

Franklin County, Florida

Annual Financial Report
September 30, 2021

Vance CPA, LLC

Certified Public Accountants

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Supervisor of Elections

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**FRANKLIN COUNTY, FLORIDA
SEPTEMBER 30, 2021**

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SEPTEMBER 30, 2021

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INDEPENDENT AUDITORS' REPORT

Honorable Members of the
Board of County Commissioners
Franklin County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Florida, (the "County"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Florida, as of September 30, 2021, and the respective changes in

financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund, and the hospital trust fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons and schedules of funding progress and employees contribution for retiree's health insurance other post employment benefits plan, schedule of proportionate share of net pension liability, and schedule of pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The accompanying schedule of expenditures of federal awards, and state financial assistance as required by 2 CFR Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and Chapter 10.550 *Rule of the Auditor General of the State of Florida*, and the combining nonmajor fund financial statements are presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2021, on our consideration of the Franklin County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County, Florida's internal control over financial reporting and compliance.

Vance CPA LLC

June 15, 2022
Apalachicola, Florida

Vance CPA LLC

FRANKLIN COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Board of County Commissioners of Franklin County (County) has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the County's financial activities, (c) identify changes in the County's financial position, (d) identify material deviations from the financial plan (approved budget), and (e) highlight significant issues in individual funds.

Because the information contained in Management's Discussion and Analysis is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the County's financial statements.

Financial Highlights

- The County's total net position increased \$3,597,652 or 4.96% from September 30, 2020, to September 30, 2021.
- During the year ended September 30, 2021, the financial statements show that the County's general fund revenues exceeded expenditures by \$1,186,196. Total expenditures in the general fund were less than budgeted amount.
- The County's capital assets, net of accumulated depreciation, decreased \$1,930,676 which represents a decrease of 2.1% for the year.

Nonfinancial Events

- In March of 2020, the United States began experiencing closures of governmental offices and private businesses due to escalating number of Coronavirus cases. On March 27, 2020, Governor Ron DeSantis issued a ban on transient rentals to discourage interstate travel to Florida in hopes of slowing the spread of the virus and on April 1st a state-wide stay at home order was issued to all Floridians. The restrictions on transient rentals were not lifted until sometime in May of 2020. As Franklin County has a tourism based economy, the month long ban on transient rentals was devastating to many local businesses and their employees. Once the ban was lifted, Franklin County experienced an unexpected increase in popularity as a tourism destination due to the ability for city goers to enjoy the outdoors without the fear of being in crowded indoor spaces. The public health crisis continued throughout most of 2021. Florida's economy in general boomed as the state was marketed as being 'open for business' at a time when many other states had tight travel restrictions. The pandemic also shifted many jobs from being based at brick and mortar locations to work-from-home environments. This shift in employment has allowed for many people to relocate to Florida where they had previously only been able to vacation. Real estate values in Franklin County are on the rise and beach property is in high demand post-pandemic. With the passage of CARES Act in early 2020 (Coronavirus Aid, Relief and Economic Security Act) Federal Relief dollars flowed to the county for response efforts and community assistance. In 2021, Franklin County received the first allocation of the American Rescue Plan of which the county will develop a spending plan.
- On October 10, 2018 Hurricane Michael made landfall as a category 5 hurricane just 30 miles from the Franklin County line on the West side of Mexico Beach and east end of Tyndall Air Force Base. Hurricane Michael was the strongest storm to strike the mainland of the United States since Hurricane Andrew in 1992. Franklin County was fortunate the storm was not a direct hit but still sustained major damage. Franklin County had six large FEMA recovery projects (projects whereas restoration/repair would cost in excess of \$139,800). All six locations are in various stages of repair and reconstruction at this time. The largest project is the reconstruction of Alligator Drive in Alligator Point which has an obligated project cost of \$5,583,530.
- Fueled by high winds, an out of control burn in Eastpoint swept through nearly 1,000 acres of a residential neighborhood. The wildfire consumed approximately 38 homes and displaced 132 people. The fire spread so quickly that many escaped the blaze with only the clothes on their backs. The county received a \$2.6 million dollar Community Development Block Grant shortly after the fire from the US Department of Housing and Urban Development to provide permanent housing for up to 38 affected families. By September of 2021, a total of twenty two families had received permanent housing provided by the program with more homes to be completed by the program in the next fiscal year.

