 3 | ITEM 3 | 29 | |
| D30700 | Gilchrist Soil and Water Conservation District | | Financial Reporting | 14-01 | 14-01 | 14-01 | 23 | No |
| D31280 | Gramercy Farms Community Development District | | Financial Reporting | 12-01 | 12-01 | 12-01 | 34 | No |
| | | | Debt Administration | 12-03 | 12-03 | 12-03 | 32 | |
| | | | Financial Condition | 12-04 | 12-04 | 12-04 | 35 | |
| D33300 | Hardee Soil and Water Conservation DistrictNo | | Financial Reporting | 2016-001 | 2015-001 | 2014-001 | 26 | No |
| D33410 | Health Care District of Palm Beach County | | Information Technology | 2016-003 | 2015-006 | 2014-006 | 125 | Yes |
| D33900 | Hendry-La Belle Recreation Board | | Financial Reporting | 2011-1 | 2011-1 | 2011-1 | 29 | No |
| D34130 | Heritage Isles Community Development District | | Financial Condition | 2009-01 | 2014-01 | 2014-01 | 45 | No |
| D37100 | Holmes Creek Soil and Water Conservation District | | Separation of Duties | 2003-002 | 2003-002 | 03-2 | 28 | No |
| | | | Financial Reporting | 2007-001 | 2007-001 | 07-1 | 28 | |
| | | | Expenditures/Expenses | 2014-01 | 2014-001 | 14-1 | 33 | |
| D38300 | Immokalee Fire Control District | | Payroll and Personnel Administration | 2014-01 | 2014-01 | 2014-01 | 80 | No |
| | | | Purchasing/Contract Management | 2014-02 | 2014-02 | 2014-02 | 80 | |
| | | | General Accounting Records | 2014-03 | 2014-03 | 2014-03 | 80 | |
| | | | Fixed Assets | 2014-04 | 2014-04 | 2014-04 | 81 | |
| | | | Fixed Assets | 2014-05 | 2014-05 | 2014-05 | 81 | |
| D38800 | Indian River Farms Water Control District | | Separation of Duties | 2016-001 | 2015-1 | 2014-1 | 36 | No |
| D39400 | Indian Trail Improvement District | | Debt Administration | 2016-01 | 2015-03 | 2014-06 | 69 | No |
| D39600 | Indigo Community Development District | | Financial Condition | 2016-01 | 2015-01 | 2014-01 | 31 | No |
| D40400 | Jackson Soil and Water Conservation District | | Separation of Duties | 06-001 | 06-1 | 06-1 | 27 | |

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| | | | Budget Administration | 06-002 | 06-2 | 06-2 | 27 | No |
| | | | Financial Reporting | 07-001 | 07-1 | 07-1 | 28 | |
| | | | Expenditures/Expenses | 14-001 | 14-1 | 14-1 | 32 | |
| D41400 | Julington Creek Plantation Community Development District | | Budget Administration | 2014-01 | 2014-01 | 2014-01 | 35 | No |
| D42615 | Lake Ashton II Community Development District | | Financial Condition | 2016-01 | 2015-01 | 2014-01 | 32 | No |
| D44000 | Lake Shore Hospital Authority | | Financial Reporting | 2011-1 | 2011-1 | 2011-1 | 49 | No |
| D44810 | Lakeside Plantation Community Development District | | Debt Administration | 2016-01 | 07-01 | 07-01 | 29 | No |
| D47100 | Levy Soil and Water Conservation District | | Financial Reporting | 13-01 | 13-01 | 13-01 | 23 | No |
| D47700 | Loxahatchee Groves Water Control District | | Budget Administration | 2016-01 | 2015-01 | 2014-01 | 39 | No |
| D47880 | Madeira Community Development District | | Debt Administration | 16-01 | 2015-01 | 2014-01 | 34 | No |
| | | | Debt Administration | 16-02 | 2015-01 | 2014-01 | 34 | |
| D48155 | Magnolia Creek Community Development District | | Debt Administration | 12-01 | 12-01 | 12-01 | 36 | No |
| | | | Debt Administration | 12-02 | 12-02 | 12-02 | 36 | |
| | | | Fixed Assets | 14-01 | 14-01 | 14-01 | 35 | |
| D48170 | Magnolia West Community Development District | | Debt Administration | 12-02 | 12-01 | 12-01 | 36 | No |
| | | | General Accounting Records | 12-03 | 12-03 | 12-03 | 36 | |
| D49500 | Marion County Law Library | | Separation of Duties | 2016-1 | 2015-1 | 2014-1 | 24 | No |
| | | | General Accounting Records | 2016-2 | 2015-2 | 2014-2 | 24 | |
| D49750 | Marshall Creek Community Development District | | Debt Administration | 2014-02 | 2014-02 | 2014-02 | 37 | No |
| D50407 | Meadow Pointe IV Community Development District | | Debt Administration | 13-01 | 15-01 | 14-01 | 40 | Yes |
| | | | Debt Administration | 13-02 | 15-02 | 14-02 | 40 | |
| | | | Financial Reporting | 13-03 | 15-03 | 14-03 | 40 | |
| D51950 | Middle Village Community Development District | | Debt Administration | 2016-01 | 2015-01 | 2014-01 | 33 | No |
| D51980 | Midtown Miami Community Development District | | Fund Equity | 2012-01 | 2012-01 | 2012-01 | 41 | No |
| D52675 | Montecito Community Development District | | Financial Condition | 2016-1 | 2015-01 | 2014-01 | 34 | No |
| D53620 | Nature Coast Regional Water Authority | | Financial Reporting | 2014-1 | 2014-1 | 2014-1 | 21 | No |
| D53630 | Naturewalk Community Development District | | Debt Administration | 12-01 | 12-01 | 12-01 | 36 | No |
| | | | Debt Administration | 12-02 | 12-02 | 12-02 | 36 | |
| D53810 | New Port - Tampa Bay Community Development District | | Debt Administration | IC2009-002 | IC2009-002 | IC2009-002 | 34 | No |
| D55400 | North Okaloosa County Fire District | | Financial Reporting | 2016-01 | 2015-02 | 2014-02 | 33 | No |
| D56100 | North St. Lucie River Water Control District | | Separation of Duties | ML 2016-1 | ML 2015-1 | ML 2009-1 | 33 | No |
| D57300 | Ocean City - Wright Fire Control District | | Financial Reporting | IC2007-01 | IC2007-01 | IC2007-01 | 53 | No |
| D57900 | Okeechobee Soil and Water Conservation District | | Financial Reporting | 2016-1 | 2015-1 | 2014-1 | 52 | No |
| D60700 | Overoaks Community Development District | | Debt Administration | 2009-01 | 2009-01 | 2009-01 | 35 | No |
| | | | Fund Equity | 2012-01 | 2012-01 | 2012-01 | 36 | |
| D61300 | Palatka Gas Authority | | Financial Reporting | 2016-001 | 2015-001 | 2014-001 | 28 | No |
| D62550 | Panhandle Public Library Cooperative System | | Financial Reporting | 07-01 | 07-01 | 07-01 | 23 | No |
| D67000 | Municipal Service District of Ponte Vedra Beach | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 27 | No |
| | | | Financial Reporting | 2016-002 | 2015-002 | 2014-002 | 27 | |
| D67815 | Portofino Cove Community Development District | | Financial Condition | 2016-01 | 2015-01 | 2014-01 | 31 | No |
| D67825 | Portofino Isles Community Development District | | Financial Condition | 2016-01 | 2015-01 | 2014-01 | 32 | No |
| D67835 | Portofino Vista Community Development District | | Financial Condition | 2016-01 | 2015-01 | 2014-01 | 31 | No |
| D69450 | Reunion East Community Development District | | Debt Administration | 13-01 | 13-01 | 13-01 | 40 | No |
| | | | Debt Administration | 13-02 | 13-02 | 13-02 | 40 | |
| D69806 | River Glen Community Development District | | Fixed Assets | 15-01 | 2015-01 | 2014-01 | 36 | No |
| | | | Debt Administration | 15-02 | 2015-02 | 2014-02 | 37 | |
| D69810 | River Place on the St. Lucie Community Development District | | Debt Administration | 13-01 | 13-01 | ML-13-01 | 36 | No |

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| | | | Debt Administration | 13-02 | 13-02 | ML-13-02 | 36 | No |
| D70010 | Riverwood Estates Community Development District | | Debt Administration | 15-01 | 15-01 | 14-01 | 32 | Yes |
| | | | Debt Administration | 15-02 | 15-02 | 14-02 | 31 | |
| | | | Financial Reporting | 15-03 | 15-03 | 14-03 | 33 | |
| D72900 | Seminole County Port Authority | | Separation of Duties | Item 1 | ITEM 1 | ITEM 1 | 37 | No |
| | | | Financial Reporting | Item 2 | ITEM 2 | ITEM 2 | 37 | |
| D73470 | Silverleaf Community Development District | | Expenditures/Expenses | IC2016-001 | IC2015-001 | IC2014-001 | 29 | No |
| D73605 | South Bay Community Development District (Hillsborough County) | | Expenditures/Expenses | IC2010-01 | IC2010-01 | IC2010-01 | 32 | No |
| D74900 | South Seminole and North Orange County Wastewater Transmission Authority | | Separation of Duties | 2016-01 | 2015-01 | 2014-01 | 49 | No |
| D76200 | St. Augustine Port, Waterway and Beach District | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 26 | No |
| D78210 | Sterling Hill Community Development District | | Financial Reporting | 12-01 | 12-01 | 12-01 | 37 | No |
| | | | Debt Administration | 12-03 | 12-03 | 12-03 | 38 | |
| | | | Debt Administration | 12-04 | 12-04 | 12-04 | 38 | |
| D78220 | Stevens Plantation Community Development District | | Debt Administration | 2016-01 | 2015-01 | IC 2013-01 | 31 | No |
| D78800 | Sun'n Lake of Sebring Improvement District | | Financial Condition | 2016-01 | 2015-01 | 2014-01 | 52 | No |
| D79650 | Suwannee County Conservation District | | Financial Reporting | 12-01 | 12-01 | 12-01 | 24 | No |
| D81610 | Taylor Coastal Water and Sewer District | | Financial Reporting | 2010-1 | 2010-1 | 2010-1 | 35 | No |
| D82110 | Tern Bay Community Development District | | Debt Administration | IC2009-01 | IC2009-01 | IC2009-01 | 32 | No |
| D82955 | Trails Community Development District | | Financial Condition | 14-01 | 14-01 | 2014-01 | 39 | No |
| D82975 | Treeline Preserve Community Development District | | Debt Administration | 15-01 | 15-01 | 2014-01 | 36 | No |
| | | | Debt Administration | 15-02 | 15-02 | 2014-01 | 37 | |
| D85170 | Villa Vizcaya Community Development District | | Financial Condition | 2016-01 | 2015-01 | 2014-01 | 32 | No |
| D85505 | Villages of Avignon Community Development District | | Debt Administration | 11-01 | 11-01 | 11-01 | 33 | No |
| | | | Debt Administration | 11-02 | 11-02 | 11-02 | 33 | |
| D87280 | Waterford Estates Community Development District | | Financial Condition | 2016-01 | 2015-01 | 2014-01 | 31 | No |
| D87340 | Waterstone Community Development District | | Financial Condition | 2016-01 | 2015-01 | 2014-01 | 29 | No |
| D88400 | West Villages Improvement District | | Debt Administration | 2016-01 | 2015-01 | 2014-01 | 32 | No |
| | | | Debt Administration | 2016-02 | 2015-02 | 2014-02 | 32 | |
| D89000 | Westridge Community Development District | | Debt Administration | 13-01 | 13-01 | 13-01 | 36 | No |
| | | | Debt Administration | 13-02 | 13-02 | 13-02 | 36 | |
| | | | Financial Reporting | 14-01 | 14-01 | 14-01 | 35 | |
| D89050 | Westside Community Development District | | Debt Administration | 2011-01 | 2011-01 | 2011-01 | 34 | No |
| | | | Financial Condition | 2012-01 | 2012-01 | 2012-01 | 35 | |
| D89820 | Woodlands Community Development District, The | | Debt Administration | 13-01 | 13-01 | 13-01 | 37 | No |
| | | | Financial Condition | 13-02 | 13-02 | 13-02 | 37 | |
| D89840 | Wyld Palms Community Development District | | Debt Administration | 14-01 | 14-01 | 14-01 | 33 | No |
| D90210 | Zephyr Ridge Community Development District | | Debt Administration | 09-01 | 09-01 | 09-01 | 36 | No |
| | | | Debt Administration | 09-02 | 09-02 | 09-02 | 36 | |
| | | | Financial Reporting | 12-01 | 12-01 | 12-01 | 35 | |
| MUNICIPALITIES | | | | | | | | |
| M00200 | Alford, Town of | | Separation of Duties | 2007-02 | 2007-02 | 2007-02 | 50 | No |
| | | | Financial Reporting | 2007-03 | 2007-03 | 2007-03 | 50 | |
| | | | Payroll and Personnel Administration | 2010-01 | 2010-01 | 2010-01 | 51 | |
| | | | Revenues/Collections | 2011-01 | 2011-01 | 2011-01 | 51 | |
| | | | General Accounting Records | 2013-02 | 2013-02 | 2013-02 | 51 | |
| | | | Financial Reporting | 2014-02 | 2014-02 | 2014-02 | 55 | |
| M00500 | Anna Maria, City of | | Separation of Duties | 2013-2 | 2013-2 | 2013-2 | 44 | No |
| | | | General Accounting Records | 2014-1 | 2014-1 | 2014-1 | 45 | |

**Local Governmental Entities That Failed To Take Full Corrective Action In Response To A Recommendation Included In The
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| Entity ID | Entity | Constitutional Officer (For Counties) | Finding Category | Finding No | PY Finding No | PPY Finding No | PDF p # (1) | Revision or Addendum (2) |
|-----------|--|---------------------------------------|--|------------|---------------|----------------|-------------|--------------------------|
| M00600 | Apalachicola, City of | | Separation of Duties | 2016-001 | 2015-001 | 14-01 | 67 | No |
| | | | General Accounting Records | 2016-002 | 2015-002 | 14-02 | 67 | |
| M00900 | Archer, City of | | Financial Reporting | 2013-1 | 2013-1 | 2013-1 | 48 | No |
| | | | Revenues/Collections | 2014-1 | 2014-1 | 2014-1 | 50 | |
| | | | Expenditures/Expenses | 2014-3 | 2014-3 | 2014-3 | 50 | |
| | | | General Accounting Records | 2014-4 | 2014-4 | 2014-4 | 51 | |
| M02200 | Bell, Town of | | Financial Reporting | 2009-1 | 2009-1 | 2009-1 | 39 | No |
| M03200 | Blountstown, City of | | Separation of Duties | 06-01 | 06-01 | 06-01 | 69 | No |
| | | | Financial Reporting | 07-01 | 07-01 | 07-01 | 69 | |
| M03400 | Bonifay, City of | | Financial Reporting | 2010-01 | 2010-01 | 2010-01 | 54 | No |
| | | | Financial Condition | 2010-03 | 2010-03 | 2010-03 | 55 | |
| M03900 | Branford, Town of | | Financial Reporting | 2010-1 | 2010-1 | 2010-1 | 53 | No |
| M04200 | Bronson, Town of | | Separation of Duties | 2009-1 | 2009-1 | 2009-1 | 34 | No |
| | | | Fund Equity | ML 2009-4 | ML 2009-4 | ML 2009-4 | 37 | |
| M04500 | Bunnell, City of | | Other Control Deficiencies and Noncompliance | 2014-010 | 2014-010 | 2014-010 | 72 | No |
| M04600 | Bushnell, City of | | Separation of Duties | 2008-2 | 2008-2 | 2008-2 | 115 | No |
| | | | Financial Condition | 2011-1 | 2011-1 | 2011-1 | 119 | |
| | | | Debt Administration | 2014-1 | 2014-1 | 2014-1 | 119 | |
| M04700 | Callahan, Town of | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 47 | No |
| | | | Financial Reporting | 2016-002 | 2015-002 | 2014-002 | 47 | |
| M04800 | Callaway, City of | | Cash | 2016-003 | 2015-01 | 2014-01 | 125 | No |
| | | | Policies and Procedures | 2016-004 | 2015-02 | 2014-05 | 126 | |
| M04900 | Campbellton, Town of | | Separation of Duties | 04-01 | 04-01 | 04-01 | 45 | No |
| M05200 | Carrabelle, City of | | Financial Reporting | 2016-001 | 2015-001 | 14-01 | 57 | No |
| | | | Separation of Duties | 2016-002 | 2015-002 | 14-02 | 57 | |
| | | | Fixed Assets | 2016-003 | 2015-003 | 14-03 | 58 | |
| | | | Expenditures/Expenses | 2016-004 | 2015-004 | 14-05 | 58 | |
| | | | Distribution of Funds | 2016-007 | 2015-014 | 14-06 | 59 | |
| | | | Policies and Procedures | 2016-009 | 2015-008 | 14-09 | 62 | |
| | | | Information Technology | 2016-010 | 2015-009 | 14-10 | 62 | |
| | | | Budget Administration | 2016-011 | 2015-010 | 14-11 | 62 | |
| | | | Budget Administration | 2016-012 | 2015-011 | 14-12 | 63 | |
| | | | Budget Administration | 2016-013 | 2015-012 | 14-13 | 63 | |
| M06500 | Clewiston, City of | | Financial Reporting | 2009-1 | 2009-1 | 2009-1 | 99 | No |
| | | | Financial Condition | 2012-1 | 2012-1 | 2012-1 | 99 | |
| M07000 | Coleman, City of | | Financial Reporting | 2016-1 | 2015-1 | 2014-1 | 60 | No |
| | | | Separation of Duties | 2016-2 | 2015-2 | 2014-3 | 60 | |
| M07400 | Cottondale, City of | | Separation of Duties | 2003-001 | 03-1 | 03-1 | 50 | No |
| | | | Financial Reporting | 2007-001 | 07-1 | 07-1 | 50 | |
| | | | General Accounting Records | 2009-001 | 09-1 | 09-1 | 51 | |
| | | | General Accounting Records | 2016-001 | 09-2 | 09-2 | 52 | |
| M07700 | Cross City, Town of | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 45 | No |
| M07900 | Dade City, City of | | Separation of Duties | 2014-2 | 2014-2 | 2014-2 | 87 | No |
| | | | Cash | 2014-3 | 2014-3 | 2014-3 | 92 | |
| M08100 | Davenport, City of | | Investments | 2014-1 | 2014-1 | 2014-1 | 46 | No |
| M08600 | Deerfield Beach, City of | | General Accounting Records | ML 08-2 | ML 08-2 | ML 08-2 | 186 | |
| | | | Payroll and Personnel Administration | ML10-2 | ML10-2 | ML10-2 | 185 | |
| | | | Investments | ML11-1 | ML11-1 | ML11-1 | 175 | |

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| Entity ID | Entity | Constitutional Officer (For Counties) | Finding Category | Finding No | PY Finding No | PPY Finding No | PDF p # (1) | Revision or Addendum (2) |
|-----------|---|---------------------------------------|--|------------|---------------|----------------|-------------|--------------------------|
| | | | Information Technology | ML11-4 | ML11-4 | ML11-4 | 176 | No |
| | | | Information Technology | ML11-5 | ML11-5 | ML11-5 | 178 | |
| | | | Information Technology | ML11-6 | ML11-6 | ML11-6 | 181 | |
| | | | Information Technology | ML11-8 | ML11-8 | ML11-8 | 182 | |
| | | | Information Technology | ML11-9 | ML11-9 | ML11-9 | 184 | |
| | | | General Accounting Records | ML 2013-01 | ML 2013-01 | ML 2013-01 | 171 | |
| M09600 | Eatonville, Town of | | Financial Condition | 2006-A | 2006-A | 2006-A | 72 | No |
| | | | Fund Equity | 2012-C | 2012-C | 2012-C | 72 | |
| | | | General Accounting Records | 2016-001 | 2006-01 | 2006-01 | 67 | |
| M10400 | Fanning Springs, City of | | Financial Reporting | 2013-1 | 2013-1 | 2013-1 | 60 | No |
| M11000 | Fort Meade, City of | | Revenues/Collections | 2016.3 | 2014.2 | 2014.2 | 90 | No |
| M11500 | Fort White, Town of | | Revenues/Collections | 2009-2 | 2009-2 | 2009-2 | 44 | No |
| | | | Financial Reporting | 2011-1 | 2011-1 | 2011-1 | 42 | |
| M11600 | Freeport, City of | | General Accounting Records | 2016-01 | 15-01 | 14-01 | 60 | No |
| M12100 | Glen Saint Mary, Town of | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 48 | No |
| | | | Financial Reporting | 2016-002 | 2015-002 | 2014-002 | 48 | |
| M12500 | Graceville, City of | | Separation of Duties | 2006-001 | 2006-01 | 2006-01 | 60 | No |
| | | | Financial Reporting | 2007-001 | 2007-01 | 2007-01 | 60 | |
| | | | Revenues/Collections | 2010-001 | 2010-1 | 2010-1 | 64 | |
| | | | Fixed Assets | 2012-001 | 2012-1 | 2012-1 | 64 | |
| | | | Cash | 2012-002 | 2012-2 | 2012-2 | 65 | |
| M12600 | Grand Ridge, Town of | | Financial Reporting | 2016-001 | 2015-001 | 14-01 | 45 | No |
| M12900 | Greensboro, Town of | | Financial Reporting | 2016-001 | 2015-001 | 2014-01 | 46 | No |
| | | | Separation of Duties | 2016-002 | 2015-002 | 2014-02 | 46 | |
| M13000 | Greenville, Town of | | Financial Reporting | 2016-001 | 2015-001 | 2014-01 | 49 | No |
| | | | Separation of Duties | 2016-002 | 2015-002 | 2014-02 | 49 | |
| | | | General Accounting Records | 2016-003 | 2015-003 | 2014-04 | 50 | |
| | | | Budget Administration | 2016-004 | 2015-004 | 2014-07 | 50 | |
| M13100 | Greenwood, Town of | | Separation of Duties | 05-01 | 05-01 | 05-01 | 35 | No |
| | | | Financial Reporting | 07-01 | 07-01 | 07-01 | 35 | |
| M13400 | Gulf Breeze, City of | | Fixed Assets | 2016-001 | 2015-001 | 2014-001 | 177 | No |
| M14000 | Hastings, Town of | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 46 | No |
| | | | General Accounting Records | 2016-002 | 2015-002 | 2014-002 | 46 | |
| M15000 | Hilliard, Town of | | Financial Reporting | 2009-1 | 2009-1 | 2009-1 | 73 | No |
| M15600 | Horseshoe Beach, Town of | | Financial Reporting | 2011-1 | 2011-1 | 2011-1 | 44 | No |
| M15700 | Howey-in-the-Hills, Town of | | Financial Reporting | 2016-001 | 2015-001 | 2014-001 | 53 | No |
| M16500 | Inglis, Town of | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 45 | No |
| M16600 | Interlachen, Town of | | Financial Reporting | 2007-01 | 2007-01 | 2007-01 | 38 | No |
| M17100 | Jacob City, City of | | General Accounting Records | 2016-001 | 2015-002 | 2014-002 | 30 | No |
| M17200 | Jasper, City of | | Other Control Deficiencies and Noncompliance | 2014-001 | 2014-001 | 2014-001 | 70 | No |
| M17400 | Jennings, Town of | | Separation of Duties | 2016-001 | 2015-001 | 14-01 | 61 | No |
| | | | Financial Reporting | 2016-002 | 2015-002 | 14-02 | 61 | |
| M17800 | Jupiter, Town of | | Purchasing/Contract Management | 2010-3 | 2010-3 | 2010-3 | 155 | No |
| M18300 | Keystone Heights, City of | | Budget Administration | 2016-001 | 2015-001 | 2014-001 | 44 | No |
| M18500 | LaBelle, City of | | Financial Reporting | 2009-1 | 2009-1 | 2009-1 | 99 | No |
| M19300 | Lake Hamilton, Town of | | Separation of Duties | 2009-1 | 2009-1 | 2009-1 | 42 | No |
| | | | Debt Administration | 2013-4 | 2013-4 | 2013-4 | 43 | |
| M19400 | Lake Helen, City of | | Information Technology | 2016-004 | 2015-007 | ML 2013-01 | 63 | No |