- There are several large ongoing improvement projects at the County Airport in Apalachicola. These projects are 100% funded by state and federal grants. The ongoing projects include the rehabilitation of the runway lighting on Runway 6-24, the Triumph RESTORE program funded replacement of the airport's fuel farm and the rehabilitation of the airfield pavement aprons.
- The Florida Department of Transportation's Small County Outreach Grant Program (SCOP) provided \$3,468,302 to widen, resurface, stabilize the shoulders, install culvert extensions and add 5' of paved shoulders on Highway 67 from the intersection of Highway 98 (SR30) in Carrabelle to 6.044 miles north to the Cricket Creek Bridge. Construction is underway and completion is anticipated in the next fiscal year. The SCOP program also provided \$894,596 for the surveying, design, permitting and roadway resurfacing with a 2' expansion of the width of the travel lanes from the intersection of Timber Island Road and Highway 98 to the end at the Timber Island Boat Ramp. The Florida Department of Transportation's Small County Road Assistance Program (SCRAP) is providing \$3,671,550 for the widening and resurfacing of 3.466 miles of CR30A from 13 Mile Road East towards Highway 98. Construction is anticipated to begin on this project in the upcoming fiscal year.
- In January of 2008, Franklin County began levying the 1% Discretionary Sales Surtax for health care on all taxable purchases. The proceeds of the 1% Discretionary Sales Surtax is split between capital outlay and operating expenses for the local Weems Memorial Hospital. At September 30, 2021, the balance available in the Health Care Trust Fund for capital improvements is \$6,508,788.
- The 2020 gross taxable value of property in Franklin County saw a steady increase of 5.44% over the prior year. This was the seventh year of increasing taxable value since 2006. The County's 2020 gross taxable value as certified by the Franklin County Property Appraiser increased by approximately 110 million dollars from the 2019 certified value. The millage rate decreased slightly to 5.7761 mills in fiscal year 2020/2021 with budgeted property tax proceeds of \$12,365,955. The budgeted proceeds were \$285,887 more than the budgeted proceeds in fiscal year 2019/2020. The total budgeted positions in the 2020/2021 fiscal year were 176, down from a high in 2006/2007 of 191 budgeted positions. The County gave an across the board cost-of-living adjustment of \$1,000 per year effective October 1, 2020.

Overview of the Financial Statements

The basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statement

In addition, this report presents certain required supplementary information.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the County's overall financial condition in a manner similar to those of a private-sector business. This statement combines and consolidates governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations. The statements include a *statement of net assets* and a *statement of activities* that are designed to provide consolidated financial information about the governmental activities of the County presented on the accrual basis of accounting.

- The *statement of net assets* provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the County.

- The *statement of activities* presents information showing how the County's net assets changed during the 2021 fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes earned, and earned but unused vacation leave). This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net assets is an indication of whether the County's financial health is improving or deteriorating.

Both of these financial statements present the functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services, culture and recreation, and court related activities.

Over a period of time, changes in the County's net assets are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other nonfinancial factors, such as changes in the County's property tax base and the condition of the County's capital assets including infrastructure assets.

Fund Financial Statements.

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the County's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

All of the County's funds may be classified in the broad category of *Governmental Funds*, *Proprietary Funds* or *Fiduciary (Agency) Funds*.

- **Governmental Funds** - These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the County's near-term financing requirements. This short-term view is useful when compared to the long-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.
- **Proprietary Funds** - The County maintains one type of proprietary fund which is the hospital fund. This fund is used to report business-type activities in the government-wide financial statements. The County uses the hospital fund to account for the fiscal activities relating to the hospital and emergency medical services provided in Franklin County. Proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

- **Fiduciary (Agency) Funds** – Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the County’s own programs. In its fiduciary capacity, the County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

Infrastructure Assets

Generally, a government’s largest group of assets (infrastructure – roads, bridges, traffic signals, underground pipes) are not reported nor depreciated in governmental fund financial statements. This statement requires that these assets be valued and reported within the Governmental column of the Government-wide statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The County elected to depreciate its infrastructure assets.

Government-wide Financial Analysis

Statement of Net Assets

Net assets may serve over time as a useful indicator of a government’s financial position. In the case of the County, assets exceeded liabilities by \$102,657,103 million at September 30, 2021, and \$99 million at September 30, 2020.

Franklin County’s Net Position						
September 30,	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 35,766,715	\$ 31,175,477	\$ 5,958,115	\$ 5,783,080	\$ 41,724,830	\$ 36,958,557
Capital assets, net	<u>95,991,341</u>	<u>94,060,641</u>	<u>4,055,120</u>	<u>3,398,406</u>	<u>100,046,461</u>	<u>97,459,047</u>
Total assets	<u>131,758,056</u>	<u>125,236,118</u>	<u>10,013,235</u>	<u>9,181,486</u>	<u>141,771,291</u>	<u>134,417,604</u>
Deferred Outflows	<u>2,929,991</u>	<u>4,633,868</u>	<u>—</u>	<u>—</u>	<u>2,929,991</u>	<u>4,633,868</u>
Current and other liabilities	3,076,360	1,641,489	2,500,961	2,229,571	5,577,321	3,871,060
Long-term liabilities	<u>24,548,846</u>	<u>33,565,453</u>	<u>—</u>	<u>—</u>	<u>24,548,846</u>	<u>33,565,453</u>
Total liabilities	<u>27,625,206</u>	<u>35,206,942</u>	<u>2,500,961</u>	<u>2,229,571</u>	<u>30,126,167</u>	<u>37,436,513</u>
Deferred Inflows	<u>11,918,012</u>	<u>2,555,508</u>	<u>—</u>	<u>—</u>	<u>11,918,012</u>	<u>2,555,508</u>
Net position:						
Net investment in capital assets	94,159,486	93,136,623	4,055,120	3,398,406	98,214,606	96,535,029
Restricted	15,247,831	13,306,031	—	—	15,247,831	13,306,031
Unrestricted	<u>(14,262,488)</u>	<u>(14,335,118)</u>	<u>3,457,154</u>	<u>3,553,509</u>	<u>(10,805,334)</u>	<u>(10,781,609)</u>
Total net position	<u>\$ 95,144,829</u>	<u>\$ 92,107,536</u>	<u>\$ 7,512,274</u>	<u>\$ 6,951,915</u>	<u>\$102,657,103</u>	<u>\$99,059,451</u>

Franklin County's Statement of Activities
For The Years Ended September 30, 2021 and 2020

The following schedule summarizes revenues and expenses for the years ended September 30, 2021, and 2020:

Year ended Sept 30,	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for services	\$ 2,858,915	\$ 2,562,279	\$ 8,251,035	\$ 8,363,323	\$ 11,109,950	\$ 10,768,980
Operating grants and contributions	7,724,113	3,912,737	412,844	3,421,934	8,136,957	3,923,393
Capital grants and contributions	2,442,655	1,741,028	—	—	2,442,655	1,741,028
General Revenues-						
Property taxes	12,160,741	11,840,191	—	—	12,160,741	11,840,191
Other taxes	9,627,016	7,860,649	—	—	9,627,016	7,860,649
Investment earnings	119,363	116,616	—	—	119,363	116,616
Other	532,333	451,974	—	—	532,333	451,974
Transfers	<u>(2,402,292)</u>	<u>(2,499,559)</u>	<u>2,402,292</u>	<u>2,499,559</u>	<u>—</u>	<u>—</u>
Total revenues	<u>33,062,844</u>	<u>25,985,915</u>	<u>11,066,171</u>	<u>14,284,796</u>	<u>44,129,015</u>	<u>36,677,477</u>
Expenses						
Program activities						
General government	6,389,758	5,923,084	—	—	6,389,758	5,923,084
Public safety	7,765,128	6,207,379	—	—	7,765,128	6,207,379
Physical environment	2,739,299	2,921,321	—	—	2,739,299	2,921,321
Transportation	7,762,044	2,935,508	—	—	7,762,044	2,935,508
Economic environment	1,555,217	1,698,911	—	—	1,555,217	1,698,911
Human services	791,532	739,240	—	—	791,532	739,240
Culture and recreation	1,178,505	969,032	—	—	1,178,505	969,032
Court related	1,844,068	1,757,619	—	—	1,844,068	1,757,619
Business-type activities	<u>—</u>	<u>—</u>	<u>10,505,812</u>	<u>10,429,131</u>	<u>10,505,812</u>	<u>10,429,131</u>
Total expenses	<u>30,025,551</u>	<u>23,152,094</u>	<u>10,505,812</u>	<u>10,429,131</u>	<u>40,531,363</u>	<u>33,581,225</u>
Increase (decrease)	<u>\$ 3,037,293</u>	<u>\$ 2,833,821</u>	<u>\$ 560,359</u>	<u>\$ 3,855,685</u>	<u>\$ 3,597,652</u>	<u>\$ 6,689,506</u>