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|-----------|---|---------------------------------------|--------------------------------------|-------------|---------------|----------------|-------------|--------------------------|
| M19600 | Lake Park, Town of | | Policies and Procedures | 2013-1 | 2013-1 | 2013-1 | 138 | No |
| M20000 | Lakeland, City of | | Information Technology | 2016-002 | 2015-003 | 2014-1 | 239 | No |
| M20300 | Lauderdale Lakes, City of | | Purchasing/Contract Management | 2012-06 | 2012-06 | 2012-06 | 129 | No |
| M20700 | Lawtey, City of | | Financial Reporting | 2016-1 | 2015-2 | 2014-2 | 40 | No |
| | | | Cash | 2016-2 | 2015-3 | 2014-3 | 40 | |
| | | | Budget Administration | 2016-3 | 2015-4 | 2014-4 | 41 | |
| | | | Debt Administration | 2016-5 | 2015-5 | 2014-5 | 41 | |
| M21000 | Lee, Town of | | Cash | 2014-001 | 2014-001 | 2014-001 | 60 | No |
| M21700 | Macclenny, City of | | Separation of Duties | 2016-001 | 2015-1 | 2014-01 | 59 | No |
| | | | Financial Reporting | 2016-002 | 2015-2 | 2014-02 | 59 | |
| M21900 | Madison, City of | | Financial Reporting | 2012-1 | 2012-1 | 2012-1 | 78 | No |
| M22200 | Malone, Town of | | Separation of Duties | 04-001 | 04-01 | 04-01 | 44 | No |
| | | | Financial Reporting | 07-001 | 07-01 | 07-01 | 44 | |
| | | | Fixed Assets | 14-001 | 14-1 | 14-1 | 50 | |
| M22400 | Mangonia Park, Town of | | Budget Administration | 2011-03 | 2011-03 | 2011-03 | 66 | No |
| | | | Purchasing/Contract Management | 2012-01 | 2012-01 | 2012-01 | 63 | |
| M22600 | Marianna, City of | | Separation of Duties | 03-01 | 03-01 | 03-01 | 104 | No |
| M23000 | Mayo, Town of | | Financial Reporting | 2011-1 | 2011-1 | 2011-1 | 57 | No |
| M23200 | Medley, Town of | | Separation of Duties | 2016-01 | 2015-01 | 2014-01 | 73 | No |
| | | | Fixed Assets | 2016-02 | 2015-02 | 2014-02 | 73 | |
| | | | Revenues/Collections | 2016-03 | 2015-03 | 2014-03 | 74 | |
| | | | Purchasing/Contract Management | 2016-04 | 2015-04 | 2014-04 | 75 | |
| | | | Payroll and Personnel Administration | 2016-05 | 2015-05 | 2013-05 | 76 | |
| M23300 | Melbourne, City of | | Federal Awards | 2014-3 | 2014-3 | 2014-3 | 201 | No |
| M23400 | Melbourne Beach, Town of | | Separation of Duties | 2016-001 | ML 2014-001 | ML 2014-001 | 58 | No |
| | | | Budget Administration | 2016-005 | ML 2014-002 | ML 2014-002 | 59 | |
| M23700 | Miami, City of | | Information Technology | ML 2014-03 | ML 2014-03 | ML 2014-03 | 265 | No |
| | | | Information Technology | ML 2014-04 | ML 2014-04 | ML 2014-04 | 266 | |
| | | | Information Technology | ML 2014-05 | ML 2014-05 | ML 2014-05 | 267 | |
| | | | Information Technology | ML 2014-06 | ML 2014-06 | ML 2014-06 | 268 | |
| M24100 | Micanopy, Town of | | Financial Reporting | 2011-1 | 2011-1 | 2011-1 | 43 | No |
| M24200 | Midway, City of | | General Accounting Records | 13-01 | 13-01 | 13-01 | 50 | No |
| | | | Fixed Assets | 13-08 | 13-08 | 13-08 | 50 | |
| M24800 | Moore Haven, City of | | Financial Reporting | 2016-001 | 2015-001 | 2010-001 | 89 | No |
| | | | General Accounting Records | 2016-002 | 2015-002 | 2010-002 | 89 | |
| M25000 | Mulberry, City of | | Budget Administration | 2014-005 | 2014-005 | 2014-005 | 52 | No |
| M26500 | Oak Hill, City of | | Separation of Duties | SD01 (2009) | SD02 (2009) | #2009 SD02 | 75 | No |
| M26600 | Oakland, Town of | | Revenues/Collections | 10-01 | 10-01 | 10-01 | 55 | No |
| | | | Payroll and Personnel Administration | 10-04 | 10-04 | 10-04 | 55 | |
| | | | General Accounting Records | 10-05 | 10-05 | 10-05 | 55 | |
| | | | Revenues/Collections | 10-06 | 10-06 | 10-06 | 55 | |
| | | | General Accounting Records | 11-5 | 11-5 | 11-5 | 56 | |
| | | | Fixed Assets | 12-3 | 12-3 | 12-3 | 56 | |
| | | | Revenues/Collections | 12-4 | 12-4 | 12-4 | 56 | |
| | | | General Accounting Records | 14-002 | 14-002 | 14-002 | 56 | |
| | | | Budget Administration | 14-006 | 14-006 | 14-006 | 56 | |
| M27600 | Orange Park, Town of | | Revenues/Collections | 14-5 | 14-5 | 14-5 | 86 | No |
| M27700 | Orchid, Town of | | General Accounting Records | 2016-001 | 2015-001 | 2014-001 | 37 | No |

Local Governmental Entities That Failed To Take Full Corrective Action In Response To A Recommendation Included In The 2015-16 Fiscal Year Audit Report and the Two Preceding Financial Audit Reports

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|-----------|--|---------------------------------------|--------------------------------|----------------------|---------------|----------------|-------------|--------------------------|
| | | | Separation of Duties | 2016-002 | 2015-003 | 2014-003 | 38 | No |
| M28000 | Otter Creek, Town of | | Financial Reporting | 2011-1 | 2011-1 | 2011-1 | 38 | No |
| M29100 | Panama City, City of | | Separation of Duties | 2007-1 | 2007-1 | 2007-1 | 225 | No |
| | | | Financial Condition | 2016-1 | 2015-1 | 2014-1 | 225 | No |
| M29300 | Parker, City of | | General Accounting Records | 2016-001 | 15-01 | 14-01 | 61 | No |
| | | | Separation of Duties | 2016-002 | 15-02 | 14-02 | 61 | No |
| M29500 | Paxton, City of | | Financial Reporting | 2016-01 | 2015-01 | 2014-01 | 47 | No |
| | | | Separation of Duties | 2016-02 | 2015-02 | 2014-02 | 47 | No |
| M29800 | Penney Farms, Town of | | Financial Reporting | 2011-1 | 2011-1 | 2011-1 | 49 | No |
| M30100 | Pierson, Town of | | Financial Reporting | 2009-01 | 2009-01 | 2009-01 | 40 | No |
| | | | Separation of Duties | 2009-02 | 2009-02 | 2009-02 | 41 | No |
| | | | Revenues/Collections | 2012-01 | 2012-01 | 2012-01 | 41 | No |
| | | | Revenues/Collections | 2014-01 | 2014-01 | 2014-01 | 44 | No |
| M30700 | Pomona Park, Town of | | Separation of Duties | 2009-IC-1 | 2009-IC-1 | 2009-IC-1 | 58 | No |
| M30900 | Ponce de Leon, Town of | | Separation of Duties | 2005-02 | 2005-02 | 2005-02 | 46 | No |
| | | | Debt Administration | 2005-04 | 2005-04 | 2005-04 | 46 | No |
| | | | Financial Reporting | 2007-04 | 2007-04 | 2007-04 | 47 | No |
| | | | General Accounting Records | 2008-05 | 2008-05 | 2008-05 | 47 | No |
| | | | Financial Condition | 2012-01 | 2012-01 | 2012-01 | 46 | No |
| M33400 | Sewall's Point, Town of | | Separation of Duties | 2011-1 | 2011-1 | 2011-1 | 39 | No |
| M33600 | Sneads, Town of | | Fixed Assets | 2000-001 | 00-1 | 00-1 | 59 | No |
| | | | Financial Reporting | 2007-001 | 07-1 | 07-1 | 60 | No |
| M33700 | Sopchoppy, City of | | Financial Reporting | 16-001 | 15-01 | 14-01 | 48 | No |
| M33900 | South Daytona, City of | | Fund Equity | 2013-1 | 2013-1 | 2013-1 | 162 | No |
| M34600 | St. Cloud, City of | | Debt Administration | 2016-1 | 2015-1 | 2014-1 | 159 | No |
| | | | Revenues/Collections | 2016-2 | 2015-2 | 2014-3 | 164 | No |
| | | | Revenues/Collections | 2016-Utility Billing | 2015-3 | 2014-5 | 165 | No |
| M34800 | St. Lucie Village, Town of | | Separation of Duties | 2016-1 | No Number | No Number | 21 | Yes |
| M34900 | St. Marks, City of | | Separation of Duties | 2016-001 | 2015-01 | 2014-01 | 38 | No |
| M35200 | Starke, City of | | Revenues/Collections | 2013-03 | 2013-03 | 13-03 | 71 | No |
| M35700 | Tallahassee, City of | | Purchasing/Contract Management | 2016-001 | 2015-01 | 2014-002 | 205 | No |
| M36600 | Trenton, City of | | Financial Reporting | 2009-1 | 2009-1 | 2009-1 | 60 | No |
| M37300 | Waldo, City of | | Financial Reporting | 2011-1 | 2011-1 | 2011-1 | 54 | No |
| M37500 | Wausau, Town of | | Separation of Duties | 2010-01 | 2010-01 | 2010-01 | 56 | No |
| | | | Financial Reporting | 2010-02 | 2010-02 | 2010-02 | 56 | No |
| M37600 | Webster, City of | | Separation of Duties | 2015-001 | 2015-001 | 2014-001 | 52 | No |
| | | | General Accounting Records | 2015-002 | 2015-002 | 2014-002 | 53 | No |
| | | | Financial Reporting | 2015-003 | 2015-003 | 2014-004 | 54 | No |
| M38500 | Wewahitchka, City of | | Financial Reporting | 2011-1 | 2011-1 | 2011-1 | 55 | No |
| M38700 | Wildwood, City of | | Financial Reporting | 2016-001 | 2015-001 | 2014-001 | 57 | No |
| M39000 | Windermere, Town of | | Financial Reporting | 16-01 | 15-01 | 14-01 | 48 | No |
| M39600 | Yankeetown, Town of | | Separation of Duties | 2016-001 | 2015-001 | 2014-001 | 43 | No |
| M39800 | Zolfo Springs, Town of | | General Accounting Records | 2013-3 | 2013-3 | 2013-3 | 46 | No |

Notes:

- (1) The page number listed is the PDF document 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 2015-16 fiscal year audit report that should be viewed.

Local Governmental Entities That Failed To Take Full Corrective Action In Response To A Recommendation Included In The 2015-16 Fiscal Year Audit Report and the Two Preceding Financial Audit Reports

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|-----------|--------|---------------------------------------|------------------|------------|---------------|----------------|-------------|--------------------------|

Additional Information:

Buckeye Park Community Development District (entity ID D08980) has two findings (IC2016-01, IC2016-02) that we identified as uncorrected findings in the 2015-16 audit report. However, in the audit report, the auditor did not note that the findings were 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.

Silverleaf Community Development District (entity ID D73470) has one finding (IC2016-01) that we identified as an uncorrected finding in the 2015-16 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.

Town of Caryville (Washington County) – Failure to Submit Required Financial Reports
 Financial Reports Not Submitted: FY 2015-16 Annual Financial Report and Audit Report
 Follow-Up to November 16, 2017, Joint Legislative Auditing Committee Meeting

| Committee Action Taken on November 16, 2017 | Results of Auditor General Site Visit and Subsequent Information Related to the Town of Caryville | Staff Recommendation Related to the Town of Caryville |
|---|--|---|
| <p>Direct the Auditor General to perform a site visit at the Town to evaluate the sufficiency of the financial records for FY 2015-16 and FY 2016-17 AND</p> <p>(1) Take action* against the Town on 1/15/2018, if the Town fails to cooperate with the Auditor General,</p> <p style="text-align: center;">OR</p> <p>(2) Take action* against the Town on 3/30/2018, if the Town cooperates with the Auditor General and has not submitted the required reports</p> <p><i>*Action, as specified by s. 11.40(2), F.S. is to notify the Department of Revenue and the Department of Financial Services to begin withholding certain state funds from the Town, beginning 30 days after the departments receive the notifications. Although some funds may be eligible to be returned to the Town once it becomes compliant, other funds are not.</i></p> | <p>Staff of the Auditor General performed a site visit on November 17, 2017, and believe that sufficient records are available for both an audit of the Town’s 2015-16 and 2016-17 fiscal years.</p> <p>Extenuating Circumstances:</p> <ul style="list-style-type: none"> • The Town is very small with a history of failing to timely file required financial reports. As a result, the Committee has directed action on multiple occasions, and the Town has lost approximately \$40,000 in State funds. • The Town has been subject to investigations by FEMA and FDLE. • Certain Town records, which Committee staff understand relate to the 2015-16 fiscal year, are reportedly missing; allegedly, a former Town employee was involved. • FDLE has closed its investigation and was unable to find “hard evidence” of criminal activity. • The Town’s former auditor has doubts that an audit of 2015-16 fiscal year can be completed. Reportedly, the Town’s Clerk (the Town’s only administrative employee) is not willing to accept responsibility for the completeness or accuracy of the Town’s records for the period prior to her employment, which includes the 2015-16 fiscal year. This may impact the ability to obtain the Management Representation Letter** which is required to be obtained before the audit report is finalized and published. • The Town is required, by law, to have an audit once every three years, based on its revenues and expenditures. • The current Town Clerk and Council Chair are cooperating and appear willing to take the steps needed in order for the Town to become complaint. <p><i>**This letter, required by professional auditing standards, assures the auditors that management has provided all pertinent information to the auditors. The financial statements belong to the Town, so it’s important that management take responsibility for the amounts and other information contained within the final audit report.</i></p> | <p>Approve the FY 2016-17 audit in lieu of the FY 2015-16 audit. The 2015-16 fiscal year annual financial report (AFR) will be required.</p> <p>As a condition of this:</p> <ul style="list-style-type: none"> • The Town begins preparing its records for the audit, including hiring someone with expertise in governmental accounting to review records/assist with year-end closing entries and compile financial statements, if necessary • The Town attempts to find an auditor to perform the audit and provides evidence that it has done so (i.e., provide a copy of RFP, etc.) • The Town provides an engagement letter for auditing services to the Committee by May 1, 2018 <p>Also:</p> <p>Direct Committee staff to monitor the progress of the Town</p> <p>If the Town is unable to find an auditor by May 1st (i.e., no CPAs/CPA firms respond to the RFP), direct the Auditor General to perform the financial audit for the 2016-17 fiscal year</p> <p>Authorize the Committee’s Chairs to delay the May 1st date upon request of the Town (i.e., the Town is still in the process of receiving proposals for auditing services)</p> |



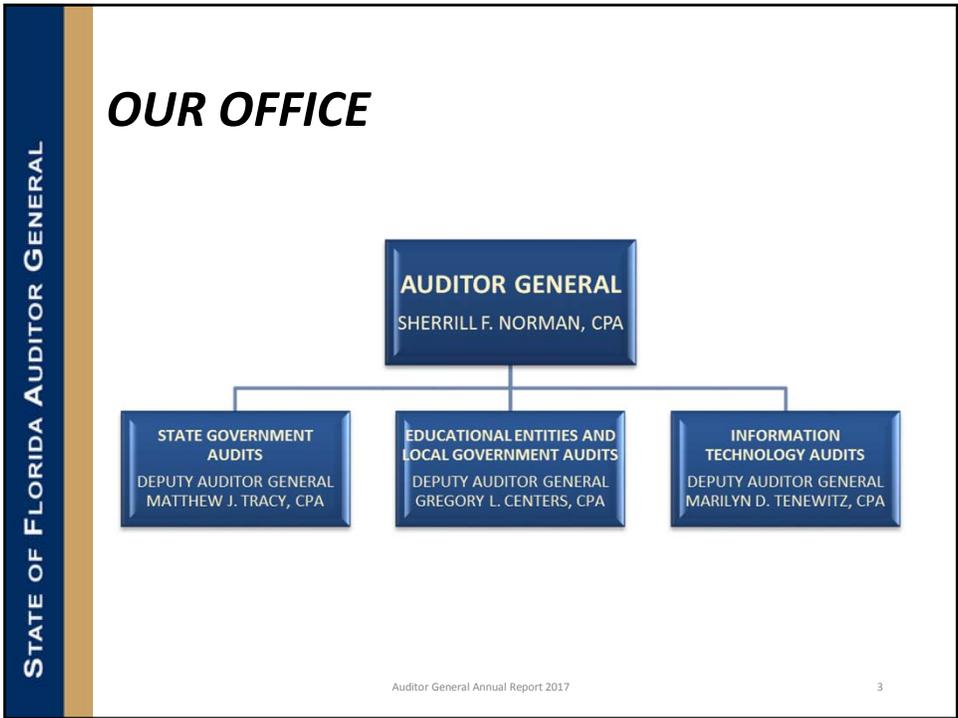
STATE OF FLORIDA AUDITOR GENERAL

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Auditor General Annual Report 2017

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OUR OFFICE

STATE OF FLORIDA AUDITOR GENERAL

Audit positions are located in Tallahassee and in various field offices throughout the State.

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OUR OFFICE

Many of our 360 full-time positions are held by audit professionals with various professional accounting and audit-related certifications.

As of October 31, 2017, our audit professionals included:

- 171 Certified Public Accountants
- 21 Certified Information Systems Auditors
- 8 Certified Fraud Examiners

RECOMMENDED STATUTORY AND FISCAL CHANGES

Compilation of recommendations that were either included in our audit reports during the past few audit cycles or arose during the course of performing the duties assigned to the Auditor General.

A member of the Auditor General management team is referenced with each recommendation.

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

STATE GOVERNMENT

| | |
|--|-----------------|
| Total asset values upon which financial statement opinions were rendered | \$547.1 billion |
| Total revenues upon which financial statement opinions were rendered | \$155.1 billion |
| Total Federal awards expenditures for major programs audited | \$20.7 billion |
| Total number of major Federal programs audited | 18 |
| Number of audit reports released: | 22 |
| Attestation | 1 |
| Financial | 4 |
| Financial and Federal Awards | 1 |
| Operational | 16 |
| Number of audit findings | 170 |

Auditor General Annual Report 2017

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OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

SCHOOL DISTRICTS

| | |
|--|-----------------|
| Total asset values upon which financial statement opinions were rendered | \$26.8 billion |
| Total revenues upon which financial statement opinions were rendered | \$15.6 billion |
| Total Federal awards expenditures for major programs audited | \$570.3 million |
| Number of audit reports released: | 67 |
| Financial and Federal Awards | 47 |
| Operational | 20 |
| Number of audit findings | 206 |

Auditor General Annual Report 2017

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OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

FLORIDA EDUCATION FINANCE PROGRAM

| | |
|--|---------------|
| Total FTE Student Enrollment reported upon which compliance opinions were rendered | 1,329,490 |
| Total FTE Student Enrollment funding for entities examined | \$3.7 billion |
| Total Student Transportation funding for entities examined | \$223 million |
| Number of compliance examination reports released: | 35 |
| School Districts | 34 |
| Other Educational Entities | 1 |
| Number of reports disclosing material noncompliance | 35 |

Auditor General Annual Report 2017

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OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

STATE UNIVERSITIES AND STATE COLLEGES

| | |
|--|----------------|
| Total asset values upon which financial statement opinions were rendered | \$32 billion |
| Total revenues upon which financial statement opinions were rendered | \$16.8 billion |
| Number of audit reports released: | 50 |
| Financial | 40 |
| Operational | 10 |
| Number of audit findings | 53 |

Auditor General Annual Report 2017

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OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

INFORMATION TECHNOLOGY

| | |
|--|------------|
| Number of audit reports released: | 17 |
| State Agencies and Related Entities | 14 |
| Educational and Related Entities | 3 |
| Number of audit findings: | 106 |
| Access | 38 |
| Security Management | 29 |
| Business Process | 20 |
| Configuration Management | 8 |
| Application-Level General | 7 |
| Contingency Planning | 4 |

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

LOCAL GOVERNMENT AUDITS

| Report No. | Report Topic |
|------------|--|
| 2017-107 | City of Palatka and Palatka Downtown Redevelopment Agency |
| 2018-007 | Citrus County Board of County Commissioners – Detention Center Management Services Contract and Selected Administrative Activities |
| 2017-198 | Putnam County Board of County Commissioners, Clerk of the Circuit Court, and Sheriff's Office |
| 2017-123 | Walton County Board of County Commissioners, Clerk of the Circuit Court, and Use of Funds Related to the Deepwater Horizon Oil Spill |
| 2017-215 | Suwannee River Water Management District |
| 2017-102 | Sunshine Water Control District – Follow-Up |

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

- Reviews of Audit Reports
 - Significant Findings and Financial Trends
- Notifications
- Quality Assessment Reviews
- Professional Activities



**Auditor General
Sherrill F. Norman, CPA**

**(850) 412-2722
FLAuditor.gov**



ANNUAL REPORT

2017

NOVEMBER 1, 2016, THROUGH OCTOBER 31, 2017

LEGISLATIVE AUDITING COMMITTEE

2016 - 2018



Alternating Chair

Senator Debbie Mayfield

Senator Dennis Baxley

Senator Audrey Gibson

Senator Kathleen Passidomo

Senator Perry E. Thurston, Jr.



Alternating Chair

Representative Jennifer Sullivan

Representative Tracie Davis

Representative Randy Fine

Representative Joe Gruters

Representative Roy Hardemon

Representative Cyndi Stevenson

The Legislative Auditing Committee is established by Joint Rules of the Florida Legislature and its membership consists of members appointed from each house. The Committee may direct the Auditor General to conduct an audit, review, or examination of any entity or record as specified in Section 11.45(3), Florida Statutes. This includes State agencies, counties, municipalities, special districts, school districts, charter schools, and numerous other government organizations, as well as nongovernmental agencies, corporations, and persons who have received any appropriation made by the Legislature.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



Phone: (850) 412-2722
Fax: (850) 488-6975

November 30, 2017

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

The Honorable Richard Corcoran
Speaker of the House of Representatives
420 The Capitol
Tallahassee, Florida 32399-1100

Dear President Negron and Speaker Corcoran:

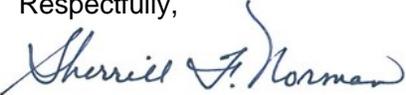
I am pleased to provide the Auditor General's Annual Report for the period November 1, 2016, through October 31, 2017. In accordance with Section 11.45(7)(h), Florida Statutes, this Annual Report includes a list of statutory and fiscal changes recommended by the Auditor General for legislative consideration as well as our Projected 2-Year Work Plan identifying the audit and other accountability activities expected to be undertaken during the 2018-19 and 2019-20 fiscal years. Our Projected 2-Year Work Plan is a risk-based plan developed considering both the audit frequency requirements in State law and information obtained from the Legislature and other sources concerning areas of audit interest and operational risk.

This Annual Report also provides a brief description of our Office and a summary of the audit and other accountability activities we performed during the 12-month period November 1, 2016, through October 31, 2017. These audits and other accountability activities include assignments made to our Office both in law and by legislative directive. During this period, our dedicated team of audit professionals and support staff issued over 200 reports related to operational, financial, and Federal awards audits and attestation examination engagements of State and local governmental entities.

When conducting audits and other accountability activities, we remain mindful of our professional services goal, which is to provide timely, quality information to the Legislature and Florida's citizens relative to the financial accountability and stewardship of public officials. This goal encompasses multiple services directed toward financial reporting, legal compliance, and government operations.

We appreciate the Legislature's interest in our audit work and reports. Please let me know if you have any questions regarding this Annual Report or if we can be of any additional service to you in your service to the citizens of Florida.

Respectfully,


Sherrill F. Norman

c: Members of the Senate and House
Chiefs of Staff
Committee Staff Directors

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OUR OFFICE



The Auditor General is:

- ◆ ***A Constitutional Officer***
- ◆ ***A Legislative Officer***
- ◆ ***A Certified Public Accountant***
- ◆ ***The State's Independent External Auditor***

Our Vision

Excellence in auditing for the benefit of Floridians.

Our Core Values

- ◆ ***Integrity*** – Commitment to ethical conduct and truthfulness in all relationships.
- ◆ ***Independence and Objectivity*** – Being mindful of the reliance that is placed on our work and, therefore, taking a fact-based, nonpartisan, unbiased, fair, and balanced approach to all activities.
- ◆ ***Accountability*** – Holding ourselves accountable and being responsible for our actions, taking pride in our professionalism, striving for efficiency in our performance, and committing to the highest performance standards.

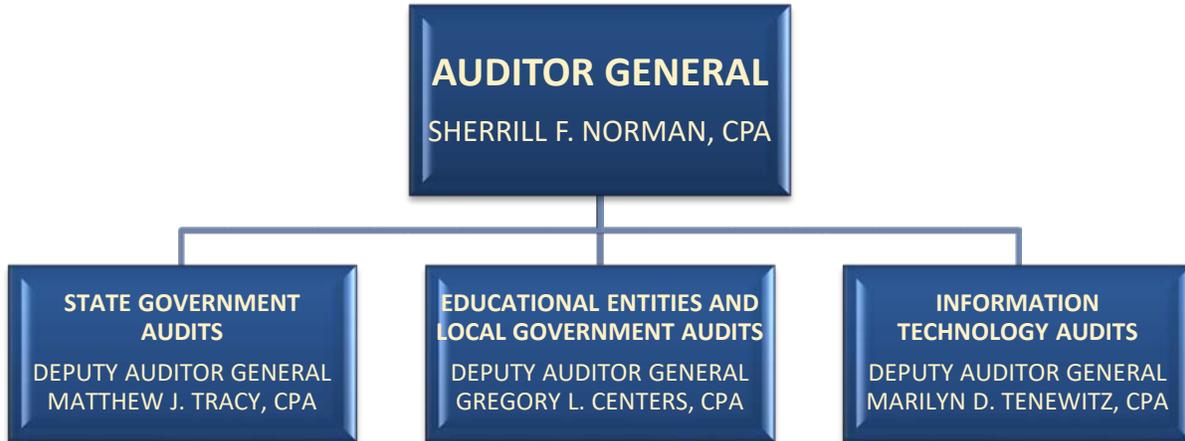
Our Mission

As the State's independent external auditor, the Auditor General provides unbiased, timely, and relevant information that the Legislature, Florida's citizens, public entity management, and other stakeholders can use to promote government accountability and stewardship and improve government operations. Specifically, the Auditor General:

- ◆ Audits financial statements to provide the Legislature and other users of financial statements independent assurance of the reliability of the financial statement information provided by government managers.
- ◆ Identifies and audits those operating units, programs, activities, functions, and transactions considered most vulnerable should a significant breakdown in internal control occur.
- ◆ Communicates, by an on-site presence and through examination, the Legislature's expectation that public entity management and employees are accountable for the proper administration of public funds and the achievement of entity objectives.
- ◆ Reports on whether expenditures of Federal, State, and local funds serve a public purpose and are made in compliance with applicable laws, rules, regulations, contracts, grant agreements, best practices, and other guidelines and whether government programs, activities, and functions are administered in an economic, efficient, and effective manner.
- ◆ Reports on whether governmental entities have established proper internal controls that reasonably ensure that financial reports and records are reliable; assets are safeguarded; and fraud, waste, abuse, and noncompliance are prevented and detected.

Our Organization

The organizational structure of the Auditor General's Office consists of three divisions: the State Government Audits Division, the Educational Entities and Local Government Audits Division, and the Information Technology Audits Division. Each Division is led by a Deputy Auditor General.



Management and staff of our organizational units work in coordination to meet the Auditor General's goals and objectives. Contact information for the Auditor General, each Deputy Auditor General, and other Auditor General management with reporting responsibilities is included as **EXHIBIT D** of this report.

While our Office headquarters is in Tallahassee, approximately half our professional audit staff are assigned to various other locations throughout the State. These locations facilitate our audits of the State agencies headquartered outside Tallahassee, State universities, State colleges, and school districts, as well as our audits of local governmental entities.



Our People

Delivering high-quality audit work products efficiently and effectively requires a competent, dedicated, and enthusiastic workforce. Many of our 360 full-time equivalent positions are held by audit professionals with various professional accounting and audit-related certifications. For example, as of October 31, 2017, our audit professionals included:

- ◆ 171 Certified Public Accountants.
- ◆ 21 Certified Information Systems Auditors.
- ◆ 8 Certified Fraud Examiners.

What We Do

Sections 11.42 and 11.45, Florida Statutes, set forth the general authority and duties of the Auditor General. Independently, and in accordance with applicable professional standards, the Auditor General:

- ◆ Conducts financial audits of the accounts and records of State government, State universities, State colleges, and school districts.
- ◆ Conducts operational and performance audits of public programs, activities, and functions and information technology systems and performs related duties as prescribed by law, concurrent resolution of the Legislature, or as directed by the Legislative Auditing Committee.
- ◆ Adopts rules, in consultation with the Florida Board of Accountancy, for audits performed by independent certified public accountants of local governmental entities, charter schools, charter technical career centers, school districts, and certain nonprofit and for-profit organizations.
- ◆ Conducts reviews of audit reports of local governmental entities, charter schools, charter technical career centers, school districts, and certain nonprofit and for-profit organizations.
- ◆ Conducts examinations of school districts' and other entities' records, as appropriate, to evaluate compliance with State requirements governing the determination and reporting of full-time equivalent (FTE) student enrollment reported to the Department of Education and used to determine Florida Education Finance Program FTE Student Enrollment and Student Transportation funding allocations.
- ◆ Conducts quality assessment reviews of the internal audits performed by State agency offices of inspectors general.

The Auditor General performs audits and other engagements in accordance with generally accepted government auditing standards as set forth by the Comptroller General of the United States in *Government Auditing Standards*. *Government Auditing Standards* are applicable to financial and performance audits and attestation engagements and incorporate applicable auditing standards promulgated by the American Institute of Certified Public Accountants (AICPA). *Government Auditing Standards* require that, in all matters relating to audit work, the Auditor General and each individual auditor must maintain independence and avoid situations that could lead reasonable and informed persons to conclude that the auditors are not independent. Our independence and core values, along with the collective knowledge and skills of our staff, provide the basis for our credibility.

Our Quality Control

Government Auditing Standards require us to undergo an independent review of our system of quality control at least once every 3 years. In October 2016, a team from the National State Auditors Association (NSAA) conducted such a review that covered engagements with reports issued during the period September 1, 2015, through August 31, 2016. Our Office received a rating of “pass,” which is the highest rating an audit organization can receive from an NSAA peer review team. This rating means that the Auditor General’s system of quality control provided reasonable assurance that our Office’s work conformed to *Government Auditing Standards* and is evidence of the quality and professionalism of our staff. The peer review team’s report is available on our Web site. Our next external peer review will be conducted in the fall of 2019.

Our Strategic Goals and Objectives

In recognition of our statutory duties and mission and within the framework of our core values, our work is planned and managed to address strategic objectives established to assist us in accomplishing our two primary strategic goals:

- ◆ Our **Professional Services Goal** is to provide timely, quality information to the Legislature and Florida’s citizens relative to the financial accountability and stewardship of public officials. This goal encompasses multiple services directed toward financial reporting, legal compliance, and government operations.
- ◆ Our **Professional Development Goal** is to maximize the value of the Auditor General’s work by continuing to promote quality, professionalism, and productivity. The Auditor General encourages all staff to pursue professional certifications and requires all management staff with responsibilities for audits or attestations to hold applicable certifications, such as certified public accountant (CPA) or, when appropriate, certified information systems auditor (CISA). To enhance their technical proficiency, our professional audit staff receive a minimum of 80 hours of continuing professional education (CPE) in every 2-year period. Some of the CPE sessions are led by specialist guest speakers or external subject experts, but we also recognize the importance of fostering the speaking and presentation skills of our own staff. Accordingly, we give our people the opportunity to present on topics within their areas of expertise.

Our strategic objectives are:

| | |
|--------------------|--|
| Objective 1 | Improve the operations and accountability of public entities. |
| Objective 2 | Identify and audit essential government topics of specific interest to the Legislature. |
| Objective 3 | Conduct audits and other engagements (examinations and other attestations) in accordance with applicable professional auditing standards. |
| Objective 4 | Timely conduct all engagements in a cost-efficient manner. |
| Objective 5 | Recruit and retain highly qualified, highly skilled staff. |
| Objective 6 | Provide staff with an organizational environment and professional opportunities that promote job satisfaction. |
| Objective 7 | Provide staff with the training, opportunities, technology, and encouragement needed to enhance professional competencies and effectively and efficiently complete audits and other assignments. |
| Objective 8 | Continue to build on the Auditor General’s reputation as a leader in the auditing and government financial reporting communities. |

Our Reports

Our audits and other accountability activities focus on executive branch (State) agencies, judicial branch entities, educational entities, local governmental entities, and certain other entities. A listing of all reports released during the period November 1, 2016, through October 31, 2017, is included in this report as ***EXHIBIT B***. An overview of our audits and other accountability activities completed during the period November 1, 2016, through October 31, 2017, begins on page 13 of this Annual Report. Copies of audit and other reports are available on our Web site at www.FLAuditor.gov and are distributed as appropriate and upon request to:

- ◆ Legislative members and staff.
- ◆ Governing boards and management of governmental entities.
- ◆ Federal Government officials.
- ◆ Bond rating agencies.
- ◆ Florida's citizens.
- ◆ The media.
- ◆ Other interested parties.

RECOMMENDED STATUTORY AND FISCAL CHANGES

Various provisions of State law require the Auditor General to conduct audits, examinations, or reviews of government programs, activities, and functions and report the results thereof to the President of the Senate, the Speaker of the House of Representatives, the Legislative Auditing Committee, senior management of the audited entity, and, as applicable, Federal grantor agencies. These reports have been provided as required by law, and many include findings and recommendations focusing on the need for management actions to improve the audited entities' level of legal compliance and internal controls relevant to legal compliance, economy and efficiency, financial reporting and records, and the safeguarding of assets. In addition, Section 11.45(7)(h), Florida Statutes, provides in part that the Auditor General shall annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee by December 1 of each year a list of statutory and fiscal changes recommended by the Auditor General.

The following recommended statutory and fiscal changes are provided to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee for consideration. These recommendations either were included in our audit reports during the past few audit cycles or arose during the course of performing the duties assigned to the Auditor General. The recommendations are presented by policy area to facilitate their use by the various legislative committees. Auditor General staff are available to discuss these recommendations with legislative members and staff. Contact information for the management staff referenced below is provided in ***EXHIBIT D*** of this report.

Policy Areas: Senate Education House Education

- ◆ **Florida Virtual School** – The Legislature should consider amending Section 1002.37, Florida Statutes, to specify the time frame for submittal of the Florida Virtual School's annual financial audit report.

Audit Director: James R. Stultz, CPA

Policy Areas: Senate Community Affairs House Government Accountability

- ◆ **Community Development Districts** – The Legislature should consider amending Chapter 190, Florida Statutes, to establish parameters addressing the amount of bonds a community development district (CDD) may issue and oversight responsibility for CDD bond issuances.

Audit Report Number: 2015-036

Audit Manager: Michael J. Gomez, CPA

◆ **Community Redevelopment Agencies (CRAs)** – The Legislature should consider the following revisions to Chapter 163, Florida Statutes:

- Amend Chapter 163, Florida Statutes, to require county approval for the adoption and amendment of all municipal CRA plans.
- Repeal Section 163.362(11), Florida Statutes, to impose the same requirements as to the contents of CRA plans on all CRAs.
- Amend Section 163.387(6), Florida Statutes, to be more specific as to the types of expenditures that qualify as undertakings of a CRA, particularly with respect to promotional activities.
- Amend Section 163.387(7), Florida Statutes, to provide the CRAs with the ability to establish reserves for mitigating current and future risks and to exempt the reserves from the ending balance disposition requirements.
- Amend Section 163.387(8), Florida Statutes, to require that the audit of the CRA trust fund include a determination of compliance with Sections 163.387(6) and 163.387(7), Florida Statutes.

Audit Report Number: 2015-037

Audit Manager: Michael J. Gomez, CPA

◆ **Local Governments** – The Legislature should consider the following statutory recommendations relating to local governments:

- Enact a law that requires local governments to adopt a minimum general fund unrestricted fund balance policy or to maintain a certain level of general fund unrestricted fund balance.
- Amend the budget transparency laws to specify time periods for the tentative budget, final budget, and budget amendments to remain on a local government's Web site.
- Amend Section 11.45(7)(i), Florida Statutes, to require notification to the President of the Senate, the Speaker of the House of Representatives, and the Department of Financial Services of all local governments that fail to comply with transparency requirements.
- Amend Section 218.391, Florida Statutes, to specify the composition of the audit committee for local governments other than noncharter counties and to require local governments to perform auditor selection procedures at specified intervals.
- Establish provisions in law to encourage local governments to comply with the auditor selection procedures in Section 218.391, Florida Statutes.
- Revise the definition of "governmental unit" in Section 274.01, Florida Statutes, to include all "local governmental entities" as that term is defined in Section 218.31, Florida Statutes.

Audit Report Number: 2015-037

Audit Manager: Michael J. Gomez, CPA

◆ **Local Government Bond Issues** – The Legislature should consider the following revisions to Chapter 218, Florida Statutes:

- Amend Sections 218.38 and 218.385, Florida Statutes, to require local governments to document the conditions favoring a negotiated or private placement sale and provide such documentation to the State Board of Administration, Division of Bond Finance.
- Amend Section 218.385, Florida Statutes, to require local governments to select financial advisors and bond counsel using a competitive selection process whereby requests for proposals or quotes are solicited from a reasonable number of professionals and, for negotiated bond issues, to use requests for proposals to solicit qualified underwriting firms to serve as the underwriter.
- Amend Section 218.385(1), Florida Statutes, to require local governments to use a financial advisor that is independent of the underwriter or to otherwise demonstrate that the local governments have staff with sufficient expertise to act in a financial advisor capacity.

Audit Report Number: 2015-037

Audit Manager: Michael J. Gomez, CPA

◆ **Special Districts** – The Legislature should consider revising Chapter 189, Florida Statutes, to provide the Department of Economic Opportunity the authority to determine whether an entity is a special district.

Audit Report Number: 2015-037

Audit Manager: Michael J. Gomez, CPA

Policy Areas: Senate Judiciary

House Judiciary

◆ **Judicial Agencies** – The Legislature should consider requiring the Justice Administrative Commission and the agencies it administratively supports to jointly employ an internal auditor or provide for internal audit services by interagency agreement with a State agency. An internal auditor should have the same qualifications and perform the applicable duties of State agency directors of auditing as provided in Section 20.055, Florida Statutes.

Audit Report Number: 2015-061

Audit Manager: Michael J. Gomez, CPA

◆ **Judicial Agencies** – The Legislature should consider amending Section 28.35(2)(d), Florida Statutes, to require clerks of the circuit court to timely report performance measure data to the Florida Clerks of Court Operations Corporation and authorize the Corporation to impose financial penalties on clerks who do not timely report such data.

Audit Manager: Michael J. Gomez, CPA

Policy Areas: Senate Governmental Oversight and Accountability

Senate Judiciary

House Government Accountability

House Judiciary

- ◆ **Department of Financial Services** – The Legislature should consider amending Section 17.03, Florida Statutes, to require the Department of Financial Services to enter into a contract with the Florida Clerks of Court Operations Corporation for audits of the court-related expenditures of the individual clerks of the circuit court required by Section 28.35(2)(e), Florida Statutes.

Audit Manager: Michael J. Gomez, CPA

Policy Areas: Senate Governmental Oversight and Accountability

Senate Community Affairs

Senate Judiciary

House Government Accountability

House Judiciary

- ◆ **Internal Controls** – The Legislature should consider amending applicable Florida Statutes to establish in law the responsibility of each State and local government for the establishment and maintenance of management systems and internal controls designed to prevent and detect fraud, waste, and abuse; promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices; support economical and efficient operations; ensure reliability of financial records and reports; and safeguard assets.

**Deputy Auditor Generals: Gregory L. Centers, CPA
Matthew J. Tracy, CPA**

Policy Areas: Senate Governmental Oversight and Accountability

House Government Accountability

- ◆ **State Board of Administration** – To enhance transparency, the Legislature should consider amending Section 215.985, Florida Statutes, to require the State Board of Administration to post contract information on the Board's Web site.

Deputy Auditor General: Matthew J. Tracy, CPA

WORK PLAN

Types of Engagements

Various statutory provisions provide the framework for the development of our work plan. Pursuant to law, we perform four major types of engagements – financial audits, operational audits, performance audits, and attestation examinations. Descriptions of these major types of engagements are presented below.

Financial Audits Government managers are responsible for the stewardship of financial resources and for preparing financial statements that conform to accounting principles promulgated by the Governmental Accounting Standards Board (GASB). Our audits of the various entities' financial statements provide the Legislature, Florida's citizens, investors, bond rating agencies, and other users of the financial statements independent assurance of the reliability of the financial statement information provided by government managers. Such independent assurance is given in the form of an opinion on the financial statements and is preceded by the performance of a rigorous examination of the entity's financial records and related representations made by government officials. Professional standards issued by the AICPA and the Comptroller General of the United States in *Government Auditing Standards* govern the nature, timing, and extent of the work performed. Under those standards, consideration of information technology internal controls is often an essential and significant part of the financial audit process because public entity operations and business processes are usually dependent on information technology.

Financial audits may include audit procedures to evaluate the entity's compliance with requirements that could have a direct and material effect on each major Federal awards program and the effectiveness of internal controls established by management to consistently ensure compliance therewith. That is because, as a condition of receiving Federal funds, the United States Office of Management and Budget (OMB) requires a Single Audit of the recipient's financial statements and major Federal awards programs. The audit is referred to as a Single Audit because it is an organizationwide audit that includes, within its scope, work designed to meet the oversight needs of many Federal and pass-through grantors and State accountability officials. The Single Audit is performed in accordance with audit requirements located in the OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Title 2, Part 200, Code of Federal Regulations) (Uniform Guidance), as well as applicable professional standards issued by the AICPA and *Government Auditing Standards*.

Operational Audits Operational audits evaluate management's performance in establishing and maintaining internal controls, including internal controls designed to prevent and detect fraud, waste, abuse, and noncompliance, and in administering assigned responsibilities in accordance with applicable laws, rules, contracts, grant agreements, and other guidelines. Operational audits examine internal controls, including information technology internal controls, that are designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of financial records and reports, and safeguarding of assets, and identify weaknesses in those internal controls. Operational audits may also include comparisons of the performance of a program, activity, or function of a governmental entity to

specific criteria. Our operational audits include a broad array of operational areas and are conducted in accordance with applicable *Government Auditing Standards*. The areas of operations included within the scope of operational audits are determined through risk assessment processes that include, among other procedures, inquiries of legislative staff concerning areas of concern and interest to the Legislature.

Performance Audits Performance audits examine a program, activity, or function of a governmental entity with respect to issues such as economy, efficiency, and effectiveness of a program; the adequacy of a program to meet the needs identified by the Legislature or governing body; alternative methods of providing program services or products; the accuracy or adequacy of public documents, reports, or requests prepared under a program by the public entity; and compliance of a program with appropriate policies, rules, or laws. Performance audits are conducted in accordance with applicable *Government Auditing Standards*.

Attestation Examinations Attestation examinations consist of obtaining sufficient, appropriate evidence to express an opinion on whether the subject matter of the examination is based on (or in conformity with) specified criteria in all material respects or an assertion is presented (or fairly stated), in all material respects, based on the specified criteria. Examination engagements are conducted in accordance with the *Statements on Standards for Attestation Engagements* issued by the AICPA and applicable *Government Auditing Standards*. For example, our evaluations of school district and other entity compliance with State requirements governing the determination and reporting of full-time equivalent student enrollment under the Florida Education Finance Program and the number of students transported are attestation examination engagements.

Work Plan Development Process

In the development of our work plan, we first consider legal requirements establishing the frequency of the audits and other accountability activities. Pursuant to law, we are to conduct annual financial audits of the State of Florida, the State Board of Administration Local Government Surplus Funds Trust Fund, the Florida School for the Deaf and the Blind, State universities, State colleges, and school districts in counties with populations of less than 150,000. We are to conduct financial audits of school districts in counties with populations of 150,000 or more every 3 years. In addition, at the direction of the Legislative Auditing Committee, we conduct a financial audit of the Department of the Lottery. We also conduct the annual financial audit of the Florida Retirement System.

For various other audits and accountability activities, a minimum frequency is also established in law. For example, operational audits of each State agency, State university, State college, school district, water management district, the Florida Clerks of Court Operations Corporation, and the Florida School for the Deaf and the Blind are required to be conducted at least once every 3 years. In planning for these audits, we obtain information from legislative staff and other sources concerning areas of interest and operational risks. Operational risks are characteristics of government operations that may make a government program more susceptible to instances of fraud, waste, abuse, material reporting errors, or noncompliance with governing requirements. This information is used to develop a risk-based work plan that provides audit coverage of each entity during the 3-year cycle.

2017-18 Work Plan

Our 2017-18 Work Plan encompasses a wide variety of programs, activities, and functions administered by many entities. Some of the unique projects on our 2017-18 Work Plan include operational audits of the Agency for Health Care Administration's collection and use of Medicaid managed care encounter data; the Department of Business and Professional Regulation, Division of Pari-Mutuel Wagering; the Federal Family Education Loan Program System at the Department of Education; selected operations at the Hillsborough County Aviation Authority; and selected operations at the City of Opa-locka.

An overview of our audits and other accountability activities completed during the period November 1, 2016, through October 31, 2017, begins on page 13 of this Annual Report. A listing of all reports released during the period November 1, 2016, through October 31, 2017, is included in this report as **EXHIBIT B**. Additionally, a listing of reports released or scheduled to be released subsequent to October 31, 2017, and by March 31, 2018, is included in this report as **EXHIBIT C**.

Projected 2-Year Work Plan

Section 11.45(7)(h), Florida Statutes, provides, in part, that the Auditor General shall transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee by December 1 of each year a projected 2-year work plan identifying the audits and other accountability activities to be undertaken by the Auditor General. Our **PROJECTED WORK PLAN** encompassing the work planned for the 2018-19 and 2019-20 fiscal years is included in this report as **EXHIBIT A**. As appropriate, modifications to the work plan may be made in response to law changes, legislative requests, and other considerations.

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

STATE GOVERNMENT

State Government Audit Impact Measures

| | |
|--|-----------------|
| Total asset values upon which financial statement opinions were rendered | \$547.1 billion |
| Total revenues upon which financial statement opinions were rendered | \$155.1 billion |
| Total Federal awards expenditures for major programs audited | \$20.7 billion |
| Total American Recovery and Reinvestment Act Federal awards expenditures audited | \$136.3 million |
| Total number of major Federal programs audited | 18 |
| Number of audit reports released | |
| Attestation | 1 |
| Financial | 4 |
| Financial and Federal Awards | 1 |
| Operational ^a | <u>16</u> |
| Total number of audit reports released | <u>22</u> |
| Number of audit findings | 170 |
| Number of findings identifying potential opportunities for cost recovery, savings, or loss avoidance | |
| | 62 |
| Total amount identified for cost recovery, savings, or loss avoidance | \$1.6 million |

^a Excludes Information Technology Operational Audits discussed later in this Annual Report under the subheading **INFORMATION TECHNOLOGY**.

Financial Statements Pursuant to Section 11.45(2)(b), Florida Statutes, and the Federal Single Audit Act, the Auditor General is responsible for the audit of the State of Florida's financial statements, including consideration of compliance with laws of potential material impact on the financial statements. We found that the State of Florida's financial statements for the fiscal year ended June 30, 2016, were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our independent auditor's report on the financial statements is addressed to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee and was published by the Chief Financial Officer in the State of Florida's *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016*.

Our report on the audit of the State's financial statements included five findings involving internal control over financial reporting, including a significant deficiency¹ at each of three State agencies. The significant deficiencies pertained to internal controls relevant to the completeness of certain liabilities, expenditures, receivables, and unavailable revenue. In addition, one State agency did not record a prior-period adjustment for the correction of an error in previously issued financial statements. Our report on internal controls over financial reporting is included in our report, *State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards* (report No. 2017-180).

Separate from our audit of the State of Florida's financial statements, we conducted audits of the financial statements of the Florida Retirement System Pension Plan and Other State-Administered Systems, the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME), and the Department of the Lottery (Lottery). In all three audits, we found that the respective financial statements were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Our report (report No. 2017-073) on the audit of the Florida Retirement System Pension Plan and Other State-Administered Systems included two findings, including one material weakness.² The material weakness pertained to internal controls relevant to the proper identification, accrual, and recording of accounts payable and amounts due to other governmental units. The second finding related to the payment of retirement benefits to National Guard retirees without documentation from the Department of Military Affairs that included an authorized signature certifying the accuracy of the data reported and used as the basis for payment. Additionally, our report (report No. 2017-099) on the audit of Florida PRIME included a finding pertaining to enhancements needed in the SBA's risk-based investment compliance monitoring of the activities and investments of Florida PRIME.

For the Lottery, we also examined internal control over financial reporting as of June 30, 2016, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). We found that the Lottery maintained, in all material respects, effective internal control over financial reporting as of June 30, 2016, based on the established criteria. However, we also noted in our report (report No. 2017-103) two findings involving the need for enhancements to certain Lottery information technology (IT) internal control practices and the need for the Lottery to continue its efforts to comply with all statutory requirements governing minority retailer participation.

In addition to the audit of the Florida Retirement System Pension Plan and Other State-Administered Systems financial statements, we conducted an audit of the schedules of employer allocations of the Florida Retirement System defined benefit plan and the Retiree Health Insurance Subsidy Program defined benefit plan (System Pension Plans) as of and for the fiscal year ended June 30, 2016, and the related notes. Our audit found that the schedules presented fairly, in all material respects, the employer allocations and the net pension liability at June 30, 2016; total deferred outflows of resources; total deferred inflows of resources; and total pension expense/(income) for the total of all participating entities

¹ A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

² A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement for the financial statements will not be prevented, or detected and corrected, on a timely basis.

for the System Pension Plans as of and for the fiscal year ended June 30, 2016, in accordance with accounting principles generally accepted in the United States of America (report No. 2017-097).

We also conducted an attestation examination of the System Pension Plans schedules of deferred outflows by employer for contributions subsequent to the June 30, 2016, measurement date, as of and for the fiscal year ended June 30, 2017. This examination found that the schedules presented, in all material respects, the deferred outflows for contributions subsequent to the June 30, 2016, measurement date by employer in accordance with applicable GASB statements and applicable provisions of State law (report No. 2018-014).

Federal Awards The Single Audit of the State of Florida includes State agencies, State universities, State colleges, judicial branch entities, and various other government entities for which the State is financially accountable. State agencies, State universities, and State colleges administered approximately 575 Federal awards programs or program clusters during the 2015-16 fiscal year. The Federal Single Audit Act mandates that the auditor evaluate compliance with requirements applicable to each major program as well as the effectiveness of internal controls established by management to consistently ensure compliance. The results of our Single Audit of the State of Florida for the fiscal year ended June 30, 2016, are described in our report No. 2017-180.