Financial Analysis of Individual Funds

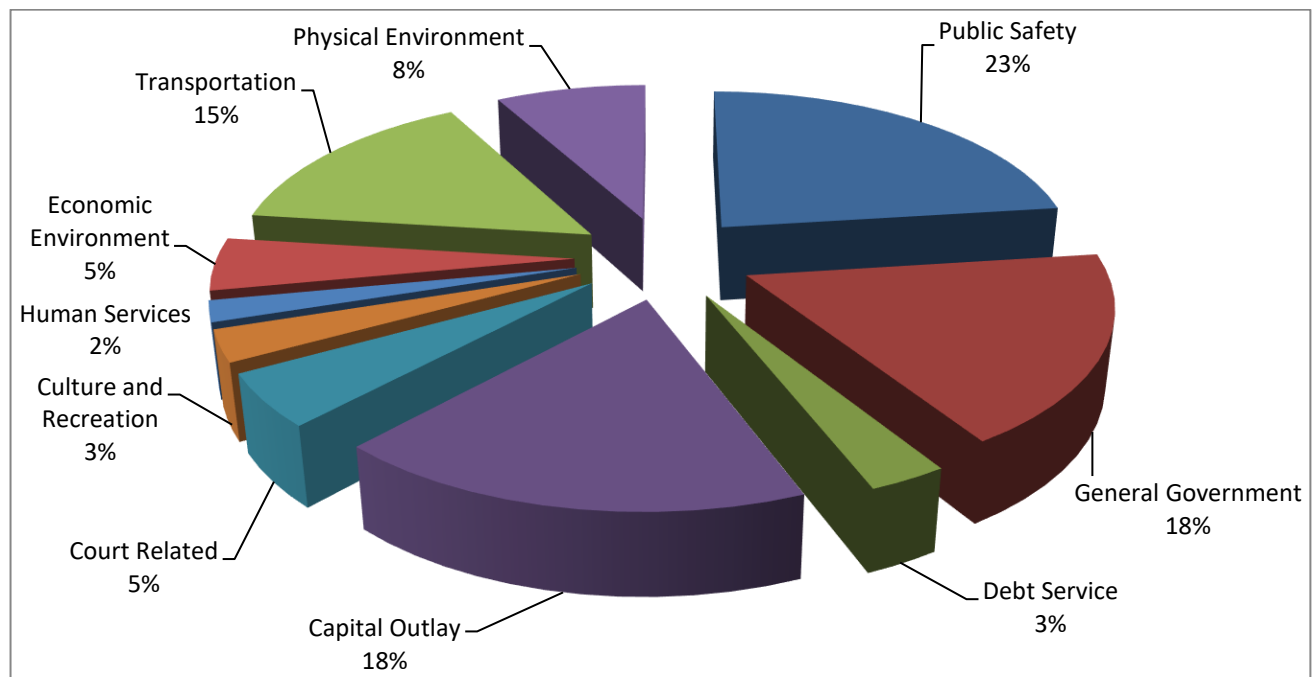
This section provides an analysis of the balances and transactions of individual funds. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The primary purpose of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources, available for spending, at the end of the fiscal year. See note 10 for further details.

As of the end of fiscal year 2019, the county's governmental funds reported combined ending fund balances of \$27,650,847. Of this amount, *unassigned fund balance* is \$12,868,514.

Total Governmental Funds Expenditures by Functions



Major Funds

The general fund, hospital trust, and the landfill funds are reported as major funds.