We audited the State's compliance with requirements governing the 18 Federal awards programs or program clusters that we identified as major Federal awards programs for the fiscal year ended June 30, 2016. Expenditures for these major programs comprised approximately 58 percent of the \$35.3 billion in total Federal awards expenditures reported by the State for the fiscal year ended June 30, 2016. Our Federal awards audit findings are tabulated by audit area in Table 1 and briefly summarized in the following paragraphs.

Table 1
Tabulation of Federal Awards
Audit Findings by Audit Area

| Audit Area | Number of | |
|--|-----------|----------------|
| | Findings | State Agencies |
| Cash Management | 2 | 2 |
| Contract Documentation | 1 | 1 |
| Eligibility and Claims Payments | 5 | 4 |
| Expenditures and Supporting Documentation | 3 | 1 |
| Information Technology Internal Controls | 9 | 7 |
| Matching, Level of Effort, Earmarking | 2 | 2 |
| Medicaid Program Administration | 3 | 2 |
| Payroll Charges and Personnel Records | 2 | 2 |
| Record Systems and Reporting | 6 | 5 |
| Statewide Cost Allocation Plan | 2 | 2 |
| Subawards and Monitoring | 9 | 7 |
| Unemployment Benefits and Tax Administration | 2 | 1 |

We found that the State agencies materially complied with requirements governing major Federal awards programs, except with respect to compliance with certain requirements for six programs administered by State agencies for which we qualified our opinions. Specifically, we found that the applicable State agencies did not comply with requirements applicable to the following programs:

- ◆ Child Support Enforcement.
- ◆ Highway Planning and Construction Cluster.
- ◆ Migrant Education – State Grant Program.
- ◆ Rehabilitation Services – Vocational Rehabilitation Grants to States.
- ◆ Temporary Assistance for Needy Families Cluster.
- ◆ Unemployment Insurance.

Additionally, we reported material weaknesses in internal control over compliance³ for the following two programs:

- ◆ Child Support Enforcement.
- ◆ Unemployment Insurance.

Other instances of noncompliance or deficiencies in internal control over compliance⁴ were found at 12 State agencies. Some of the instances of noncompliance resulted in audit determinations of questioned costs. Questioned costs include costs of goods or services charged to one or more Federal awards programs that are not allowed under the applicable grant terms, not clearly supportive of the program's purposes, not documented in the manner prescribed by applicable Federal cost principles or State policies, or not incurred during the grant period. Such costs are subject to adjustment or disallowance by Federal grantor officials.

Operational Audits During the period November 1, 2016, through October 31, 2017, we released 16 operational audit reports on State governmental entities. Our reports addressed a broad array of programs, activities, and functions including:

- ◆ Internal management, financial, and operational controls and processes.
- ◆ The Quality Assurance Review Program, the Hardest Hit Fund, the State Housing Initiatives Partnership Program, and selected administrative activities of the Florida Housing Finance Corporation.
- ◆ Administration of the Prescription Drug Monitoring Program by the Department of Health.
- ◆ Administration of the Aviation Grant Program by the Department of Transportation.
- ◆ Client eligibility determination and contract management processes and other selected administrative activities of the Agency for Persons with Disabilities.
- ◆ Administration of taxpayer refunds by the Department of Revenue.

³ A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected on a timely basis.

⁴ A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

- ◆ Oversight and administration of State Mental Health Treatment Facilities by the Department of Children and Families.
- ◆ Agency for State Technology, State Data Center cost allocation processes.
- ◆ Executive Office of the Governor information security controls and mobile device management.
- ◆ Administration of the Statewide Medicaid Managed Care Program by the Agency for Health Care Administration.
- ◆ Asset management, related financial reconciliations, and selected administrative activities of the Florida School for the Deaf and the Blind.

Many of our operational audit findings pertained to weaknesses in internal controls. Internal controls are those processes put in place by entity management to prevent and detect fraud, waste, abuse, and noncompliance and to provide reasonable assurance that financial reports are reliable, operations are economical and efficient, applicable laws are followed, and assets are safeguarded against loss. In short, effective internal controls prevent adverse events from happening and detect them when they do. Our operational audit findings are tabulated by audit area in Table 2.

Table 2
Tabulation of State Government
Operational Audit Findings by Audit Area

| Audit Area | Number of | |
|---|-----------|----------|
| | Findings | Entities |
| Capital Assets, Equipment, and Inventory | 10 | 6 |
| Central Pharmacy Administration | 2 | 1 |
| Construction and Related Activities | 6 | 2 |
| Contraband Procedures and Records | 1 | 1 |
| Contractual Services | 10 | 2 |
| Critical Event Reporting | 1 | 1 |
| Eligibility and Financial Assistance Payments | 1 | 1 |
| Expenditures and Disbursements | 5 | 4 |
| Facility Licenses | 1 | 1 |
| Facility Staffing Requirements | 1 | 1 |
| Financial Management and Record Keeping | 4 | 4 |
| Florida Single Audit Act | 1 | 1 |
| General Oversight or Governance | 5 | 5 |
| Information Technology Resources | 28 | 13 |
| Licensing and Related Activities | 4 | 3 |
| Personnel and Payroll | 2 | 2 |
| Program Administration, Oversight, and Monitoring | 21 | 8 |
| Purchasing Practices | 4 | 4 |
| Revenue and Cash Collections | 2 | 2 |
| Risk Management | 2 | 2 |
| Safeguarding of Social Security Numbers | 3 | 3 |

The results of several of our operational audits issued during the period November 1, 2016, through October 31, 2017, are summarized below.

- ◆ **Florida Housing Finance Corporation (Report No. 2017-047).** As required by Chapter 2013-83, Laws of Florida, the Auditor General conducted an operational audit of the Florida Housing Finance Corporation (Corporation). Our audit focused on the Corporation's Quality Assurance Review Program, the Hardest Hit Fund, the State Housing Initiatives Partnership (SHIP) Program, and selected administrative activities and included a follow-up on the findings noted in our report No. 2013-047. Our audit disclosed that the Corporation had not documented the service organization controls relied upon by the Corporation or always ensured that related service auditor's reports clearly and specifically addressed the design and operating effectiveness of all applicable controls. Our audit also found that Corporation controls for conducting quality assurance reviews and reassessing applicant eligibility for certain Hardest Hit Fund programs needed enhancement. Additionally, we noted, among other things, that improvements in Corporation controls over the electronic transfer of SHIP Program funds to subrecipients were needed, Corporation expenses did not always appear to be clearly necessary to the performance of the Corporation's statutory duties or limited to the amounts provided by State law, and Corporation policies and procedures for employee bonuses did not specify the methodology for calculating bonus amounts or determining the total amount of funds available for bonuses.
- ◆ **Department of Transportation – Aviation Grant Program and Prior Audit Follow-Up (Report No. 2017-121).** The Department of Transportation (DOT) administers the Aviation Grant Program to provide funding for airport planning, airport improvement, land acquisition, airport economic development, and development and improvement of aerospace transportation facilities. Our audit found that the DOT had not established detailed and comprehensive policies and procedures for administering the Aviation Grant Program, DOT records did not evidence the basis for awarding 224 Aviation Grant Program contracts totaling approximately \$258.2 million in State financial assistance (SFA), and Aviation Grant Program contracts did not always evidence that recipients of SFA had been provided the information necessary to comply with Florida Single Audit Act requirements. Our audit also found that Aviation Grant Program contracts did not always include the provisions required by State law or sufficiently define deliverables in accordance with Department of Financial Services guidelines, contract payments were not always supported by sufficient documentation, DOT staff did not always conduct or adequately conduct and document required Aviation Grant Program project site visits, and DOT records did not always evidence approval of grant recipient airport master plans. Additionally, our audit noted internal control deficiencies related to the Commission for the Transportation Disadvantaged, the Road Ranger Service Patrol Program, and selected DOT administrative activities.
- ◆ **Department of Revenue – Taxpayer Refunds and Selected Administrative Activities (Report No. 2017-148).** Our operational audit of the Department of Revenue (DOR) focused on the administration of taxpayer refunds and selected administrative activities. Our audit found that DOR controls for timely and appropriately processing taxpayer refunds needed enhancement. Specifically, DOR controls needed enhancement to ensure that refund applications are timely examined, applicants are timely notified of any apparent applications errors or omissions, overpayments of tax are timely refunded, and interest due on tax overpayments is calculated and paid in accordance with State law. Our audit also disclosed that the DOR did not always cancel purchasing cards upon the cardholders' separation from DOR employment and the DOR did not always comply with the requirements of State law regarding public deposits.

- ◆ **Department of Children and Families – Oversight and Administration of State Mental Health Treatment Facilities (Report No. 2017-205).** Our operational audit of the Department of Children and Families (DCF) focused on the oversight and administration of State Mental Health Treatment Facilities (Facilities) and the oversight of the Sexually Violent Predator Program (SVPP) Facility. We performed audit procedures at the DCF and the three DCF-managed Facilities: Florida State Hospital, North East Florida State Hospital, and the North Florida Evaluation and Treatment Center. Our audit disclosed that improvements were necessary to ensure that all Facilities are licensed in accordance with State law, the Facilities and SVPP Facility are appropriately monitored, and the square footage for DCF-managed Facilities is accurately reported. In addition, our audit disclosed that DCF-managed Facilities staff did not always prepare required incident reports or report to the DCF critical events in accordance with DCF procedures, DCF-managed Facilities did not always meet minimum staffing requirements, and DCF-managed Facility controls for pharmaceuticals needed improvement. We also noted that DCF-managed Facilities did not always properly account for and safeguard contraband; did not always ensure that expenditures were authorized by State law, adequately supported, properly calculated, or subject to appropriate approval; and did not always ensure that expenditures were appropriately coded and accounted for. Additionally, we found that DCF-managed Facilities did not always allocate costs in a manner that accurately identified the costs to provide civil and forensic services and Florida State Hospital and North East Florida State Hospital accounting controls for tracking and detection canines needed enhancement.
- ◆ **Executive Office of the Governor – Information Security Controls and Mobile Device Management (Report No. 2017-213).** Our operational audit of the Executive Office of the Governor (EOG) focused on information security controls, mobile device management, and the Office of Open Government. Our audit found that the EOG did not always ensure that Information Security Manager appointments were timely made and reported in accordance with State information security laws and rules, EOG records did not evidence that EOG personnel completed initial security awareness training or were provided annual security awareness training in accordance with Agency for State Technology rules, and the EOG did not always ensure that information technology personnel whose duties placed them in positions of special trust were subject to required background screenings. Our audit also noted that Office of Policy and Budget (OPB) records did not evidence that OPB network access privileges were timely deactivated upon an employee’s separation from EOG employment or that periodic reviews of user access privileges to the Legislative Appropriations Subsystem/Planning and Budgeting Subsystem or the Budget Amendment Processing System (BAPS) were conducted. Additionally, we found that certain security controls related to logging and monitoring OPB network and application activities needed improvement, OPB records did not evidence independent review and testing of BAPS programming changes, EOG records did not always evidence that mobile device users had been appropriately authorized to access the EOG or OPB e-mail systems, and security controls over mobile device utilization needed improvement.

A listing of all State Government audit and attestation reports released during the period November 1, 2016, through October 31, 2017, is included in [EXHIBIT B](#) of this Annual Report.

EDUCATIONAL ENTITIES

Pursuant to law, the Auditor General has extensive audit responsibilities involving educational entities, including school districts, State universities, and State colleges. These responsibilities include audits of financial statements, compliance with requirements of Federal awards, and selected operations. We also perform examinations of school district and other entity compliance with selected laws applicable to the Florida Education Finance Program Full-Time Equivalent (FTE) Student Enrollment and Student Transportation funding allocations. An overview of our audit activities is included on the following pages.

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| FLORIDA EDUCATION FINANCE PROGRAM | 25 |
| STATE UNIVERSITIES AND STATE COLLEGES | 27 |
| OTHER EDUCATIONAL ENTITIES AND PROGRAMS | 30 |

SCHOOL DISTRICTS

| School Districts Audit Impact Measures | |
|--|-----------------|
| Total asset values upon which financial statement opinions were rendered | \$26.8 billion |
| Total revenues upon which financial statement opinions were rendered | \$15.6 billion |
| Total Federal awards expenditures for major programs audited | \$570.3 million |
| Number of audit reports released | |
| Financial and Federal Awards | 47 |
| Operational | <u>20</u> |
| Total number of audit reports released | <u>67</u> |
| Number of audit findings | 206 |
| Number of findings identifying potential opportunities for cost recovery, savings, or loss avoidance | |
| | 87 |
| Total amount identified for cost recovery, savings, or loss avoidance | \$27.5 million |

Financial Statements We audited the financial statements of 47 school districts for the fiscal year ended June 30, 2016. We found that, generally, the school districts' financial statements were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. We reported conditions involving internal control, including a material weakness⁵ and material noncompliance⁶ at one school district, a material weakness at a second school district, and significant deficiencies⁷ at 12 school districts. The material weakness and material noncompliance finding at the first school district related to continued deficient controls over the budgetary process which contributed to school district General Fund total assigned and unassigned fund balance deficits at June 30, 2015, and June 30, 2016, of \$242,542 and \$33,048, respectively. The

⁵ A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

⁶ Material noncompliance is noncompliance with provisions of laws, regulations, contracts, or grant agreements that has a material effect on the financial statements.

⁷ A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

material weakness at the second school district pertained to improvements needed in the school district's accountability over school internal funds. The significant deficiencies noted at 12 school districts related to financial reporting procedures, account reconciliation processes, inappropriate or unnecessary information technology access privileges, improper separation of duties in electronic funds transfer agreements, and improvements needed in controls over journal entries.

Federal Awards In conjunction with our financial audits of the 47 school districts, we examined the school districts' compliance with Federal laws, regulations, and the terms and conditions for school district major Federal awards programs. The Federal Single Audit Act mandates that the auditor express an opinion on compliance for each school district major Federal awards program and test and report on internal controls over compliance in accordance with Uniform Guidance. For the 47 school districts subject to audit, the number of major Federal awards programs ranged from one to seven. In summary, our audits of the various major Federal awards programs at school districts disclosed that:

- ◆ 9 school districts had deficiencies in internal controls over compliance with Federal awards requirements, which resulted in 16 significant deficiency⁸ findings. These 9 school districts were cited for deficiencies in allocating certain Federal funds to schools, ensuring that teachers who taught core academic subjects in certain schools were highly qualified, complying with various Federal requirements related to the Federal Pell Program, documenting personnel costs, maintaining excess net cash resources in the food service program, and other areas.
- ◆ 11 findings, that related to 7 school districts, identified Federal awards questioned costs totaling \$850,336. Questioned costs include costs of goods or services charged to one or more Federal awards programs that are not allowed under the applicable grant terms, not clearly supporting the Federal awards program's purposes, not documented in the manner prescribed by applicable Federal cost principles or State or school district policies, or not incurred during the grant period. If the applicable grantor disallows questioned costs, a school district may have to repay the costs from non-Federal sources.

Operational Audits During the period November 1, 2016, through October 31, 2017, we conducted operational audit procedures for 19 school districts and considered the school districts' performance with respect to a variety of areas including internal control systems and compliance with specific laws and General Appropriations Act provisos. For example, our operational audits evaluated processes relating to procurement and construction practices, personnel compensation and payroll administration, information technology, adult education enrollment reporting to the Department of Education, virtual instruction programs (VIPs), and the use of ad valorem tax levy proceeds and other capital outlay funds.

Our operational audit findings are tabulated in Table 3 by audit area along with the financial and Federal awards audit findings. For several audit areas, similar findings were noted at multiple school districts.

⁸ A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Table 3
Tabulation of School District
Audit Findings by Audit Area

| Audit Area | Number of | |
|---|-----------|-----------|
| | Findings | Districts |
| Ad Valorem Tax Program and Capital Outlay | 5 | 5 |
| Adult Education Enrollment Reporting | 7 | 7 |
| Board Policies and Actions | 1 | 1 |
| Capital Assets, Equipment, and Inventory | 2 | 2 |
| Cash and Cash Collections | 6 | 5 |
| Charter Schools | 4 | 4 |
| Construction and Related Activities | 12 | 5 |
| Direct-Support Organization | 3 | 3 |
| Electronic Funds Transfers | 1 | 1 |
| Facilities | 2 | 2 |
| Federal Awards | 16 | 9 |
| Financial Management and Budgetary Internal Controls | 6 | 6 |
| Financial Reporting | 14 | 14 |
| Information Technology Internal Controls | 38 | 21 |
| Insurance | 1 | 1 |
| Personnel and Payroll | 46 | 17 |
| Purchasing Practices and Contractual Services | 12 | 10 |
| Sexual Predator and Sexual Offender Registry Notification | 1 | 1 |
| Student Instruction | 1 | 1 |
| Transportation Administration | 3 | 1 |
| Virtual Instruction Programs | 21 | 10 |
| Workforce Development Funds | 4 | 4 |

The findings we noted for some of the audit areas are briefly described below.

- ◆ **Information Technology Internal Controls** – For 21 school districts, we reported that enhancements were needed regarding information technology (IT) internal controls for financial and related systems. For example, enhancements were needed for restricting IT access privileges to only what is needed by the user to perform assigned job duties, reviewing certain IT access privileges to promote the timely detection of inappropriate or unnecessary privileges, and timely deactivating the IT access privileges of former employees. We also noted that school districts could enhance internal controls over IT by improving user authentication internal controls, as well as logging and monitoring significant system and network activity. Other needed enhancements involved developing effective internal controls to address management’s security-related responsibilities, including risk assessment, data loss prevention, disaster recovery, and security incident response.

- ◆ **Personnel and Payroll** – Our audits disclosed that 17 school districts needed to enhance internal controls over the administration of personnel and payroll. For example, we noted Florida Best and Brightest Teacher Scholarship Program awards to ineligible recipients, incomplete payroll records, the lack of timely employee background screenings, and the lack of Board-approved salary schedules or policies and procedures addressing statutory compensation requirements. Amounts identified for cost recovery, savings, or loss avoidance related to the personnel and payroll audit findings ranged from \$8,256 to \$231,175.
- ◆ **Financial Reporting** – Our audits disclosed that 14 school districts needed to enhance internal controls over financial reporting. For example, we noted that financial reporting procedures needed improvement to ensure that school districts properly report account balances and transactions, component units, and expenditures listed on the Schedule of Expenditures of Federal Awards. At one school district, we also noted the lack of timely submission of the annual financial report to the Department of Education.
- ◆ **Purchasing Practices and Contractual Services** – Our audits disclosed that 10 school districts needed to enhance internal controls over purchasing practices and contractual services. For example, we noted enhancements were needed in internal controls over purchasing card programs as well as the administration of contractual service agreements and related payments. At 2 school districts, we noted deficiencies in internal controls over specific major purchases of a bus routing system and school system management software. Amounts identified for cost recovery, savings, or loss avoidance related to the purchasing practices and contractual services audit findings ranged from \$5,419 to \$1,663,500.
- ◆ **Virtual Instruction Programs (VIPs)** – At 10 school districts, we noted that internal controls over VIPs could be enhanced in certain areas. These areas included policies and procedures related to VIP processes, VIP options, required parental notification of VIP information, computing resources and instructional materials, VIP provider background screenings, VIP provider contracts, and student eligibility.

A listing of all school district audit reports released during the period November 1, 2016, through October 31, 2017, is included in **EXHIBIT B** of this Annual Report.

FLORIDA EDUCATION FINANCE PROGRAM

| Florida Education Finance Program Full-Time Equivalent Student Enrollment and Student Transportation Examination Impact Measures | |
|---|---------------|
| Total FTE Student Enrollment reported upon which compliance opinions were rendered | 1,329,490 |
| Total FTE Student Enrollment funding for entities examined | \$3.7 billion |
| Total Student Transportation funding for entities examined | \$223 million |
| Number of compliance examination reports released | |
| School Districts | 34 |
| Other Educational Entities | <u>1</u> |
| Total number of reports released | <u>35</u> |
| Number of reports disclosing material noncompliance | 35 |

Florida Education Finance Program (FEFP) funding, including Student Transportation funding (net of local school district funding), totaled approximately \$7.5 billion and \$7.8 billion, respectively, for the 2014-15 and 2015-16 fiscal years. During the period November 1, 2016, through October 31, 2017, we completed examinations of the records of 17 school districts for the fiscal year ended June 30, 2015, and 17 school districts and the Florida Virtual School for the fiscal year ended June 30, 2016. These examinations were conducted to evaluate compliance with State requirements relating to the classification, assignment, and verification of the full-time equivalent (FTE) student enrollment and students transported as reported under the FEFP.

Our examinations disclosed that, except for the material noncompliance noted in certain programs, the 34 school districts and the Florida Virtual School complied with State requirements. Generally, we considered noncompliance to be material when error rates equaled or exceeded 10 percent of the test population for one or more funded programs. Table 4 summarizes the areas of material noncompliance noted in our reports.

Table 4
Tabulation of Entities with FEFP FTE Student Enrollment
and Student Transportation Findings
by Material Noncompliance Area

| Material Noncompliance Area | Number of Entities |
|--|--------------------|
| Preparation and Maintenance of Student Records | 35 |
| Teacher Qualifications | 18 |
| Ridership Classification and Funding Eligibility of Transported Students | 16 |

As shown in Table 4, the most common area of material noncompliance pertained to the preparation and maintenance of student records. For example, our examinations disclosed reporting errors or student records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located. We also noted instances in which teachers did not meet State certification requirements, teachers' out-of-field assignments were not approved by the school board, parents were not notified regarding teachers' out-of-field status, and teachers did not earn the required in-service training points in ESOL strategies. The material noncompliance we noted related to student transportation involved students' reported ridership classification or eligibility for State transportation funding.

The Department of Education is responsible for resolving proposed adjustments reported in our examination reports and computing the financial impact of such proposed adjustments for application against the school districts' current or future funding. School districts are permitted to request informal conferences with the Department of Education to appeal the examinations' proposed adjustments. The resulting informal conference panels' recommendations are presented to the Commissioner of Education for acceptance.

A listing of all FEFP FTE Student Enrollment and Student Transportation attestation examination reports issued during the period November 1, 2016, through October 31, 2017, is included in [EXHIBIT B](#) of this Annual Report.

STATE UNIVERSITIES AND STATE COLLEGES

| State Universities and State Colleges Audit Impact Measures | |
|--|----------------|
| Total asset values upon which financial statement opinions were rendered | \$32 billion |
| Total revenues upon which financial statement opinions were rendered | \$16.8 billion |
| <hr/> | |
| Number of audit reports released | |
| Financial | 40 |
| Operational | <u>10</u> |
| Total number of audit reports released | <u>50</u> |
| Number of audit findings | 53 |
| <hr/> | |
| Number of findings identifying potential opportunities for cost recovery, savings, or loss avoidance | 3 |
| Total amount identified for cost recovery, savings, or loss avoidance | \$65,832 |

Financial Statements During the period November 1, 2016, through October 31, 2017, we completed audits of the financial statements of 12 State universities and 28 State colleges for the fiscal year ended June 30, 2016. We found that the State universities and State colleges presented fairly, in all material respects, the financial statements for the applicable fiscal years in accordance with accounting principles generally accepted in the United States of America. However, we also reported a significant deficiency at one State college. The significant deficiency pertained to insufficient College procedures to provide for: appropriate separation of the bank account reconciliation and journal entry responsibilities; proper reconciliations of bank statement cash account balances to the general ledger cash account balances, with appropriate supervisory approval; and timely required adjustments to the general ledger cash account balances as a result of the bank account reconciliations. Additionally, before acceptance of audit adjustments to properly report the cash and cash equivalents account, the College had overstated that account by \$2,477,733.

Federal Awards We audited the Federal awards expenditures of the State universities and State colleges as part of our Single Audit of the State of Florida. A description of our Single Audit of the State of Florida begins on page 15.

Operational Audits During the period November 1, 2016, through October 31, 2017, we released operational audit reports for 6 State universities and 4 State colleges. Our operational audits focused on several areas involving Board oversight, such as policies regarding employment agreements and

compensation. Our audits also evaluated internal controls over numerous operational areas and compliance with applicable Florida Statutes and other requirements. For example, we tested selected information technology (IT) internal controls, the assessment and use of tuition fees, internal controls over the administration of construction contracts, procurement practices, textbook affordability, and internal controls over the administration of payroll and personnel.

Our operational audit findings and the financial audit finding are tabulated in Table 5 by audit area.

Table 5
Tabulation of State University and State College
Audit Findings by Audit Area

| Audit Area | Number of | |
|---|-----------|--------------|
| | Findings | Institutions |
| Board Policies and Actions | 2 | 2 |
| Construction and Related Activities | 7 | 3 |
| Expenditures and Disbursements | 2 | 2 |
| Financial Management | 4 | 3 |
| Information Technology Internal Controls | 13 | 8 |
| Personnel and Payroll | 10 | 8 |
| Purchasing Practices and Contractual Services | 5 | 5 |
| Sexual Predator and Sexual Offender Registry Notification | 1 | 1 |
| Textbook Affordability | 8 | 8 |
| Tuition and Fees | 1 | 1 |

Some findings that were reported at several State universities or State colleges are summarized below.

- ◆ **Personnel and Payroll** – Eight institutions needed to improve the administration of personnel and payroll functions. For example, we reported that four institutions needed to implement or enhance procedures to document employee time worked or supervisory review and approval of employee time worked. Four institutions needed to improve controls related to background screenings for individuals in positions of special trust or responsibility. We also noted that one institution could enhance procedures over compensation payments made to employees who separated from the institution. For one institution, we noted fringe benefits and accumulated annual leave payments incorrectly reported to the Florida Retirement System as regular compensation. Amounts identified for cost recovery, savings, or loss avoidance related to the personnel and payroll audit findings ranged from \$10,902 to \$12,699.
- ◆ **Information Technology Internal Controls** – For eight institutions, we reported that information technology (IT) internal controls enhancements were needed for financial and related systems. For example, needed enhancements involved restricting IT access privileges to only those needed to perform assigned job duties, developing procedures to timely review access privileges, improving internal controls related to user authentication and data loss prevention, logging and monitoring of significant system activity, developing and implementing a security awareness program, and developing a comprehensive, written IT disaster recovery plan.

- ◆ **Textbook Affordability** – Eight institutions needed to improve textbook affordability policies and procedures. For example, we noted that certain institutions did not timely post textbook information to the institutions' Web sites or did not maintain records to document the dates the required textbook information was posted to the Web sites. We also noted instances in which institutions could help ensure that textbooks are available to students at the lowest and best prices by requiring course-wide adoption of textbooks.
- ◆ **Purchasing Practices and Contractual Services** – Five institutions needed to improve internal controls over certain purchasing practices. We noted that internal controls over purchasing card procedures needed enhancement. Records at one institution did not demonstrate that operating software was acquired at the lowest price consistent with desired quality or that the institution timely considered provider security controls associated with data that would be stored using the software. We also noted that the agreement with the software provider did not specify the delivery dates of the provider deliverables.
- ◆ **Construction and Related Activities** – Three institutions needed to enhance internal controls over facilities construction and maintenance. For two of the institutions, we noted that internal controls over project general conditions costs needed improvement and that the institutions' procedures also needed improvement to ensure that subcontractors for guaranteed maximum price (GMP) projects were selected using a competitive selection process and that documentation of the selection process was maintained. The procedures at one institution should be enhanced to require documentation evidencing that, before construction management entity (CME) payments relating to GMP projects are made, the amounts requested by the CME for payment are compared with appropriate supporting documentation. Another institution did not document that subcontractors were appropriately licensed before work commenced on GMP projects. Contrary to State law, the third institution did not competitively select CME, architectural, and engineering firms for the renovations and repairs for two projects with costs totaling \$18.9 million.

A listing of all State university and State college audit reports released during the period November 1, 2016, through October 31, 2017, is included in [EXHIBIT B](#) of this Annual Report.

OTHER EDUCATIONAL ENTITIES AND PROGRAMS

North East Florida Educational Consortium – Educational Technology Services (NEFEC ETS)

We conducted an information technology operational audit of NEFEC ETS. A discussion of the audit is included under Information Technology Audits beginning on page 32.

A listing of all audit reports released during the period November 1, 2016, through October 31, 2017, including our report on the North East Florida Educational Consortium, is included in **EXHIBIT B** of this Annual Report.

INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY AUDITS

Public entities rely on information technology (IT) to record, process, maintain, and report essential financial and program information necessary to achieve their missions and business objectives. The widespread use of IT, without proper safeguards, can lead to vulnerabilities that allow the introduction of errors by employees in their daily work processes and actions by persons with malicious intentions. As such, IT internal controls are a critical component of public entity internal control systems. Public entity management, therefore, has an important stewardship responsibility for establishing effective IT internal controls that provide reasonable assurance of the achievement of management's control objectives, including, in particular, assuring the confidentiality, integrity, and availability of data and IT resources. The absence of effective IT internal controls can result in significant risks to public entity operations and assets, such as the risk of unauthorized or erroneous disclosure, modification, or destruction of financial or sensitive information and IT resources.

The Auditor General evaluates the effectiveness of internal controls over IT in financial audits and operational audits. Consideration of IT internal controls is an essential and significant part of the audit process in these audits because public entity business processes that are relevant to the audit objectives are usually dependent on IT.

State Agencies and Related Entities We released 14 IT operational audits of State agencies and related entities during the period November 1, 2016, through October 31, 2017. These audits evaluated critical or complex systems or processes at 12 State agencies, the State Board of Administration, and the Northwest Regional Data Center (NWRDC) at Florida State University. These systems and processes included:

- ◆ The Reemployment Assistance Claims and Benefits Information System (a Web-based claims management system used by the Department of Economic Opportunity for all Reemployment Assistance Program functions).
- ◆ The Acquired Immune Deficiency Syndrome Information Management System (AIMS2.0) (a contract management and reporting system used by the Department of Health to manage, monitor, and track funds received from various sources for the care of the HIV/AIDS population throughout the State of Florida).
- ◆ Data center operations at the Agency for State Technology.
- ◆ The Florida Accounting Information Resource Subsystem (FLAIR) (the State of Florida's accounting system that maintains State agency accounting and State budget control records and processes the State's payroll).
- ◆ The Fraud and Abuse Case Tracking System (FACTS) (a case management system used by the Agency for Health Care Administration to track and manage the audits and investigations of the Office of Medicaid Program Integrity).
- ◆ The Integrated Retirement Information System (IRIS) (used by the Division of Retirement within the Department of Management Services to support the functions required to provide retirement services).

- ◆ Florida PRIME, Eagle-Straight-Through Accounting and Recordkeeping (Eagle STAR), and PeopleSoft Financials (financial systems used by the State Board of Administration to provide investment services to State and local governmental entities in the State of Florida).
- ◆ IT controls applicable to managing and securing mobile devices connected to selected State agency networks or used to store confidential and sensitive agency data.
- ◆ The Florida Women, Infants, and Children (WIC) Information System and Electronic Benefits Transfer (EBT) data system (FL-WiSE) (a Web-based system used by the Department of Health to support the WIC program services delivery that interfaces with an EBT processor to deliver client benefits).
- ◆ The Federal Programs Management subsystem (FPM) (a subsystem of the Department of Transportation's primary management system for planning, managing, financing, and budgeting transportation projects).
- ◆ Data center operations at the NWRDC.
- ◆ The Substance Abuse and Mental Health Information System (SAMHIS) (a database used by the Department of Children and Families and Behavioral Health Managing Entities to collect, store, and report data related to clients receiving substance abuse and mental health services).
- ◆ The Florida Real Time Vehicle Information System (FRVIS) (used by the Department of Highway Safety and Motor Vehicles to facilitate the collection of fees and taxes associated with vehicle tags, titles, and registrations).

Educational and Related Entities During the period November 1, 2016, through October 31, 2017, we also released IT operational audits of North East Florida Educational Consortium Educational Technology Services (NEFEC ETS), the University of South Florida Data Center, and the Lake County District School Board. These audits evaluated:

- ◆ Selected IT controls applicable to NEFEC ETS operations related to the support of consortium member school districts' Skyward school business suite software and student management suite software.
- ◆ Selected IT controls applicable to the University of South Florida Data Center operations related to Banner[®] by Ellucian Enterprise Resource Planning system hosting and services.
- ◆ Selected IT controls and operational processes at the Lake County District School Board applicable to the Skyward school business suite software and student management suite software.

We also evaluated IT internal controls as a part of our financial and operational audits of educational entities, including school districts, State universities, and State colleges. These evaluations disclosed a significant number of IT internal control deficiencies and departures from best practices, including inappropriate or unnecessary access privileges, inadequate review of assigned access privileges, inadequate IT risk assessment, the lack of a written security incident response plan, and the lack of a written IT disaster recovery plan. The audit findings were disclosed in the financial or operational audit reports of the respective school district, State university, or State college, and discussed with appropriate entity management. The specific details of the sensitive matters we noted were not disclosed in the audit reports to avoid the possibility of compromising entity data and IT resources. (See audit findings summaries for school district operational audits beginning on page 22 and for State university and State college operational audits beginning on page 27.)

Our IT operational audit report findings primarily pertained to internal controls underlying the overarching principles for data integrity, data confidentiality, and data or IT resource availability and are tabulated by control area in Table 6. Many of the control areas related to general internal controls; however, we also noted some application control findings in the area of business process internal controls.

Table 6
Tabulation of Information Technology
Operational Audit Findings by Control Area

| Control Area | Number of | |
|---------------------------|-----------|----------|
| | Findings | Entities |
| Access | 38 | 12 |
| Security Management | 29 | 17 |
| Business Process | 20 | 4 |
| Configuration Management | 8 | 6 |
| Application-Level General | 7 | 4 |
| Contingency Planning | 4 | 2 |

Some of the frequent findings related to:

- ◆ Excessive access privileges granted to employees.
- ◆ Untimely removal of access privileges for employees.
- ◆ Lack of appropriate access authorization documentation for system users.
- ◆ Insufficient review of the appropriateness of access privileges.
- ◆ Inappropriate interactive log-on for service accounts.
- ◆ Inadequate data quality controls.
- ◆ Insufficient monitoring of system activity.
- ◆ Inadequate internal controls over program change management.
- ◆ Inadequate risk assessment processes.
- ◆ Inadequate business process internal controls.
- ◆ Inadequate contingency planning and operations.

To avoid the possibility of compromising entity data and IT resources, we did not disclose in the audit report findings the specific details of certain sensitive matters we noted. The specific details of these matters were separately communicated to entity management and frequently involved multiple security control deficiencies relating to various topics such as user authentication, logging and monitoring, physical security of data, and protection of confidential and exempt information.

ANALYTICAL AND AUTOMATED PROCEDURES AND AUDIT APPLICATIONS

In addition to IT operational audits, extensive IT support is provided to the Auditor General's financial and operational audit and attestation examination engagements through computer assisted audit techniques (CAATs) services. Such services are focused, allow for extensive analysis in an efficient manner, and are accomplished by obtaining detailed information that can be used to prepare reconciliations, summaries, samples of detailed transactions, and range reports for our professional audit staff. CAATs services also include a variety of data queries and other data analyses that can identify unexpected or unexplained patterns that may be indicative of fraud. With the volume of data continuously growing, the use of CAATs allows increased audit coverage, more thorough and consistent analysis of data, and reduced audit risk. All this is accomplished in a fraction of the time required with manual methods.

In addition, custom computer application systems are maintained by IT support staff to support numerous audit activities. Examples include applications for our electronic audit working papers that document the audit work performed, for analyzing and compiling financial statement adjustments, and for support of our reviews of local government, school district, and charter school audit reports prepared by other independent certified public accountants.

A listing of all IT operational audit reports released during the period November 1, 2016, through October 31, 2017, is included in **EXHIBIT B** of this Annual Report.

OTHER AUDITS AND ACCOUNTABILITY ACTIVITIES

LOCAL GOVERNMENT AUDITS

Pursuant to Section 11.45(2)(j), Florida Statutes, we audit local governmental entities when determined to be necessary by the Auditor General, when directed by the Legislative Auditing Committee, or when otherwise required by law. During the period November 1, 2016, through October 31, 2017, we issued reports on our operational audits as directed by the Legislative Auditing Committee; one report related to an operational audit of a water management district required pursuant to Section 11.45(2)(f), Florida Statutes; and one report disclosing the results of the follow-up procedures we performed pursuant to Section 11.45(2)(j), Florida Statutes, at one local governmental entity.

City of Palatka and Palatka Downtown Redevelopment Agency The findings disclosed in our operational audit report No. 2017-107 included:

- ◆ The City's procedures were not adequate to ensure that City infrastructure surtax proceeds were expended as authorized by State law.
- ◆ The City did not adhere to and document a competitive procurement process.
- ◆ The City had not established anti-fraud policies and procedures.
- ◆ Enhancements to Palatka Downtown Redevelopment Agency procedures for awarding and monitoring grants were needed to better ensure and demonstrate that grants are awarded to eligible recipients and that grant terms and conditions are appropriately met.

Citrus County Board of County Commissioners – Detention Center Management Services Contract and Selected Administrative Activities The findings disclosed in our operational audit report No. 2018-007 included:

- ◆ Documentation was not adequate to demonstrate that jail management services were obtained at the lowest cost consistent with desirable quality.
- ◆ The jail contract needed to be amended to provide for a purchase option price based on actual jail expansion construction costs adjusted for other relevant considerations.
- ◆ Billings exceeding contract limits for four contract years by a total of \$1,395,421, were made pursuant to a contract with the United States Virgin Islands for the incarceration of inmates.

Putnam County Board of County Commissioners, Clerk of the Circuit Court, and Sheriff's Office

The findings disclosed in our operational audit report No. 2017-198 included:

- ◆ Putnam County Board of County Commissioners (Putnam BCC) documentation was not available to evidence the public purpose served for 19 culvert installations with expenditures totaling \$54,295 and 52 picture frame purchases totaling \$14,300.
- ◆ Putnam BCC budgetary controls needed enhancement to ensure that expenditures are limited to Putnam BCC-approved budgeted amounts as required by State law.
- ◆ Enhancements were needed for providing public meeting notices for Putnam BCC special meetings.

Walton County Board of County Commissioners, Clerk of the Circuit Court, and Use of Funds Related to the Deepwater Horizon Oil Spill The findings disclosed in our operational audit report No. 2017-123 included:

- ◆ The Walton County Board of County Commissioners' (Walton BCC's) needed to improve procedures related to the calculation, assessment, and collection of preservation fees.
- ◆ The Walton BCC and the Clerk of the Circuit Court (CCC) had not established policies and procedures for the proper safeguarding of securities submitted to ensure the satisfactory completion of infrastructure projects.
- ◆ The CCC had not developed and documented a cost allocation methodology to support the administrative costs charged for administering the tourist development tax.

Suwannee River Water Management District The findings disclosed in our operational audit report No. 2017-215 included:

- ◆ The District had not established procedures to ensure that the use of restricted resources is appropriately monitored and authorized.
- ◆ District financial reporting procedures need improvement to ensure that committed and other fund balance accounts are properly reported.
- ◆ District controls over the management and use of District-owned vehicles need strengthening.

Follow-Up Procedures Section 11.45(2)(j), Florida Statutes, requires the Auditor General to, no later than 18 months after the release of a report on the audit of a local governmental entity, perform such appropriate follow-up procedures as deemed necessary to determine the audited entity's progress in addressing the findings contained within our previous report. We performed an audit to determine the extent to which the **Sunshine Water Control District** (District) had corrected, or was in the process of correcting, the 11 findings included in our report No. 2014-199. Our follow-up procedures disclosed that the District's actions corrected 4 findings, partially corrected 3 findings, and did not correct 2 findings and that the District had no occasion to correct 2 findings (report No. 2017-102).

RULES OF THE AUDITOR GENERAL AND OTHER GUIDANCE

To promote audit quality, the Auditor General promulgates rules in conjunction with the Florida Board of Accountancy and provides technical assistance to local educational entities, local governments, nonprofit and for-profit organizations, and other independent certified public accountants (CPAs). These rules (Chapters 10.550, 10.650, 10.700, 10.800, and 10.850) are updated annually and are readily accessible on the Auditor General Web site. Additionally, the Auditor General provides guidelines for reviewing audit reports of charter schools, charter technical career centers, school districts, and local governments. The Auditor General also publishes a compliance supplement to assist CPAs in conducting local governmental entity audits pursuant to Section 218.39, Florida Statutes, and provides technical assistance to the Department of Education with respect to a compliance supplement for financial audits of school districts.

REVIEWS OF AUDIT REPORTS

Section 11.45(7)(b), Florida Statutes, requires the Auditor General to review all audit reports submitted pursuant to Section 218.39, Florida Statutes. Section 218.39, Florida Statutes, requires that, for each year that the Auditor General does not conduct a financial audit of a charter school, charter technical career center, school district, county, and certain municipalities and special districts, the entity shall provide for an annual financial audit conducted by a CPA and submit a copy of the audit report to the Auditor General. We review the audit reports to determine whether:

- ◆ The auditors' reports comply with *Government Auditing Standards* and Rules of the Auditor General.
- ◆ The accompanying financial statements conform to accounting principles generally accepted in the United States of America.
- ◆ The audit reports were prepared by independent CPAs properly licensed by the Florida Board of Accountancy.

Additionally, Section 215.97(12)(f), Florida Statutes, requires the Auditor General to perform ongoing reviews of financial reporting packages submitted pursuant to the Florida Single Audit Act to determine compliance with the reporting requirements of the Act and applicable Department of Financial Services rules and Rules of the Auditor General. We report the results of our reviews to the Legislature.

Significant Findings and Financial Trends In conjunction with our review of audit reports, we compile and transmit to the Legislature summaries of significant findings and financial trends identified in audit reports of charter schools, charter technical career centers, school districts, and local governments.

OTHER ACTIVITIES

Required Notifications We are required by law to notify the Legislative Auditing Committee of any charter school, charter technical career center, school district, State university, State college, or local government, as applicable, that:

- ◆ Failed to comply with the Section 218.39, Florida Statutes, audit requirements.⁹
- ◆ Failed to take full corrective action in response to a recommendation included in a financial audit report that was also included in the two preceding financial audit reports.¹⁰
- ◆ Failed to provide significant items omitted from audit reports submitted to us.
- ◆ Failed to provide evidence of corrective action taken for noncompliance with Section 218.415, Florida Statutes, as noted by other CPAs.
- ◆ Met one or more of the conditions specified in Section 218.503(1), Florida Statutes.¹¹

⁹ For special districts, we are also required to notify the Department of Economic Opportunity.

¹⁰ For school districts, State universities, and State colleges, this requirement also applies to operational audits conducted pursuant to Section 11.45, Florida Statutes.

¹¹ For charter schools, charter technical career centers, and school districts, we are also required to notify the Commissioner of Education. For local governments, we are also required to notify the Governor.

We are also required to notify the President of the Senate, the Speaker of the House of Representatives, and the Department of Financial Services of all charter schools, charter technical career centers, school districts, State universities, State colleges, and water management districts that failed to comply with statutory transparency requirements.

Quality Assessment Reviews Pursuant to Section 11.45(2)(i), Florida Statutes, the Auditor General conducts quality assessment reviews of State agencies' Offices of Inspectors General (OIGs) internal audit activities. We released one report on an OIG during the period November 1, 2016, through October 31, 2017. The report (report No. 2017-135) related to the Florida Housing Finance Corporation and the review period was January 2016 through December 2016.

During the review, we found that the quality assurance program related to the OIG's internal audit activity was adequately designed and complied with to provide reasonable assurance of conformance with applicable professional auditing standards. We also found that the OIG generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general internal audit activities.

Professional Activities To help accomplish our Professional Services Goal, we communicate and work with professional associations to improve governmental accounting, auditing, and financial reporting and to promote the efficient use of government resources. Additionally, Auditor General professional audit staff participated in National and State standards-setting processes and served as members of various National, State, and local professional organization boards, committees, and work groups.

A listing of audit reports and reports on other accountability activities released during the period November 1, 2016, through October 31, 2017, is included in **EXHIBIT B** of this Annual Report.

ANNUAL REPORT EXHIBITS

EXHIBIT A is our projected work plan for 2018-2019 and 2019-2020 and, as additional information, we have included three other exhibits to this Annual Report.

| | | |
|---|---|-----------------------------|
| <p>EXHIBIT A Projected Work Plan 2018-2019 and 2019-2020</p> | <p>EXHIBIT A represents our Projected 2-Year Work Plan for the 2018-2019 and 2019-2020 fiscal years based on our analyses as of November 30, 2017. Modifications to the Work Plan may be made in response to law changes, legislative requests, or other considerations. For information on our methodology for establishing our Work Plan, see pages 10 through 12.</p> | <p>Pages 40 - 43</p> |
| <p>EXHIBIT B Reports Released During the Period November 1, 2016, Through October 31, 2017</p> | <p>EXHIBIT B lists each report issued during the period November 1, 2016, through October 31, 2017. The report information is generally provided by entity type or by other activity.</p> | <p>Pages 44 - 50</p> |
| <p>EXHIBIT C Reports Released or Scheduled to Be Released Subsequent to October 31, 2017, and by March 31, 2018</p> | <p>EXHIBIT C provides information on audit activities completed or in progress subsequent to the October 31, 2017, cutoff date for this Annual Report. We post reports to our Web site www.FLAuditor.gov as the reports are issued.</p> | <p>Pages 51 - 53</p> |
| <p>EXHIBIT D Auditor General Contact Information</p> | <p>EXHIBIT D includes the names and telephone numbers of Auditor General management and each individual's areas of reporting responsibility. Contact information is also located in each audit report.</p> | <p>Page 54</p> |

EXHIBIT A

PROJECTED WORK PLAN 2018 – 2019

◆ **Financial Audits (Fiscal Year Ending 6-30-2018):**

- *Department of the Lottery*
- *Florida Retirement System Pension Plan and Other State-Administered Systems Schedules of Employer Allocations and Pension Amounts by Employer*
- *Florida School for the Deaf and the Blind*
- *Local Government Surplus Funds Trust Fund*
- *School Districts, including Federal Awards (47)*
- *State of Florida Reporting Entity, including Audit of Federal Awards*
- *State Colleges (28)*
- *State Universities (12)*

◆ **Operational and Performance Audits:**

- *Agency for Health Care Administration*
- *Agency for Persons with Disabilities*
- *Agency for State Technology*
- *Agency for State Technology – State Data Center Operations – Information Technology Audit*
- *Citizens Property Insurance Corporation*
- *City of Gulf Breeze*
- *City of Palm Bay*
- *Commission on Offender Review*
- *County Value Adjustment Boards*
- *Department of Children and Families*
- *Department of Children and Families – Florida Online Recipient Integrated Data Access (FLORIDA) System – Information Technology Audit*
- *Department of Corrections*
- *Department of Economic Opportunity – Reemployment Assistance Claims and Benefits Information System – Information Technology Audit*
- *Department of Environmental Protection*
- *Department of Financial Services – Florida Accounting Information Resource (FLAIR) Subsystem – Information Technology Audit*
- *Department of Health*
- *Department of Legal Affairs*
- *Department of the Lottery*

EXHIBIT A

PROJECTED WORK PLAN 2018 – 2019

◆ Operational and Performance Audits (Continued):

- *Department of Management Services*
- *Department of Management Services – Division of Retirement Integrated Retirement Information System (IRIS) – Information Technology Audit*
- *Department of Revenue*
- *Department of Transportation*
- *Division of Emergency Management*
- *Florida State University Northwest Regional Data Center – Data Center Operations – Information Technology Audit*
- *Information Technology Audits of Selected State Agency and Educational Entity Major Systems*
- *Selected Local Governmental Entities*
- *Miami Dade College Foundation*
- *Northwest Florida Water Management District*
- *Office of Early Learning*
- *Office of Financial Regulation*
- *Public Service Commission*
- *Scholarship Funding Organizations*
- *School Districts (24)*
- *State Colleges (12)*
- *State Universities (5)*
- *Triumph Gulf Coast, Inc.*

◆ Florida Education Finance Program Examinations (Fiscal Year Ending 6-30-2018):

- *School Districts (28)*

◆ Other Accountability Activities:

- *Annual Reviews of Audit Reports of Charter Schools, Charter Technical Career Centers, School Districts, Local Governmental Entities, and Certain Nonprofit and For-Profit Entities*
- *Compilations of Significant Findings and Financial Trends*
- *Per Diem Cost Certifications upon the Request of the Department of Management Services or Department of Corrections*
- *Quality Assessment Reviews of Offices of Inspectors General Internal Audit Activities (13)*
- *Technical Advice and Rule and Guideline Maintenance*

EXHIBIT A

PROJECTED WORK PLAN 2019 – 2020

◆ **Financial Audits (Fiscal Year Ending 6-30-2019):**

- *Department of the Lottery*
- *Florida Retirement System Pension Plan and Other State-Administered Systems Schedules of Employer Allocations and Pension Amounts by Employer*
- *Florida School for the Deaf and the Blind*
- *Local Government Surplus Funds Trust Fund*
- *School Districts, including Federal Awards (47)*
- *State of Florida Reporting Entity, including Audit of Federal Awards*
- *State Colleges (28)*
- *State Universities (12)*

◆ **Operational and Performance Audits:**

- *Agency for Health Care Administration*
- *Agency for State Technology – State Data Center Operations – Information Technology Audit*
- *Board of Governors*
- *Department of Children and Families*
- *Department of Children and Families – Florida Online Recipient Integrated Data Access (FLORIDA) System – Information Technology Audit*
- *Department of Citrus*
- *Department of Corrections*
- *Department of Economic Opportunity*
- *Department of Economic Opportunity – Reemployment Assistance Claims and Benefits Information System – Information Technology Audit*
- *Department of Education*
- *Department of Elder Affairs*
- *Department of Financial Services*
- *Department of Financial Services – Florida Accounting Information Resource (FLAIR) Subsystem – Information Technology Audit*
- *Department of Health*
- *Department of Highway Safety and Motor Vehicles*
- *Department of Juvenile Justice*
- *Department of Law Enforcement*

EXHIBIT A

PROJECTED WORK PLAN 2019 – 2020

◆ Operational and Performance Audits (Continued):

- *Department of Management Services – Division of Retirement Integrated Retirement Information System (IRIS) – Information Technology Audit*
- *Department of Military Affairs*
- *Department of State*
- *Department of Veterans' Affairs*
- *Executive Office of the Governor*
- *Florida Bright Futures Scholarship Program*
- *Florida School for the Deaf and the Blind*
- *Florida State University Northwest Regional Data Center – Cost Allocation Processes*
- *Florida State University Northwest Regional Data Center – Data Center Operations – Information Technology Audit*
- *Information Technology Audits of Selected State Agency and Educational Entity Major Systems*
- *Selected Local Governmental Entities*
- *Office of Insurance Regulation*
- *Scholarship Funding Organizations*
- *School Districts (21)*
- *State Colleges (8)*
- *State Universities (5)*
- *Triumph Gulf Coast, Inc.*

◆ Florida Education Finance Program Examinations (Fiscal Year Ending 6-30-2019):

- *School Districts (28)*

◆ Other Accountability Activities:

- *Annual Reviews of Audit Reports of Charter Schools, Charter Technical Career Centers, School Districts, Local Governmental Entities, and Certain Nonprofit and For-Profit Entities*
- *Compilations of Significant Findings and Financial Trends*
- *Per Diem Cost Certifications upon the Request of the Department of Management Services or Department of Corrections*
- *Quality Assessment Reviews of Offices of Inspectors General Internal Audit Activities (7)*
- *Technical Advice and Rule and Guideline Maintenance*

EXHIBIT B
Reports Released During the Period
November 1, 2016, Through October 31, 2017

| Report Number | Audited Entity and Report Title | Report Release Date |
|-------------------------|--|----------------------------|
| State Government | | |
| 2017-093 | Agency for Health Care Administration - Fraud and Abuse Case Tracking System - Information Technology Operational Audit | 01/10/2017 |
| 2018-002 | Agency for Health Care Administration - Statewide Medicaid Managed Care Program and Prior Audit Follow-Up - Operational Audit | 07/11/2017 |
| 2017-204 | Agency for Persons with Disabilities - Client Eligibility Determinations and Selected Administrative Activities - Operational Audit | 05/26/2017 |
| 2017-208 | Agency for State Technology - State Data Center Cost Allocation Processes - Operational Audit | 06/08/2017 |
| 2017-087 | Agency for State Technology - State Data Center Operations - Information Technology Operational Audit | 01/05/2017 |
| 2017-205 | Department of Children and Families - Oversight and Administration of State Mental Health Treatment Facilities - Operational Audit | 06/01/2017 |
| 2018-013 | Department of Children and Families - Substance Abuse and Mental Health Information System (SAMHIS) - Information Technology Operational Audit | 08/11/2017 |
| 2017-039 | Department of Economic Opportunity - Reemployment Assistance Claims and Benefits Information System - Information Technology Operational Audit | 11/02/2016 |
| 2017-089 | Department of Financial Services - Florida Accounting Information Resource (FLAIR) - Information Technology Operational Audit | 01/06/2017 |
| 2018-025 | Department of Financial Services - Florida Accounting Information Resource (FLAIR) Subsystem and Origami Risk Insurance Management System (Origami) - Information Technology Operational Audit | 10/24/2017 |
| 2017-051 | Department of Health - Acquired Immune Deficiency Syndrome Information Management System - Information Technology Operational Audit | 11/22/2016 |
| 2017-203 | Department of Health - Florida Women, Infants, and Children (WIC) Information System and Electronic Benefits Transfer Data System (FL-WiSE) - Information Technology Operational Audit | 05/10/2017 |
| 2017-075 | Department of Health - Prescription Drug Monitoring Program - Operational Audit | 12/16/2016 |
| 2018-022 | Department of Highway Safety and Motor Vehicles - Florida Real Time Vehicle Information System - Information Technology Operational Audit | 10/09/2017 |
| 2017-088 | Department of Highway Safety and Motor Vehicles - Commercial Driver's License Program and Prior Audit Follow-Up - Operational Audit | 01/05/2017 |
| 2017-201 | Department of Legal Affairs, Department of Veterans' Affairs, and Fish and Wildlife Conservation Commission - Mobile Device Security Controls - Information Technology Operational Audit | 04/26/2017 |
| 2017-101 | Department of Management Services - Integrated Retirement Information System (IRIS) - Information Technology Operational Audit | 01/24/2017 |
| 2017-214 | Department of Management Services and the Commission on Human Relations - Operational Audit | 06/28/2017 |
| 2017-148 | Department of Revenue - Taxpayer Refunds and Selected Administrative Activities - Operational Audit | 03/13/2017 |
| 2017-195 | Department of State - Division of Corporations, Museum of Florida History, and Selected Administrative Activities - Operational Audit | 03/31/2017 |
| 2017-103 | Department of the Lottery - Financial Audit | 01/26/2017 |
| 2017-121 | Department of Transportation - Aviation Grant Program and Prior Audit Follow-Up - Operational Audit | 03/01/2017 |

EXHIBIT B
Reports Released During the Period
November 1, 2016, Through October 31, 2017

| Report Number | Audited Entity and Report Title | Report Release Date |
|-------------------------------------|--|----------------------------|
| State Government – Continued | | |
| 2017-206 | Department of Transportation - Federal Programs Management Subsystem - Information Technology Operational Audit | 06/02/2017 |
| 2017-213 | Executive Office of the Governor - Information Security Controls and Mobile Device Management - Operational Audit | 06/27/2017 |
| 2017-047 | Florida Housing Finance Corporation - Audit Performed Pursuant to Chapter 2013-83, Laws of Florida - Operational Audit | 11/16/2016 |
| 2018-014 | Florida Retirement System and Retiree Health Insurance Subsidy Program Cost-Sharing Multiple Employer Defined Benefit Pension Plans – Schedules of Deferred Outflows for Contributions Subsequent to the June 30, 2016, Measurement Date by Employer | 08/31/2017 |
| 2017-073 | Florida Retirement System Pension Plan and Other State - Administered Systems - Financial Audit | 12/15/2016 |
| 2018-005 | Florida State University Northwest Regional Data Center - Cost Allocation Processes - Operational Audit | 07/25/2017 |
| 2018-003 | Florida State University Northwest Regional Data Center - Data Center Operations - Information Technology Operational Audit | 07/11/2017 |
| 2017-050 | Office of Insurance Regulation - Insurer Rate Filing Review Process and Prior Audit Follow-Up - Operational Audit | 11/18/2016 |
| 2017-097 | Schedules of Employer Allocations and Pension Amounts by Employer for the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program – Cost-Sharing Multiple Employer Defined Benefit Pension Plans - Financial Audit | 01/19/2017 |
| 2017-099 | State Board of Administration - Local Government Surplus Funds Trust Fund (Florida PRIME) (An External Investment Pool) - Financial Audit | 01/19/2017 |
| 2017-199 | State Board of Administration - Selected Financial Systems - Information Technology Operational Audit | 04/05/2017 |
| 2017-180 | State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards ^a | 03/28/2017 |
| 2017-048 | State University System - Board of Governors - Operational Audit | 11/17/2016 |
| 2018-011 | The Florida School for the Deaf and the Blind - Prior Audit Follow-Up and Selected Administrative Activities - Operational Audit | 08/02/2017 |
| School Districts | | |
| 2017-167 | Baker County District School Board - Financial and Federal Single Audit | 03/21/2017 |
| 2017-106 | Bradford County District School Board - Financial and Federal Single Audit | 02/01/2017 |
| 2017-192 | Brevard County District School Board - Financial and Federal Single Audit | 03/30/2017 |
| 2017-139 | Brevard County District School Board - Operational Audit | 03/09/2017 |
| 2017-171 | Calhoun County District School Board - Financial and Federal Single Audit | 03/22/2017 |
| 2017-115 | Charlotte County District School Board - Financial and Federal Single Audit | 02/21/2017 |
| 2017-083 | Charlotte County District School Board - Operational Audit | 12/19/2016 |
| 2017-118 | Citrus County District School Board - Financial and Federal Single Audit | 02/23/2017 |
| 2017-069 | Clay County District School Board – Operational Audit | 12/13/2016 |
| 2017-177 | Columbia County District School Board - Financial and Federal Single Audit | 03/24/2017 |

^a Our independent auditor's report on the State of Florida's financial statements was published in the State of Florida's *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016*.

EXHIBIT B

Reports Released During the Period
November 1, 2016, Through October 31, 2017

| Report Number | Audited Entity and Report Title | Report Release Date |
|-------------------------------------|--|---------------------|
| School Districts - Continued | | |
| 2017-142 | Desoto County District School Board - Financial and Federal Single Audit | 03/10/2017 |
| 2017-161 | Dixie County District School Board - Financial and Federal Single Audit | 03/20/2017 |
| 2017-119 | Duval County District School Board - Comprehensive Annual Financial Report and Federal Single Audit | 02/28/2017 |
| 2017-145 | Duval County District School Board - Operational Audit | 03/10/2017 |
| 2017-185 | Escambia County District School Board – Operational Audit | 03/27/2017 |
| 2017-178 | Flagler County District School Board - Financial and Federal Single Audit | 03/24/2017 |
| 2017-100 | Flagler County District School Board - Operational Audit | 01/20/2017 |
| 2017-108 | Franklin County District School Board - Financial and Federal Single Audit | 02/07/2017 |
| 2017-189 | Gadsden County District School Board - Financial and Federal Single Audit | 03/29/2017 |
| 2017-147 | Gadsden County District School Board – Operational Audit | 03/10/2017 |
| 2017-158 | Gilchrist County District School Board - Financial and Federal Single Audit | 03/17/2017 |
| 2017-174 | Glades County District School Board - Financial and Federal Single Audit | 03/23/2017 |
| 2017-127 | Gulf County District School Board - Financial and Federal Single Audit | 03/03/2017 |
| 2017-105 | Hamilton County District School Board - Financial and Federal Single Audit | 01/31/2017 |
| 2017-173 | Hardee County District School Board - Financial and Federal Single Audit | 03/22/2017 |
| 2017-138 | Hendry County District School Board - Financial and Federal Single Audit | 03/09/2017 |
| 2017-187 | Highlands County District School Board - Financial and Federal Single Audit | 03/28/2017 |
| 2017-175 | Holmes County District School Board - Financial and Federal Single Audit | 03/23/2017 |
| 2017-067 | Indian River County District School Board - Comprehensive Annual Financial Report and Federal Single Audit | 12/13/2016 |
| 2017-095 | Indian River County District School Board - Operational Audit | 01/12/2017 |
| 2017-133 | Jackson County District School Board - Financial and Federal Single Audit | 03/07/2017 |
| 2017-193 | Jefferson County District School Board - Financial and Federal Single Audit | 03/30/2017 |
| 2017-098 | Lafayette County District School Board - Financial and Federal Single Audit | 01/19/2017 |
| 2018-024 | Lake County District School Board - Information Technology Operational Audit | 10/12/2017 |
| 2017-166 | Levy County District School Board - Financial and Federal Single Audit | 03/21/2017 |
| 2017-153 | Liberty County District School Board - Financial and Federal Single Audit | 03/15/2017 |
| 2017-183 | Madison County District School Board - Financial and Federal Single Audit | 03/27/2017 |
| 2017-146 | Madison County District School Board - Operational Audit | 03/10/2017 |
| 2017-096 | Manatee County District School Board - Comprehensive Annual Financial Report and Federal Single Audit | 01/13/2017 |
| 2017-092 | Manatee County District School Board - Operational Audit | 01/10/2017 |
| 2017-065 | Martin County District School Board - Comprehensive Annual Financial Report and Federal Single Audit | 12/12/2016 |
| 2017-194 | Miami-Dade County District School Board - Financial and Federal Single Audit | 03/30/2017 |
| 2017-196 | Miami-Dade County District School Board - Operational Audit | 03/31/2017 |
| 2017-061 | Monroe County District School Board - Comprehensive Annual Financial Report and Federal Single Audit | 12/08/2016 |
| 2017-131 | Nassau County District School Board - Financial and Federal Single Audit | 03/06/2017 |

EXHIBIT B

Reports Released During the Period November 1, 2016, Through October 31, 2017

| Report Number | Audited Entity and Report Title | Report Release Date |
|--|---|----------------------------|
| School Districts – Continued | | |
| 2017-179 | Okeechobee County District School Board - Financial and Federal Single Audit | 03/24/2017 |
| 2017-151 | Orange County District School Board - Financial and Federal Single Audit | 03/14/2017 |
| 2017-132 | Orange County District School Board - Operational Audit | 03/06/2017 |
| 2017-080 | Osceola County District School Board - Comprehensive Annual Financial Report and Federal Single Audit | 12/16/2016 |
| 2017-070 | Osceola County District School Board - Operational Audit | 12/13/2016 |
| 2017-190 | Palm Beach County District School Board - Financial and Federal Single Audit | 03/29/2017 |
| 2017-149 | Palm Beach County District School Board - Operational Audit | 03/13/2017 |
| 2017-042 | Palm Beach County District School Board - Transportation Services Department - Operational Audit | 11/08/2016 |
| 2017-082 | Pasco County District School Board - Comprehensive Annual Financial Report and Federal Single Audit | 12/19/2016 |
| 2017-091 | Pasco County District School Board - Operational Audit | 01/09/2017 |
| 2017-182 | Putnam County District School Board - Financial and Federal Single Audit | 03/24/2017 |
| 2017-163 | Putnam County District School Board - Operational Audit | 03/20/2017 |
| 2017-114 | Santa Rosa County District School Board – Financial and Federal Single Audit | 02/21/2017 |
| 2017-053 | Santa Rosa County District School Board - Operational Audit | 11/29/2016 |
| 2017-165 | Sumter County District School Board - Financial and Federal Single Audit | 03/21/2017 |
| 2017-144 | Suwannee County District School Board - Financial and Federal Single Audit | 03/10/2017 |
| 2017-152 | Taylor County District School Board - Financial and Federal Single Audit | 03/15/2017 |
| 2018-026 | Taylor County District School Board - Operational Audit | 10/26/2017 |
| 2017-150 | Union County District School Board - Financial and Federal Single Audit | 03/13/2017 |
| 2017-124 | Wakulla County District School Board - Financial and Federal Single Audit | 03/03/2017 |
| 2017-112 | Walton County District School Board - Financial and Federal Single Audit | 02/17/2017 |
| 2017-186 | Washington County District School Board - Financial and Federal Single Audit | 03/28/2017 |
| 2017-056 | Washington County District School Board – Operational Audit | 11/30/2016 |
| Florida Education Finance Program | | |
| 2017-212 | Bay County District School Board - Florida Education Finance Program - Attestation Examination | 06/23/2017 |
| 2017-207 | Bradford County District School Board - Florida Education Finance Program - Attestation Examination | 06/07/2017 |
| 2018-019 | Brevard County District School Board - Florida Education Finance Program - Attestation Examination | 10/05/2017 |
| 2017-122 | Calhoun County District School Board - Florida Education Finance Program - Attestation Examination | 03/02/2017 |
| 2018-023 | Charlotte County District School Board - Florida Education Finance Program - Attestation Examination | 10/12/2017 |
| 2017-044 | Citrus County District School Board - Florida Education Finance Program - Attestation Examination | 11/09/2016 |
| 2017-188 | Collier County District School Board - Florida Education Finance Program - Attestation Examination | 03/28/2017 |
| 2018-021 | Columbia County District School Board - Florida Education Finance Program - Attestation Examination | 10/05/2017 |
| 2018-018 | Dixie County District School Board - Florida Education Finance Program - Attestation Examination | 10/05/2017 |
| 2017-210 | Duval County District School Board - Florida Education Finance Program - Attestation Examination | 06/15/2017 |
| 2017-055 | Flagler County District School Board - Florida Education Finance Program - Attestation Examination | 11/30/2016 |

EXHIBIT B

Reports Released During the Period
November 1, 2016, Through October 31, 2017

| Report Number | Audited Entity and Report Title | Report Release Date |
|--|---|----------------------------|
| Florida Education Finance Program – Continued | | |
| 2018-008 | Florida Virtual School - Florida Education Finance Program - Attestation Examination | 07/27/2017 |
| 2017-202 | Franklin County District School Board - Florida Education Finance Program - Attestation Examination | 05/04/2017 |
| 2017-062 | Gadsden County District School Board - Florida Education Finance Program - Attestation Examination | 12/09/2016 |
| 2018-001 | Gilchrist County District School Board - Florida Education Finance Program - Attestation Examination | 07/10/2017 |
| 2018-017 | Hendry County District School Board - Florida Education Finance Program - Attestation Examination | 10/05/2017 |
| 2017-060 | Highlands County District School Board - Florida Education Finance Program - Attestation Examination | 12/07/2016 |
| 2017-040 | Hillsborough County District School Board - Florida Education Finance Program - Attestation Examination | 11/07/2016 |
| 2017-085 | Indian River County District School Board - Florida Education Finance Program - Attestation Examination | 12/21/2016 |
| 2017-076 | Jefferson County District School Board - Florida Education Finance Program - Attestation Examination | 12/16/2016 |
| 2017-052 | Lee County District School Board - Florida Education Finance Program - Attestation Examination | 11/29/2016 |
| 2017-043 | Levy County District School Board - Florida Education Finance Program - Attestation Examination | 11/09/2016 |
| 2017-063 | Madison County District School Board - Florida Education Finance Program - Attestation Examination | 12/09/2016 |
| 2017-084 | Manatee County District School Board - Florida Education Finance Program - Attestation Examination | 12/21/2016 |
| 2017-066 | Martin County District School Board - Florida Education Finance Program - Attestation Examination | 12/12/2016 |
| 2017-041 | Monroe County District School Board - Florida Education Finance Program - Attestation Examination | 11/08/2016 |
| 2018-020 | Okaloosa County District School Board - Florida Education Finance Program - Attestation Examination | 10/05/2017 |
| 2018-010 | Palm Beach County District School Board - Florida Education Finance Program - Attestation Examination | 08/01/2017 |
| 2018-009 | Pinellas County District School Board - Florida Education Finance Program - Attestation Examination | 08/01/2017 |
| 2017-200 | Polk County District School Board - Florida Education Finance Program - Attestation Examination | 04/26/2017 |
| 2018-012 | Putnam County District School Board - Florida Education Finance Program - Attestation Examination | 08/03/2017 |
| 2017-054 | St. Lucie County District School Board - Florida Education Finance Program - Attestation Examination | 11/30/2016 |
| 2017-045 | Sumter County District School Board - Florida Education Finance Program - Attestation Examination | 11/09/2016 |
| 2017-049 | Volusia County District School Board - Florida Education Finance Program - Attestation Examination | 11/17/2016 |
| 2017-079 | Wakulla County District School Board - Florida Education Finance Program - Attestation Examination | 12/16/2016 |
| State Universities | | |
| 2017-136 | Florida Agricultural and Mechanical University - Financial Audit | 03/08/2017 |
| 2017-197 | Florida Agricultural and Mechanical University - Operational Audit | 03/31/2017 |
| 2017-140 | Florida Atlantic University - Financial Audit | 03/09/2017 |
| 2017-157 | Florida Gulf Coast University - Financial Audit | 03/16/2017 |
| 2017-064 | Florida Gulf Coast University - Operational Audit | 12/09/2016 |
| 2017-181 | Florida International University - Financial Audit | 03/24/2017 |
| 2017-074 | Florida Polytechnic University - Financial Audit | 12/15/2016 |

EXHIBIT B

Reports Released During the Period
November 1, 2016, Through October 31, 2017

| Report Number | Audited Entity and Report Title | Report Release Date |
|---------------------------------------|---|---------------------|
| State Universities – Continued | | |
| 2017-134 | Florida State University - Financial Audit | 03/07/2017 |
| 2017-086 | Florida State University - Operational Audit | 01/03/2017 |
| 2017-130 | New College of Florida - Financial Audit | 03/03/2017 |
| 2018-016 | New College of Florida - Operational Audit | 09/28/2017 |
| 2017-110 | University of Central Florida - Financial Audit | 02/08/2017 |
| 2017-057 | University of Central Florida - Operational Audit | 12/01/2016 |
| 2017-141 | University of Florida - Financial Audit | 03/09/2017 |
| 2017-168 | University of North Florida - Financial Audit | 03/21/2017 |
| 2017-077 | University of South Florida - Financial Audit | 12/16/2016 |
| 2017-211 | University of South Florida - Banner® Enterprise Resource Planning (ERP) System Hosting Operations - Information Technology Operational Audit | 06/22/2017 |
| 2017-120 | University of West Florida - Financial Audit | 03/01/2017 |
| 2017-081 | University of West Florida - Operational Audit | 12/16/2016 |
| State Colleges | | |
| 2017-126 | Broward College - Financial Audit | 03/03/2017 |
| 2017-059 | Chipola College - Financial Audit | 12/06/2016 |
| 2017-176 | College of Central Florida - Financial Audit | 03/24/2017 |
| 2017-046 | College of Central Florida - Operational Audit | 11/16/2016 |
| 2017-116 | Daytona State College - Financial Audit | 02/21/2017 |
| 2017-143 | Eastern Florida State College - Financial Audit | 03/10/2017 |
| 2017-117 | Florida Gateway College - Financial Audit | 02/23/2017 |
| 2017-184 | Florida Keys Community College - Financial Audit | 03/27/2017 |
| 2017-128 | Florida SouthWestern State College - Financial Audit | 03/03/2017 |
| 2017-058 | Florida SouthWestern State College - Operational Audit | 12/01/2016 |
| 2017-156 | Florida State College at Jacksonville - Financial Audit | 03/16/2017 |
| 2017-109 | Gulf Coast State College - Financial Audit | 02/08/2017 |
| 2017-137 | Hillsborough Community College - Financial Audit | 03/08/2017 |
| 2017-172 | Indian River State College - Financial Audit | 03/22/2017 |
| 2017-113 | Lake-Sumter State College - Financial Audit | 02/20/2017 |
| 2017-191 | Miami Dade College - Financial Audit | 03/29/2017 |
| 2017-170 | North Florida Community College - Financial Audit | 03/22/2017 |
| 2017-111 | Northwest Florida State College - Financial Audit | 02/08/2017 |
| 2017-164 | Palm Beach State College - Financial Audit | 03/20/2017 |
| 2017-072 | Palm Beach State College - Operational Audit | 12/14/2016 |
| 2017-129 | Pasco-Hernando State College - Financial Audit | 03/03/2017 |
| 2017-068 | Pensacola State College - Financial Audit | 12/13/2016 |
| 2017-155 | Polk State College - Financial Audit | 03/16/2017 |
| 2017-071 | Polk State College - Operational Audit | 12/13/2016 |
| 2017-162 | Santa Fe College - Financial Audit | 03/20/2017 |

EXHIBIT B

**Reports Released During the Period
November 1, 2016, Through October 31, 2017**

| Report Number | Audited Entity and Report Title | Report Release Date |
|---|---|----------------------------|
| State Colleges - Continued | | |
| 2017-094 | Seminole State College of Florida - Financial Audit | 01/11/2017 |
| 2017-125 | South Florida State College - Financial Audit | 03/03/2017 |
| 2017-159 | St. Johns River State College - Financial Audit | 03/17/2017 |
| 2017-104 | St. Petersburg College - Financial Audit | 01/27/2017 |
| 2017-154 | State College of Florida, Manatee-Sarasota - Financial Audit | 03/16/2017 |
| 2017-169 | Tallahassee Community College - Financial Audit | 03/22/2017 |
| 2017-160 | Valencia College - Financial Audit | 03/20/2017 |
| Other Educational Entities and Programs | | |
| 2017-209 | North East Florida Educational Consortium - Educational Technology Services - Information Technology Operational Audit | 06/09/2017 |
| Other Audits and Accountability Activities | | |
| 2018-007 | Citrus County Board of County Commissioners - Detention Center Management Services Contract and Selected Administrative Activities - Operational Audit | 07/26/2017 |
| 2017-107 | City of Palatka and Palatka Downtown Redevelopment Agency - Operational Audit | 02/01/2017 |
| 2017-198 | Putnam County Board of County Commissioners, Clerk of the Circuit Court, and Sheriff's Office - Operational Audit | 04/03/2017 |
| 2017-090 | Report on Significant Financial Trends and Findings in Local Governmental Entity 2014-15 Fiscal Year Audit Reports and Annual Financial Reports | 01/09/2017 |
| 2018-004 | Review of District School Board, Charter School, and Charter Technical Career Center Audit Reports for the Fiscal Year Ended June 30, 2016 - Pursuant to Section 11.45(7)(b), Florida Statutes | 07/25/2017 |
| 2017-078 | Review of Local Governmental Entity 2014-15 Fiscal Year Audit Reports - Pursuant to Section 11.45(7)(b), Florida Statutes | 12/16/2016 |
| 2018-015 | Review of Nonprofit, For-Profit, and Other Entities Financial Reporting Packages for Fiscal Years Ended October 1, 2015, through September 30, 2016 - Pursuant to Section 215.97(12)(f), Florida Statutes | 09/07/2017 |
| 2018-006 | Summary of Significant Findings and Financial Trends Identified in Charter School and Charter Technical Career Center Audit Reports for the Fiscal Year Ended June 30, 2016 - Pursuant to Section 11.45(7)(f), Florida Statutes | 07/25/2017 |
| 2017-102 | Sunshine Water Control District Prior Audit Follow-Up - Operational Audit | 01/25/2017 |
| 2017-215 | Suwannee River Water Management District - Operational Audit | 06/30/2017 |
| 2017-123 | Walton County Board of County Commissioners, Clerk of the Circuit Court, and Use of Funds Related to the Deepwater Horizon Oil Spill - Operational Audit | 03/02/2017 |
| 2017-135 | Florida Housing Finance Corporation - Office of Inspector General's Internal Audit Activity - Quality Assessment Review | 03/07/2017 |

EXHIBIT C

**Reports Released or Scheduled to Be Released Subsequent to
October 31, 2017, and by March 31, 2018**

State Government

| Audit Entity | Scope/Areas of Operations |
|---|--|
| Agency for Health Care Administration | Collection and Use of Medicaid Managed Care Encounter Data, Medicaid Provider Eligibility, and Selected Administrative Activities |
| Agency for Persons with Disabilities | Office of Inspector General's Internal Audit Activity |
| Agency for State Technology | State Data Center Operations – Information Technology Office of Inspector General's Internal Audit Activity |
| Department of Agriculture and Consumer Services | Administration of Private Investigator, Security Officer, Recovery Agent, and Concealed Weapon Licenses and Prior Audit Follow-Up |
| Department of Business and Professional Regulation | Division of Pari-Mutuel Wagering and Selected Administrative Activities |
| Department of Children and Families | Oversight and Administration of Community-Based Care Lead Agencies and Behavioral Health Managing Entities and Selected Administrative Activities |
| Department of Citrus | Office of Inspector General's Internal Audit Activity |
| Department of Corrections | Administration of Re-Entry Programs Offender Based Information System – Information Technology |
| Department of Economic Opportunity | Office of Inspector General's Internal Audit Activity |
| Department of Economic Opportunity and Enterprise Florida, Inc. | State Economic Incentive Programs and Selected Administrative Activities |
| Department of Education | Selected Administrative Activities and Information Technology Controls Federal Family Education Loan Program System – Information Technology Office of Inspector General's Internal Audit Activity |
| Department of Environmental Protection | Land Acquisitions and Divestitures |
| Department of Financial Services | Division of State Fire Marshal and Division of Risk Management – State Employees Workers' Compensation Office of Inspector General's Internal Audit Activity |
| Department of Health | Children's Medical Services Network, Early Steps, and Newborn Screening Licensing and Enforcement Information Database System – Information Technology Office of Inspector General's Internal Audit Activity |
| Department of Highway Safety and Motor Vehicles | Office of Inspector General's Internal Audit Activity |
| Department of Juvenile Justice | Residential Services and Selected Administrative Activities Office of Inspector General's Internal Audit Activity |
| Department of Law Enforcement | Office of Inspector General's Internal Audit Activity |
| Department of the Lottery | Financial Statements |
| Department of Management Services | Florida Retirement System – Financial Statements Florida Retirement System – Schedules of Employer Allocations and Schedules of Pension Amounts and Certain Activities Through September 30, 2017 Integrated Retirement Information System (IRIS) – Information Technology |

EXHIBIT C

**Reports Released or Scheduled to Be Released Subsequent to
October 31, 2017, and by March 31, 2018**

State Government - Continued

| Audit Entity | Scope/Areas of Operations |
|---|--|
| Department of Military Affairs | Administration of Selected Activities and Prior Audit Follow-Up Office of Inspector General's Internal Audit Activity |
| Department of Revenue | Office of Inspector General's Internal Audit Activity |
| Department of Veterans' Affairs | Procurement, Veterans' Services Billing, and Prior Audit Follow-Up Office of Inspector General's Internal Audit Activity |
| Fish and Wildlife Conservation Commission | Property Management and Prior Audit Follow-Up |
| Florida School for the Deaf and the Blind | Financial Statements |
| Public Service Commission | Office of Inspector General's Internal Audit Activity |
| State Board of Administration | Local Government Surplus Funds Trust Fund – Financial Statements Florida Prepaid College Board and Selected Administrative Activities |
| State of Florida | Financial Statements and Federal Awards |

Educational Entities

| Audit Entity | Scope/Areas of Operations |
|--|--|
| Florida Education Finance Program - Selected District School Boards and Other Entities (11) | Compliance with Reporting Requirements |
| Florida Bright Futures Scholarship Program | Selected Areas of Operation |
| School Districts (70) | Financial, Federal Awards, Selected Areas of Operations, and Information Technology |
| State Colleges (42) | Financial, Selected Areas of Operations, and Information Technology |
| State Universities (16) | Financial, Selected Areas of Operations, and Information Technology |

Other

| Audit Entity | Scope/Areas of Operations |
|---|--|
| AAA Scholarship Foundation – FL, LLC | Selected Areas of Operation |
| City of North Miami | Selected Areas of Operation |
| City of Opa-locka | Selected Areas of Operation |
| City of Starke | Follow-Up on Report No. 2015-009 |
| Florida Clerks of Court Operations Corporation | Selected Areas of Operation |
| Hillsborough County Aviation Authority | Selected Areas of Operation |
| Judicial-Related Agencies | Selected Areas of Operation |
| Local Government Financial Reporting System | Selected Areas of Operation |
| Local Governmental Entity Audit Reports | Results of Review of 2015-16 Fiscal Year Audit Reports - Pursuant to Section 11.45(7)(b), Florida Statutes |
| Local Governmental Entity Audit Reports and Annual Financial Reports | Significant Findings and Financial Trends Identified in 2015-16 Fiscal Year Audit Reports and Annual Financial Reports Reviewed |
| South Florida Water Management District | Selected Areas of Operation |

EXHIBIT C

**Reports Released or Scheduled to Be Released Subsequent to
October 31, 2017, and by March 31, 2018**

Other - Continued

| Audit Entity | Scope/Areas of Operations |
|---|----------------------------------|
| Southwest Florida Water Management District | Selected Areas of Operation |
| St. Johns River Water Management District | Selected Areas of Operation |
| Step Up for Students, Inc. | Selected Areas of Operation |

EXHIBIT D

Auditor General Contact Information

Sherrill F. Norman, CPA **Auditor General**

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

Phone: (850) 412-2722 ♦ E-mail: flaudgen@aud.state.fl.us ♦ Web Site: www.FLAuditor.gov

State Government Audits Division

Deputy Auditor General: Matthew J. Tracy, CPA (850) 412-2922

Audit Managers:

| | | |
|----------------------------------|--|----------------|
| Christi V. Alexander, CPA | Agriculture and Consumer Services, Business and Professional Regulation, Economic Opportunity, Education, Management Services, Northwest Regional Data Center, State, State Technology, Triumph Gulf Coast | (850) 412-2786 |
| Lisa A. Norman, CPA | Children and Families, Elder Affairs, Health Care Administration, Persons with Disabilities, Statewide Federal Awards Audit | (850) 412-2831 |
| Karen W. Van Amburg, CPA | Citrus, Emergency Management, Financial Regulation, Financial Services, Governor, Health, Insurance Regulation, Legal Affairs, Military Affairs, Veterans' Affairs | (850) 412-2766 |
| David R. Vick, CPA | Corrections, Commission on Offender Review, Environmental Protection, Fish and Wildlife Conservation Commission, Highway Safety and Motor Vehicles, Juvenile Justice, Law Enforcement, Public Service Commission, Transportation | (850) 412-2817 |
| Kathryn D. Walker, CPA | Citizens Property Insurance Corporation, Florida Retirement System and Other State-Administered Systems, Florida School for the Deaf and the Blind, Lottery, Revenue, State Board of Administration, Statewide Financial Statement Audit | (850) 412-2781 |

Educational Entities and Local Government Audits Division

Deputy Auditor General: Gregory L. Centers, CPA (850) 412-2889

Audit Director:

James R. Stultz, CPA District School Boards, State Universities, and State Colleges (850) 412-2869

Audit Managers:

| | | |
|--------------------------------|---|----------------|
| Michael J. Gomez, CPA | Charter Schools, Judicial, Local Governments, and Scholarship Funding Organizations | (850) 412-2881 |
| Jaime N. Hoelscher, CPA | State Universities and State Colleges | (850) 412-2868 |
| Micah E. Rodgers, CPA | District School Boards | (850) 412-2905 |

Information Technology Audits Division

Deputy Auditor General: Marilyn D. Tenewitz, CPA (850) 412-2921

Audit Managers:

| | | |
|-----------------------------------|--------------------------------------|----------------|
| Christopher G. Gohlke, CPA | Information Technology Audit Support | (850) 412-3030 |
| Arthur B. Hart, CPA | Information Technology Audits | (850) 412-2923 |
| J. David Hughes, CPA | Florida Education Finance Program | (850) 412-2971 |

Reports are available in downloadable PDF format on our Web site at www.FLAuditor.gov.
Printed reports may be obtained by writing, calling, or e-mailing the Auditor General.

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

List 1: LOCAL GOVERNMENTS

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

| | Entity Name <i>(County)</i> | Senate District <i>(Countywide)</i> | House District <i>(Countywide)</i> | Item Missing from FY 2015-16 Audit Report | Staff Recommendation |
|---|---|---|--|--|---|
| 1 | Taylor County Development Authority <i>(Taylor)</i> | 3 | 7 | A schedule of the entity's proportionate share of the net pension liability and a schedule of the entity's contributions to the pension plan were excluded from the audit report required supplementary information, although required for entities with defined benefit cost-sharing pension plans by P50.125 of the <i>Codification of Governmental Accounting and Financial Reporting Standards</i> . | Take action if not received by January 15, 2018 |

From: DEREK NOONAN <DEREKNOONAN@AUD.STATE.FL.US>
Sent: Thursday, October 05, 2017 10:53 AM
To: Mayfield, Debbie; Sullivan, Jennifer
Cc: Dubose, Kathy; White, Deborah
Subject: 2015-16 FY Section 11.45(7)(b), FS, Notification
Attachments: 2016 Missing Items Letter to JLAC Attachment.docx

Pursuant to Section 11.45(7)(b), Florida Statutes, this e-mail is to notify you of the nine local governmental entities that did not provide us, within 45 days after the date of our request, the significant items omitted from their 2015-16 fiscal year audit reports or from their audit report transmittal correspondence. The attached listing identifies the nine local governmental entities (one county and eight special districts) and describes the audit report and correspondence items omitted.

To date, none of the nine local governmental entities mentioned above have provided us the requested information. Please advise us if you or your staff have any questions regarding this information.

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

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

LIST OF LOCAL GOVERNMENTAL ENTITIES
 THAT HAVE NOT PROVIDED SIGNIFICANT ITEMS
 OMITTED FROM 2015-16 FISCAL YEAR AUDIT REPORTS OR
 FROM AUDIT REPORT TRANSMITTAL CORRESPONDENCE
 AS OF SEPTEMBER 29, 2017

| <u>COUNTY</u> | <u>ITEM(S) OMITTED</u> | <u>DATE ITEM(S) REQUESTED BY AUDITOR GENERAL</u> |
|---|----------------------------|--|
| Lafayette County Board of County Commissioners | A, B | 8/7/17 |
| <u>SPECIAL DISTRICTS</u> | | |
| City-County Public Works Authority | C | 8/7/17 |
| Gilchrist Soil and Water Conservation District | D | 8/7/17 |
| Heritage Greens Community Development District | E | 8/7/17 |
| Holmes Creek Soil and Water Conservation District | C, F | 8/7/17 |
| Lower Florida Keys Hospital District | C | 8/7/17 |
| Palm Beach Soil and Water Conservation District | A | 6/6/17 |
| Suwannee County Conservation District | B | 8/7/17 |
| Taylor County Development Authority | A | 8/7/17 |

LIST OF LOCAL GOVERNMENTAL ENTITIES
THAT HAVE NOT PROVIDED SIGNIFICANT ITEMS
OMITTED FROM 2015-16 FISCAL YEAR AUDIT REPORTS OR
FROM AUDIT REPORT TRANSMITTAL CORRESPONDENCE
AS OF SEPTEMBER 29, 2017

Item(s) Omitted:

- (A) A schedule of the entity's proportionate share of the net pension liability and a schedule of the entity's contributions to the pension plan were excluded from the audit report required supplementary information, although required for entities with defined benefit cost-sharing pension plans by P50.125 of the *Codification of Governmental Accounting and Financial Reporting Standards*.
- (B) A Report on Compliance With Requirements Applicable to Each Major State Project and on Internal Control Over Compliance was excluded from the audit report, although required for entities receiving Florida Single Audits by Section 215.97(10)(e), Florida Statutes; and Section 10.557(3)(e)3, Rules of the Auditor General.
- (C) A written statement of explanation or rebuttal concerning the findings was excluded from the audit report, although required by Sections 10.557(3)(l) and 10.558(1), Rules of the Auditor General.
- (D) An opinion on the Schedule of Expenditures of State Financial Assistance was excluded from the audit report, although required for entities receiving Florida Single Audits by Section 215.97(10)(b), Florida Statutes; and Section 10.557(3)(e)2., Rules of the Auditor General.
- (E) The date the audit report was delivered to the local governmental entity was not included in correspondence accompanying the audit report submitted to the Auditor General, although required by Section 10.558(3), Rules of the Auditor General.
- (F) Management's Discussion and Analysis was excluded from the audit report, although required by Section 2200.106 of the *Codification of Governmental Accounting and Financial Standards*, and Section 10.557(3)(h), Rules of the Auditor General.

Note: All references to Rules of the Auditor General are to rules in effect for the 2015-16 fiscal year.

Florida Statutes (2017) related to Significant Audit Items Missing

11.45(7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

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

11.40 Legislative Auditing Committee.—

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

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

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

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

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

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

**12 Lobbying Firm
Quarterly Compensation
Report Audits**

Lobbying Firm Compensation Audits – Materials Provided

- 1. Overview:** Audits of Lobbying Firm Compensation Reports
- 2. Summary:** Results of the Audits of 2016 Lobbying Firm Compensation Reports:
 - a. Cover Letter to President and Speaker
 - b. Summaries of (1) all 26 engagements conducted, (2) the 12 executive branch engagements, and (3) the 14 legislative branch engagements
 - c. Findings reported in 15 engagements (executive and legislative branch)

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, 2015, and 2016 calendar years.

Overview

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

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

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

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

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

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

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

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

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

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

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

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

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

A RFP process was used to solicit CPAs / CPA firms who were qualified and interested in conducting the audits. Four audit firms responded to the RFP and were approved to conduct the audits; however, one firm withdrew from consideration before the contracts were executed. The contracts are renewable for up to three additional years.

A random number generator was used to determine the lobbying firms that were selected for an audit. In 2017, 26 lobbying firms (12 executive branch firms; 14 legislative branch firms) were selected for an audit of their 2016 compensation. For each audit, a maximum number of billable hours was authorized, based on the number of principals the lobbying firm was registered to represent. In addition, a maximum travel allowance was authorized for audits in which the audit firm and lobbying firm were not located in the same vicinity. Audit firms were authorized to request an increase in either or both of these amounts if they determined the authorized amounts were insufficient to complete the engagement.

All audits of 2016 compensation were completed by September 1, 2017. The audit firms billed the Legislature a total of \$182,471.54 for all 26 audits

Statutory Language

Section 11.40, *Florida Statutes*

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

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

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

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

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

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

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

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

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

JOE NEGRON
President of the Senate



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

THE FLORIDA LEGISLATURE
JOINT LEGISLATIVE AUDITING COMMITTEE

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

RICHARD CORCORAN
Speaker of the House



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

September 20, 2017

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

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

Dear President Negron and Speaker Corcoran:

As required by s. 11.40(3), F.S., the Joint Legislative Auditing Committee is pleased to provide you with the results of the agreed-upon procedures (AUP) engagements performed on the 2016 Quarterly Lobbying Firm Compensation Reports filed by randomly selected lobbying firms.

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

For your convenience, the following summary information is provided:

- A one-page summary of all 26 AUP engagements, listed in order by the size of the lobbying firm, which includes the type of compensation audited (executive or legislative branch), the audit firm selected, the cost of each engagement, and whether any findings were reported.
- A one-page summary of the 12 executive branch AUP engagements, listed in alphabetical order.
- A one-page summary of the 14 legislative branch AUP engagements, listed in alphabetical order.
- A summary, with the findings reported in 15 of the AUP reports.

Honorable Joe Negron, President
Honorable Richard Corcoran, Speaker
September 20, 2017
Page 2

Excluding Legislative member and staff time, the total cost of this year's AUP engagements was \$182,471.54. Of this amount, \$60,461.54 will be paid by the Executive Branch Lobbyist Registration Trust Fund for the audits of executive branch compensation, and \$122,010.00 will be paid by the Legislative Branch Lobbyist Registration Trust Fund for audits of legislative branch compensation.

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

Best regards,



Senator Debbie Mayfield
Chair



Representative Jennifer Mae Sullivan
Vice Chair

cc (w/o reports): Members of the Joint Legislative Auditing Committee
Ashley Ross, President's Office
Celeste Lewis, Speaker's Office
Karen Chandler, Office of Legislative Services

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

2016 Lobbying Firm Compensation audits

Summary of All 26 Engagements

Sorted by Size of Lobbying Firm

| Lobbying Firm (Location) | Number of Lobbyists | Number of Principals | | | | | | | | | | | | | | Compensation Audited | Audit Firm Selected | Cost of Engagement | Exceptions (Findings) Reported? |
|--|---------------------|----------------------|---|---|---|---|---|---|---|----|----|----|----|-------------|----------------|----------------------|---------------------|--------------------|---------------------------------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 8 | 9 | 29 | 36 | 37 | 65 | 68 | | | | | |
| 1 Champion Consultants LLC (Davenport) | 1 | X | | | | | | | | | | | | | Executive | Warren Averett | \$ 2,106.00 | No | |
| 2 Janet Llewellyn LLC (Tallahassee) | | X | | | | | | | | | | | | | Executive | Carroll & Company | \$ 2,700.75 | No | |
| 3 Luis E. Rojas (Tallahassee) | | X | | | | | | | | | | | | | Legislative | CRI | \$ 1,875.00 | Yes | |
| 4 McGee & Mason P.A. (Brooksville) | | X | | | | | | | | | | | | | Legislative | Carroll & Company | \$ 1,238.25 | No | |
| 5 Pruitt & Associates LLC (Lady Lake) | | X | | | | | | | | | | | | | Executive | Carroll & Company | \$ 2,593.50 | Yes | |
| 6 Smith & Smith Consulting (Tallahassee) | | X | | | | | | | | | | | | | Legislative | CRI | \$ 1,875.00 | No | |
| 7 Andrew J. Liles (Tallahassee) | | | X | | | | | | | | | | | | Executive | Warren Averett | \$ 2,880.00 | Yes | |
| 8 Calhoun Management & Consulting, LLC (Tallahassee) | | | X | | | | | | | | | | | | Executive | CRI | \$ 2,375.00 | No | |
| 9 TC Wolfe (Miami) | | | X | | | | | | | | | | | | Executive | Warren Averett | \$ 2,655.00 | Yes | |
| 10 Carr Allison (Tallahassee) | | | | X | | | | | | | | | | | Executive | Carroll & Company | \$ 4,485.00 | Yes | |
| 11 Ronald R. Richmond (Tallahassee) | | | | X | | | | | | | | | | | Legislative | Carroll & Company | \$ 3,636.75 | Yes | |
| 12 David R. Custin & Associates (Miami) | | | | | X | | | | | | | | | | Legislative | CRI | \$ 3,375.00 | No | |
| 13 Lester Abberger (Tallahassee) | | | | | | X | | | | | | | | | Executive | Carroll & Company | \$ 4,065.75 | Yes | |
| 14 Lindstrom Consulting Inc. (Tallahassee) | | | | | | X | | | | | | | | | Executive | CRI | \$ 3,875.00 | No | |
| 15 Lisa Aaron Consulting (Tallahassee) | | | | | | | X | | | | | | | | Legislative | Carroll & Company | \$ 4,543.50 | Yes | |
| 16 The Labrador Company Inc. (Tallahassee) | | | | | | | | X | | | | | | | Legislative | Carroll & Company | \$ 3,958.50 | No | |
| 17 Redfish Consulting (Tallahassee) | | | | | | | | | X | | | | | | Legislative | CRI | \$ 5,875.00 | Yes | |
| 18 T. B. Consultants Inc. (Bradenton) | | | | | | | | | | X | | | | | Executive | Carroll & Company | \$ 3,900.00 | No | |
| 19 Shumaker Loop & Kendrick LLP (Tampa) | 2 | | X | | | | | | | | | | | Legislative | Warren Averett | \$ 2,574.00 | Yes | | |
| 20 Buigas and Associates (Tallahassee) | | | | | | | | X | | | | | | | Legislative | Warren Averett | \$ 4,059.00 | No | |
| 21 Ericks Consultants Inc. (Tallahassee) | 3 | | | | | | | | | X | | | | Legislative | CRI | \$ 19,375.00 | No | | |
| 22 Wilson & Associates LLC (Tallahassee) | 4 | | | | | | | X | | | | | | Executive | CRI | \$ 5,875.00 | Yes | | |
| 23 Lewis Longman & Walker PA (Tallahassee) | 5 | | | | | | | | X | | | | | Legislative | CRI | \$ 15,875.00 | Yes | | |
| 24 Capitol Insight LLC (Tallahassee) | 7 | | | | | | | | | | | | X | Executive | Warren Averett | \$ 22,950.54 | Yes | | |
| 25 Hopping Green & Sams PA (Tallahassee) | 14 | | | | | | | | | | | X | | Legislative | CRI | \$ 19,875.00 | Yes | | |
| 26 Buchanan Ingersoll & Rooney PC (Tallahassee) | | | | | | | | | | | | | X | | Legislative | CRI | \$ 33,875.00 | Yes | |
| Total Cost | | | | | | | | | | | | | | | | \$ 182,471.54 | | | |

2016 Lobbying Firm Compensation Audits
Summary of Executive Branch Engagements
Listed in Alphabetical Order

| | Lobbying Firm (Location) | Audit Firm Selected | Location of Audit Firm | Cost of Engagement | Exceptions (Findings) Reported? |
|----|--|---------------------|------------------------|---------------------|---------------------------------|
| 1 | Andrew J. Liles (Tallahassee) | Warren Averett | Destin | \$ 2,880.00 | Yes |
| 2 | Calhoun Management & Consulting, LLC (Tallahassee) | CRI | Tallahassee | \$ 2,375.00 | No |
| 3 | Capitol Insight LLC (Tallahassee) | Warren Averett | Destin | \$ 22,950.54 | Yes |
| 4 | Carr Allison (Tallahassee) | Carroll & Company | Tallahassee | \$ 4,485.00 | Yes |
| 5 | Champion Consultants LLC (Davenport) | Warren Averett | Destin | \$ 2,106.00 | No |
| 6 | Janet Llewellyn LLC (Tallahassee) | Carroll & Company | Tallahassee | \$ 2,700.75 | No |
| 7 | Lester Abberger (Tallahassee) | Carroll & Company | Tallahassee | \$ 4,065.75 | Yes |
| 8 | Lindstrom Consulting Inc. (Tallahassee) | CRI | Tallahassee | \$ 3,875.00 | No |
| 9 | Pruitt & Associates LLC (Lady Lake) | Carroll & Company | Tallahassee | \$ 2,593.50 | Yes |
| 10 | T. B. Consultants Inc. (Bradenton) | Carroll & Company | Tallahassee | \$ 3,900.00 | No |
| 11 | TC Wolfe (Miami) | Warren Averett | Destin | \$ 2,655.00 | Yes |
| 12 | Wilson & Associates LLC (Tallahassee) | CRI | Tallahassee | \$ 5,875.00 | Yes |
| | Total Cost | | | \$ 60,461.54 | |

2016 Lobbying Firm Compensation Audits
Summary of Legislative Branch Engagements
Listed in Alphabetical Order

| | Lobbying Firm (Location) | Audit Firm Selected | Location of Audit Firm | Cost of Engagement | Exceptions (Findings) Reported? |
|----|--|---------------------|------------------------|----------------------|---------------------------------|
| 1 | Buchanan Ingersoll & Rooney PC (Tallahassee) | CRI | Tallahassee | \$ 33,875.00 | Yes |
| 2 | Buigas and Associates (Tallahassee) | Warren Averett | Destin | \$ 4,059.00 | No |
| 3 | David R. Custin & Associates (Miami) | CRI | Tallahassee | \$ 3,375.00 | No |
| 4 | Ericks Consultants Inc. (Tallahassee) | CRI | Tallahassee | \$ 19,375.00 | No |
| 5 | Hopping Green & Sams PA (Tallahassee) | CRI | Tallahassee | \$ 19,875.00 | Yes |
| 6 | Lewis Longman & Walker PA (Tallahassee) | CRI | Tallahassee | \$ 15,875.00 | Yes |
| 7 | Lisa Aaron Consulting (Tallahassee) | Carroll & Company | Tallahassee | \$ 4,543.50 | Yes |
| 8 | Luis E. Rojas (Tallahassee) | CRI | Tallahassee | \$ 1,875.00 | Yes |
| 9 | McGee & Mason P.A. (Brooksville) | Carroll & Company | Tallahassee | \$ 1,238.25 | No |
| 10 | Redfish Consulting (Tallahassee) | CRI | Tallahassee | \$ 5,875.00 | Yes |
| 11 | Ronald R. Richmond (Tallahassee) | Carroll & Company | Tallahassee | \$ 3,636.75 | Yes |
| 12 | Shumaker Loop & Kendrick LLP (Tampa) | Warren Averett | Destin | \$ 2,574.00 | Yes |
| 13 | Smith & Smith Consulting (Tallahassee) | CRI | Tallahassee | \$ 1,875.00 | No |
| 14 | The Labrador Company Inc. (Tallahassee) | Carroll & Company | Tallahassee | \$ 3,958.50 | No |
| | Total Cost | | | \$ 122,010.00 | |

Summary of Agreed-Upon Procedures (AUP) Findings Reported

Note: Only engagements in which one or more exceptions (findings) were noted are listed below.

Executive Summary

In November 2013, the Joint Legislative Auditing Committee (Committee) adopted *Guidelines for Attestation Services Relating to Quarterly Lobbying Firm Compensation Reports (Guidelines)*. The *Guidelines* were revised in November 2015. In February 2017, Committee staff, following procedures approved by the Committee, and with assistance from the Auditor General's Office, randomly selected 3% of the executive branch lobbying firms and 3% of the legislative branch lobbying firms for an audit.¹ The 12 and 14 lobbying firms selected, respectively, were provided 30 days from the date of the Committee's notification of their selection to choose one of three audit firms approved to perform the AUP engagements. One lobbying firm deferred this decision to the Committee; therefore, the Committee assigned an audit firm to this AUP engagement. The *Guidelines* provided the audit firms with specific steps (procedures) to follow during each AUP engagement. These procedures include comparisons of documents filed with the Legislature's Division of Law Revision and Information, comparisons of documents filed with lobbying firm records, and the receipt of a representation letter from the lobbying firm. Instances in which any discrepancies were noted were required to be reported as a finding or exception by the audit firm. Engagements were performed between May and August 2017 on the 2016 Quarterly Lobbying Firm Compensation Reports filed.

Of the 26 AUP engagements performed, exceptions (findings) were reported for 15 lobbying firms. Findings were reported for 7 of the 12 AUP engagements (58%) performed related to executive branch compensation and for 8 of the 14 AUP engagements (57%) performed related to legislative branch compensation.

Compensation was overstated by 12 lobbying firms for one or more quarters for one or more principals. Compensation was understated by seven lobbying firms for one or more quarters for one or more principals. Of these, five lobbying firms both overstated and understated compensation for one or more quarters for one or more principals. One lobbying firm overstated total compensation for all quarters.

Exceptions noted that did not relate to the compensation amounts reported during 2016 include:

- Registration Issues:
 - One lobbying firm received and reported compensation from a principal for each quarter; however, the lobbying firm was not registered for this principal in 2016.
 - One lobbying firm received compensation from a principal for the first two quarters; however, the lobbying firm's registration was not effective until a few days into the second quarter.
 - One lobbying firm mistakenly registered for a principal multiple times; this resulted in compensation reporting errors.
 - Lobbyists for one lobbying firm registered for the same principal by entering a slight variation of the principal's name; therefore, the same principal appeared twice on the compensation reports.
 - One lobbyist in a lobbying firm was not listed on the compensation report for one quarter.

¹ Although Section 11.45(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.

- One lobbying firm did not provide a signed contract/agreement or written statement regarding the terms of several agreements when documentation was requested by the audit firm. Instead, the lobbying firm provided sworn statements towards the end of the engagement. These agreements were for: (1) two instances in which the lobbying firm was a subcontractor, and (2) four principals. The same lobbying firm also did not provide a schedule of the contracted compensation for a principal relating to a lump sum payment. As a result, the lobbying firm provided a sworn affidavit specifying the application of the lump sum payment.
- One lobbying firm listed a principal on all quarterly compensation reports that should not have been listed. The lobbying firm reported \$0.00 compensation.
- Three lobbying firms did not report a Prime Contractor Firm on all quarterly compensation reports.
- One lobbying firm incorrectly listed a principal's name (did not match registration name) on one quarterly compensation report.

In addition, the owner of one lobbying firm was reported by an audit firm for failing to fully, voluntarily, and promptly participate in the attestation engagement process, or to provide any reasonable relevant document requested by the audit firm in the course of conducting the attestation engagement. When staff of an audit firm encounters this type of behavior, they are required to report it in the AUP engagement report pursuant to the *Guidelines*.

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 2016 Executive Branch Compensation

(Listed in alphabetical order)

1. Andrew J. Liles

Compensation for the principal Florida Wildlife Federation was overstated for all quarters of 2016. Compensation for each quarter should have been reported as \$1.00-\$9,999.00 instead of \$10,000.00-\$19,999.00. Amended compensation reports were filed for all quarters to correct the finding on June 7, 2017.

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

Audit Firm: Warren Averett

2. Capitol Insight LLC

In two instances, the lobbying firm was a subcontractor. The lobbying firm did not provide a signed contract or agreement to specify the terms of the agreement.² However, the lobbying firm provided a

² The *Guidelines for Attestation Services Relating to Quarterly Lobbying Firm Compensation Reports* do not address how lobbying firms should handle verbal contracts; however, the *FAQs Related to Audits of Lobbying Firm Compensation Reports* do provide guidance. In response to the question “[o]ur lobbying firm has a verbal contract with one or more principals, how do we document the contract terms?,” the FAQs state “[i]f a lobbying firm does not have a written contract or other form of written agreement with a principal, it should prepare a written statement indicating the terms of any verbal contracts that were in effect from January 1, 2014 forward. The contents of the written statement should contain information to satisfy what is required under section C of the Guidelines.” These FAQs were provided to each lobbying firm selected for an audit in the packet mailed in mid-March 2017. The engagements began no sooner than May 1, 2017. If the sworn affidavit or another form of written documentation had been prepared prior to the time of the audit firm’s field work and provided to the audit firm as part of the lobbying firm’s records requested, this would not have been reported as a finding.

sworn affidavit on June 26, 2017, stating the terms of the agreements which are consistent with the amounts on the quarterly compensation reports.

The lobbying firm did not provide a signed contract or agreement between the lobbying firm and four principals which covered 2016. However, the lobbying firm provided a sworn affidavit on June 26, 2017, stating the terms of the agreements, which are consistent with the amounts on the quarterly compensation reports.

The lobbying firm did not provide a schedule of the contracted compensation for a principal relating to a lump sum payment. As a result, the lobbying firm provided a sworn affidavit specifying the application of the lump sum payment which is consistent with the amounts reported on the quarterly compensation reports. This finding did not result in the lobbying firm filing amended compensation reports.

Compensation was understated for one principal, Worldwide Interactive Network. Compensation for the first quarter should have been reported as \$1.00-\$9,999.00, however it was reported as \$0.00.

Compensation was overstated for one principal, Leon County School Board. Compensation for the second quarter should have been reported as \$1.00-\$9,999.00, however it was reported as \$10,000.00-\$19,999.00.

Amended compensation reports were filed for the first two quarters to correct the findings related to Worldwide Interactive Network and Leon County School Board on June 15, 2016. None of the other findings required an amended compensation report.

Number of Registered Lobbyists: 7; Number of Registered Principals: 68
Audit Firm: Warren Averett

3. Carr Allison

Compensation for the principal Florida Automobile Joint Underwriting Association was overstated for all four quarters of 2016. Compensation for the first quarter should have been reported as \$1.00-\$9,999.00 instead of \$10,000.00-\$19,999.00. Compensation for the second, third, and fourth quarters should have been reported as \$1.00-\$9,999.00 instead of \$20,000.00-\$29,999.00. Amended reports reflecting compensation of \$1.00-\$9,999.00 for this principal, for each of these quarters, were filed on June 14, 2017.

Compensation for the principal The Variable Annuity Life Insurance Company (VALIC) was overstated for all four quarters of 2016. Compensation for each quarter should have been reported as \$1.00-\$9,999.00 instead of \$10,000.00-\$19,999.00. Amended reports reflecting compensation of \$1.00-\$9,999.00 for this principal, for each of these quarters, were filed on June 14, 2017.

The Prime Contractor firm for the principal Florida Municipal Insurance Trust was not reported for any of the four quarters in 2016. Amended reports reflecting the Prime Contractor Firm for this principal, for each of these quarters, were filed on June 14, 2017.

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

4. Lester Abberger

For each quarter of 2016, Larson Consulting Services, LLC was listed as a principal with \$0.00 compensation reported. However, the lobbying firm was not registered for executive branch lobbying for this principal in 2016.

For each quarter of 2016, the lobbying firm received and reported compensation of \$1.00-\$9,999.00 from the principal Florida Nonprofit Alliance. However, the lobbying firm was not registered for executive branch lobbying for this principal in 2016.

Compensation for the principal Families Against Mandatory Minimums was understated for the first quarter of 2016. Compensation for the quarter should have been reported as \$1.00-\$9,999.00 instead of \$0.00. An amended report reflecting compensation of \$1.00-\$9,999.00 for this principal, for this quarter, was filed on June 27, 2017.

Compensation for the principal Lyme Timber Company was understated for the first quarter of 2016. Compensation for the quarter should have been reported as \$1.00-\$9,999.00 instead of \$0.00. An amended report reflecting compensation of \$1.00-\$9,999.00 for this principal, for this quarter, was filed on June 27, 2017.

Response from Mr. Abberger related to the first two of the above exceptions: "With respect to the issues you identified relating to Larson Consulting, Inc. (B.2.) and Florida Nonprofit Alliance (B.2.), both relate to inadvertent oversights, both resulted from my poor understanding of the relationship between the [compensation] reporting process and the registration process, and both entailed complete disclosure of compensation which is the purpose of the reporting system, as I understand it.

Regarding the issue you identified relating to Larson Consulting, Inc., my registration for that client was not renewed for 2016 because my work for that firm had been completed previously. Nevertheless, Larson Consulting continued to appear on the quarterly compensation reporting forms. Consequently, I made the erroneous assumption that there was a correlation between the reporting forms and registration, in as much as the client was listed on the reporting form. I complied with the intent and spirit of the disclosure requirement by reporting that I received no compensation.

Regarding the issue you identified relating to the Florida Nonprofit Alliance (FNA), I complied with the intent and spirit of the disclosure requirement by accurately reporting the compensation I received. As was the case with Larson Consulting, in that FNA appeared on the quarterly compensation reporting form, I assumed erroneously in that light that the registration was valid and that reporting was therefore required."

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

5. Pruitt & Associates LLC

Compensation for the principal A Child is Missing was overstated for all four quarters of 2016. Compensation should have been reported as \$0.00 instead of \$1.00-\$9,999.00. Amended reports reflecting compensation of \$0.00 for this principal, for these quarters, were filed on July 5, 2017.

Total compensation for each quarter should have been reported as \$0.00 instead of \$1.00 to \$49,999.00. Amended reports reflecting total compensation of \$0.00 for each of these quarters, were filed on July 5, 2017.

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

6. TC Wolfe

Compensation for the principal Florida Consortium of Public Charter Schools was overstated for the last three quarters of 2016. Compensation for each of these quarters should have been reported as \$1.00-\$9,999.00 instead of \$10,000.00-\$19,999.00. Amended compensation reports reflecting \$1.00-\$9,999.00 were filed for this principal, for these quarters, on June 23, 2017.

Number of Registered Lobbyists: 1; Number of Registered Principals: 2
Audit Firm: Warren Averett

7. Wilson & Associates LLC

The lobbying firm engaged in an agreement to be a subcontracting firm with another lobbying firm, Lisa Miller & Associates. The compensation received by the common operating principal was reported correctly. However, the disclosure and identification of Lisa Miller & Associates as the Prime Contractor Firm was omitted for all four quarters of 2016. Amended compensation reports reflecting Lisa Miller & Associates as the Prime Contractor Firm, for these quarters, have not been filed as of the date of this report.

The lobbying firm mistakenly registered for the principal Florida Energy Pipeline Association, Inc. multiple times – one including “Inc.” at the end of the principal’s name, and one without. This resulted in the following reporting issues: (1) Compensation was overstated for the principal “Florida Energy Pipeline Association” for all four quarters and should be omitted. The lobbying firm reported compensation of \$1.00-\$9,999.00; however, the principal was already listed correctly on the compensation report as “Florida Energy Pipeline Association, Inc.,” and (2) Compensation for the principal “Florida Energy Pipeline Association, Inc.” was understated for the second and fourth quarters of 2016. Compensation for this principal, for these two quarters, should have been reported as \$1.00-\$9,999.00 instead of \$0.00. Amended compensation reports reflecting the correct amounts for these quarters have not been filed as of the date of this report.”

Number of Registered Lobbyists: 4; Number of Registered Principals: 9
Audit Firm: Carr, Riggs & Ingram, LLC

Reports on 2016 Legislative Branch Compensation

(Listed in alphabetical order)

1. Buchanan Ingersoll & Rooney PC

Compensation for one or more quarters of 2016 for the following six principals was either overstated or understated. The following table shows the amount of compensation that was reported for these principals and the amount of compensation that should have been reported based on a review of

supporting documentation. An explanation related to the issues with each principal is provided below in alphabetical order.

| Time Period / Principal | Range Reported by Lobbying Firm | Correct Range as Determined by CPA Firm | Result |
|--|--|--|---------------|
| 1st Quarter | | | |
| Florida Rural Economic Development Association | \$0.00 | \$1.00-\$9,999.00 | Understated |
| State Farm Mutual Automobile Insurance Company | \$20,000.00-\$29,999.00 | \$30,000.00-\$39,999.00 | Understated |
| 2nd Quarter | | | |
| Banyan Health Systems, Inc. | \$1.00-\$9,999.00 | \$0.00 | Overstated |
| Florida Rural Economic Development Association | \$10,000.00-\$19,999.00 | \$1.00-\$9,999.00 | Overstated |
| Lee County Trauma Services District | \$20,000.00-\$29,999.00 | \$10,000.00-\$19,999.00 | Overstated |
| State Farm Mutual Automobile Insurance Company | \$20,000.00-\$29,999.00 | \$30,000.00-\$39,999.00 | Understated |
| 3rd Quarter | | | |
| Carahsoft Technology Corporation | \$10,000.00-\$19,999.00 | \$1.00-\$9,999.00 | Overstated |
| State Farm Mutual Automobile Insurance Company | \$20,000.00-\$29,999.00 | \$30,000.00-\$39,999.00 | Understated |
| 4th Quarter | | | |
| City of Ormond Beach | \$0.00 | \$1.00-\$9,999.00 | Understated |

Banyan Health Systems, Inc.

The lobbying firm continued their billing procedures under the presumption of client retention and contract extension. This created an overstated amount for the second quarter of 2016. Once this matter was identified as a result of this engagement, the lobbying firm proceeded to amend the compensation report.

Carahsoft Technology Corporation

The explanation for this exception is due to an unintentional clerical error. The intended compensation range to be reported was \$1.00-\$9,999.00. Once this matter was identified as a result of this engagement, the lobbying firm proceeded to amend the compensation report.

City of Ormond Beach

The lobbying firm obtained an extension on a contract with the principal, however, the contracted amount was not reported on the originally filed compensation report for the fourth quarter of 2016. Once this matter was identified as a result of this engagement, the lobbying firm proceeded to amend the compensation report.

Florida Rural Economic Development Association

Compensation from the principal for both the first and second quarters of 2016 were included with the original filing of the second quarter compensation report. This timing difference resulted in the compensation report for the first quarter being understated and compensation for the second quarter being overstated. Once this matter was identified as a result of this engagement, the lobbying firm proceeded to amend the compensation reports.

Lee County Trauma Services District

The explanation for this exception is due to an unintentional clerical error. The intended compensation range to be reported was \$10,000.00-\$19,999.00. Once this matter was identified as a result of this engagement, the lobbying firm proceeded to amend the compensation report.

State Farm Mutual Automobile Insurance Company

The lobbying firm continued to bill according to the fee agreement terms from a prior year contract. However, for the contract effective for the calendar year 2016, an increased fee amount should have been billed and reported as compensation. The increased fee total per quarter would have resulted in the compensation range of \$30,000.00-\$39,999.00 being reported for the first three quarters of 2016. Once this matter was identified as a result of this engagement, the lobbying firm proceeded to amend the compensation reports.

The lobbying firm amended all quarterly reports, to reflect the correct compensation amounts noted above, on June 28, 2017.

Number of Registered Lobbyists: 14; Number of Registered Principals: 65
 Audit Firm: Carr, Riggs & Ingram, LLC

2. Hopping Green & Sams PA

Compensation for three or four quarters of 2016 for the following three principals was either overstated or understated. The following table shows the amount of compensation that was reported for these principals and the amount of compensation that should have been reported based on a review of supporting documentation. An explanation is provided below.

| Time Period / Principal | Range Reported by Lobbying Firm | Correct Range as Determined by CPA Firm | Result |
|---|--|--|---------------|
| 1st Quarter | | | |
| Association of Florida Community Developers, Inc. | \$10,000.00-\$19,999.00 | \$20,000.00-\$29,999.00 | Understated |
| Reedy Creek Improvement District | \$0.00 | \$10,000.00-\$19,999.00 | Understated |
| Walt Disney Parks and Resorts, US | \$0.00 | \$20,000.00-\$29,999.00 | Understated |
| 2nd Quarter | | | |
| Association of Florida Community Developers, Inc. | \$0.00 | \$20,000.00-\$29,999.00 | Understated |
| Reedy Creek Improvement District | \$0.00 | \$10,000.00-\$19,999.00 | Understated |
| Walt Disney Parks and Resorts, US | \$0.00 | \$20,000.00-\$29,999.00 | Understated |
| 3rd Quarter | | | |
| Association of Florida Community Developers, Inc. | \$0.00 | \$1.00-\$9,999.00 | Understated |
| 4th Quarter | | | |
| Association of Florida Community Developers, Inc. | \$20,000.00-\$29,999.00 | \$1.00-\$9,999.00 | Overstated |
| Reedy Creek Improvement District | \$1.00-\$9,999.00 | \$0.00 | Overstated |
| Walt Disney Parks and Resorts, US | \$10,000.00-\$19,999.00 | \$0.00 | Overstated |

For the exceptions noted above, differences were identified between the compensation scheduled according to the contract and the timing of billing and reporting methods used by the lobbying firm. The lobbying firm's internal billing procedures for these principals involve applying and subsequently reporting compensation after the work was completed near year-end or in the subsequent accounting period. Although such timing differences were identified, for each of the principals listed above, the entirety of the contracted amount was ultimately invoiced, reported, and deposited.

Amended compensation reports for all four quarters noted above have not been filed as of the date of this report.

Number of Registered Lobbyists: 14; Number of Registered Principals: 37

Audit Firm: Carr, Riggs & Ingram, LLC

3. Lewis Longman & Walker PA

Quarterly compensation reports for 2016 list "Florida Association of Mitigation Bankers" and "Florida Association of Mitigation Bankers, Inc." as two separate principals. The explanation for this is that Natalie Kato registered to represent the principal identified as "Florida Association of Mitigation Bankers," and three other of the firm's lobbyists registered to represent the principal identified as "Florida Association of Mitigation Bankers, Inc." On compensation reports for all four quarters of 2016, there was \$0.00 compensation reported for "Florida Association of Mitigation Bankers" and all of the compensation was correctly reported for "Florida Association of Mitigation Bankers, Inc." The lobbying firm acknowledged the reporting discrepancy and has ensured its correction for this and similar reporting matters in the future.

Compensation for the principal Seminole Improvement District was understated for the second and fourth quarters of 2016. Compensation for these quarters should have been reported as \$10,000.00-\$19,999.00 instead of \$1.00-\$9,999.00. Amended compensation reports reflecting \$10,000.00-\$19,999.00 for this principal, for these quarters, were filed on June 26, 2017.

Number of Registered Lobbyists: 5; Number of Registered Principals: 29

Audit Firm: Carr, Riggs & Ingram, LLC

4. Lisa Aaron Consulting

Compensation for the principal McAfee, Inc. was overstated for the third quarter of 2016. Compensation for this quarter should have been reported as \$0.00 instead of \$1.00-\$9,999.00. An amended compensation report reflecting \$0.00 was filed for this principal, for this quarter, on June 6, 2017.

Number of Registered Lobbyists: 1; Number of Registered Principals: 6

Audit Firm: Carroll and Company, CPAs

5. Luis E. Rojas

The lobbying firm's sole principal was listed as "Encore systems," on the 2016 registration. However, for the first quarter's compensation report the principal was reported as "encore." The principal was correctly reported as registered on the remaining compensation reports filed for the year.

The lobbying firm was considered to be subcontracted to represent the principal by a separate prime contractor firm, Van Lindt & Taylor, Esqs. All 2016 quarterly compensation reports omitted the

identification of Van Lindt & Taylor, Esqs. as a Prime Contractor Firm with Encore systems as the operating principal. Response from Mr. Rojas regarding the exception: "It is my position that I was not a subcontracted lobbyist as I had direct contact with the client and was hired by the law firm who represented the client, the New York firm did no lobbying on this matter."³

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

Audit Firm: Carr, Riggs & Ingram, LLC

6. Redfish Consulting

Compensation for the principal Allegiant Air was overstated for the fourth quarter of 2016. Compensation for this quarter should have been reported as \$10,000.00-\$19,999.00 instead of \$40,000.00-\$49,999.00. No explanation was provided to resolve this overstated range.

Compensation for the principal Association Capital Resources was overstated for the first and second quarters of 2016. Compensation for these quarters should have been reported as \$0.00 instead of \$10,000.00-\$19,999.00 and \$1.00-\$9,999.00, respectively. No explanation was provided to resolve this overstated range.

Compensation for the principal Florida Beer Wholesalers Association was overstated for the second quarter of 2016. Compensation for this quarter should have been reported as \$0.00 instead of \$1.00-\$9,999.00.

Compensation for the principal Florida Independent Pharmacy Network was underreported for the second quarter of 2016. Compensation for this quarter should have been reported as \$1.00-\$9,999.00 instead of \$0.00.

Amended compensation reports for the three quarters noted above have not been filed as of the date of this report.

Original receipts documentation was repeatedly requested by the audit firm in order to verify all of the lobbying firm's reported compensation amounts. However, satisfactory documentation was not provided for two principals, Association Capital Resources and Florida Independent Pharmacy Network. As a result, the audit firm was unable to fully complete one of the procedures required by the Committee in the *Guidelines*.

The *Guidelines* require the audit firm to provide the name, address and title of any individual in the lobbying firm who failed to fully, voluntarily, and promptly participate in the attestation engagement process, or to provide any reasonable relevant document requested by the CPA firm in the course of

³ Note from Committee staff: Sections 11.045(1)(f) and (g), *Florida Statutes*, defines "lobbying firm" as "any business entity, including an individual contract lobbyist, which receives or becomes entitled to receive any compensation for the purpose of lobbying, where any partner, owner, officer, or employee of the business entity is a lobbyist," and "lobbyist" as "a person who is employed and receives payment, or who contracts for economic consideration, for the purpose of lobbying, or a person who is principally employed for governmental affairs by another person or governmental entity to lobby on behalf of that other person or governmental entity." Because the law firm was hired by the principal to obtain the services of a lobbying firm, in this case Mr. Rojas, and the principal made the payments for such services to the law firm, the law firm should have registered as a lobbying firm and Mr. Rojas should have disclosed on his compensation reports that the compensation received was subcontracted from the law firm.

conducting the attestation engagement. In response, the audit firm identified Michael Fischer, the owner of Redfish Consulting, as this individual and stated “CRI first began requesting documentation from Michael Fischer in May 2017. It was communicated by Mr. Fischer that the information would be available by mid-June 2017. After that time passed without having received any information CRI again reached out to request the necessary documentation and to ensure an adequate amount of time would be available for the procedures to be performed. It was not until the afternoon of Friday June 23 that any information was first obtained in order to begin the engagement. After reviewing the documents provided, questions and requests for additional information were communicated to Mr. Fis[c]her on Saturday June 24. By mid-August 2017, while some of the documentation was ultimately provided, the original receipts documentation for Association Capital Resources and Florida Independent Pharmacy Network was not, despite having first requested it on June 24 2017 and followed by continuous repeated requests.”⁴

Number of Registered Lobbyists: 1; Number of Registered Principals: 9
Audit Firm: Carr, Riggs & Ingram, LLC

7. Ronald R. Richmond

The lobbying firm received compensation from the principal Florida Hospital Association for the first and second quarters of 2016, which ended March 31st and June 30th, respectively. However, Mr. Richmond’s registration for this principal was not effective until April 4, 2016. Response from Mr. Richmond regarding this exception: “[w]hen I filed my Lobbyist Registration Report for 2016, I somehow inadvertently failed to re-register for the Florida Hospital Association as a client. I have no idea how this happened other than pure oversight. I have represented and registered for hospital clients since 1984, and in particular, the FHA for more than the last ten years. I cannot explain this oversight. However, when a colleague noticed that I was not registered, she called my attention to it, and I registered immediately.”

Compensation for the principal Florida Hospital Association was overstated for the third quarter of 2016. Compensation for this quarter should have been reported as \$0.00 instead of \$1.00-\$9,999.00. An amended compensation report reflecting \$0.00 was filed for this principal, for this quarter, on May 25, 2017.

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

8. Shumaker Loop & Kendrick LLP

One registered lobbyist was not listed on the compensation report for the first quarter of 2016. An amended compensation report was filed for the first quarter to correct this finding on July 13, 2017.

Compensation for the principal Southeast QSR, LLC was overstated for two quarters in 2016. For the first quarter, compensation should have been reported as \$1.00-\$9,999.00 instead of \$20,000.00-\$29,999.00. For the fourth quarter, compensation should have been reported as \$10,000.00-\$19,999.00 instead of

⁴ Note from Committee staff: The original due date for the completed report was June 30th. Because of Mr. Fischer’s delays, the audit firm requested and was approved for three additional extensions. The final due date was August 15th; however, even then the audit firm had not been provided with the Management Representation Letter from Mr. Fischer. As a result, the audit firm was unable to submit the final report until September 1, 2017. The Management Representation Letter confirms, in part, that the lobbying firm has provided the audit firm with all necessary documents required for the audit firm to perform the engagement.

\$20,000.00-\$29,999.00. Amended compensation reports reflecting \$1.00-\$9,999.00 and \$10,000.00-\$19,999.00, for the first and fourth quarters, respectively, were filed for this principal on July 13, 2017.

Number of Registered Lobbyists: 2; Number of Registered Principals: 3
Audit Firm: Warren Averett