- The general fund is the general operating fund of the County. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the general fund.
- General operating funds of the clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector, and Supervisor of Elections represent sub funds of the County's general fund that are held and accounted for individually, but presented with the balance of the Board of County Commissioners' operating funds.
- The Hospital Trust accounts for the sales tax proceeds restricted for use at the County hospital.
- The Landfill Fund accounts for the landfill operations.

Budget Variances in the Major Funds

- Tax revenue of the general fund shows a negative budget variance of \$371,038. The County budget shows 100% of anticipated revenues with “less 5% of estimated revenues” being shown separately as a deduction. Additionally, taxpayers can take advantage of as much as 4% reduction in taxes by paying in the month of November.

Capital Assets and Long-Term Debt

Below is a summary of the large projects that are still in progress at the end of the current fiscal year (many of these projects will take longer than one fiscal year to complete), large capital asset purchases during the year, and long-term debt status update.

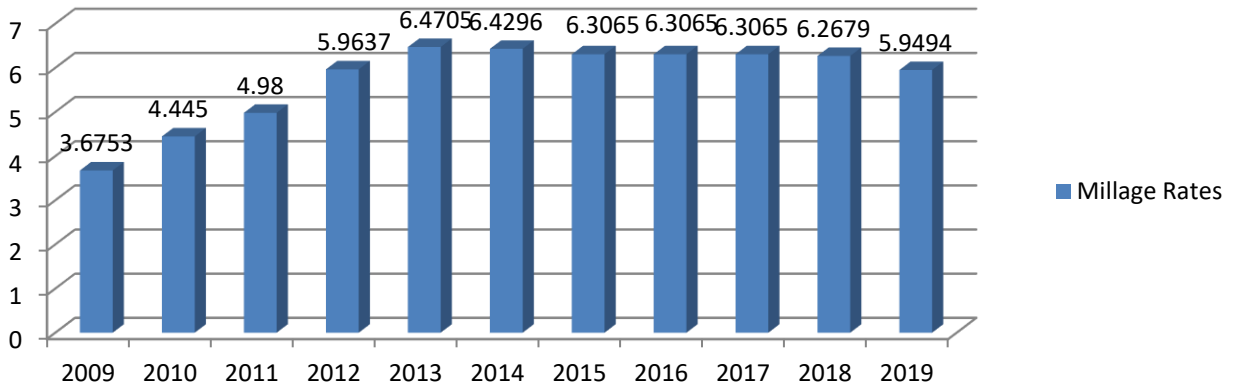
- In May of 2021, the County entered into the fourth rolling lease/purchase agreement for (2) 2021 Mack GR64F Dump Trucks at \$319,243 each. The county owns the trucks for 24 months total for an annual lease payment of \$15,000 each the first year and \$17,500 for the second year. Before the third year’s payment, the county anticipates trading the trucks with vendor Nextran of Tallahassee for a new lease with the next year’s model trucks.
- The County paid off two outstanding debts in 2021 for the Road Department: the lease-purchase agreement for the (2) 2020 Mack Dump Trucks (as part of the rolling lease/purchase program mentioned above) and the 2019 purchase of a Motorgrader 120.
- The County paid off three outstanding debts in 2020 relative to the acquisition of a 2015 Hino Knuckboom Truck for the Landfill, the 2015 purchase of voting equipment for the Supervisor of Elections Office and the trade in of the (2) 2019 Mack Dump Trucks for the Road Department as part of the rolling lease/purchase program with Capital Truck.
- In 2019, the county financed a new Caterpillar Excavator and a Morbark Tub Grinder for the Solid Waste Department. Tipping Fee revenues fund the debt-service payments on this equipment and there was a balance of \$101,201 for the Excavator and \$603,086 balance at September 30th.
- In October of 2018, Franklin County purchased eleven 30 foot lots in the commercial district of St. George Island. This property is located at 223 Franklin Boulevard. This purchase was part of a mediated settlement agreement whereas Franklin County paid \$600,000 for the parcel. The capital outlay fund paid \$100,000 down and the balance was financed by the owner at 4.5% fixed for a period of five years. The balance at September 30th was \$274,473.

Significant Economic Factors

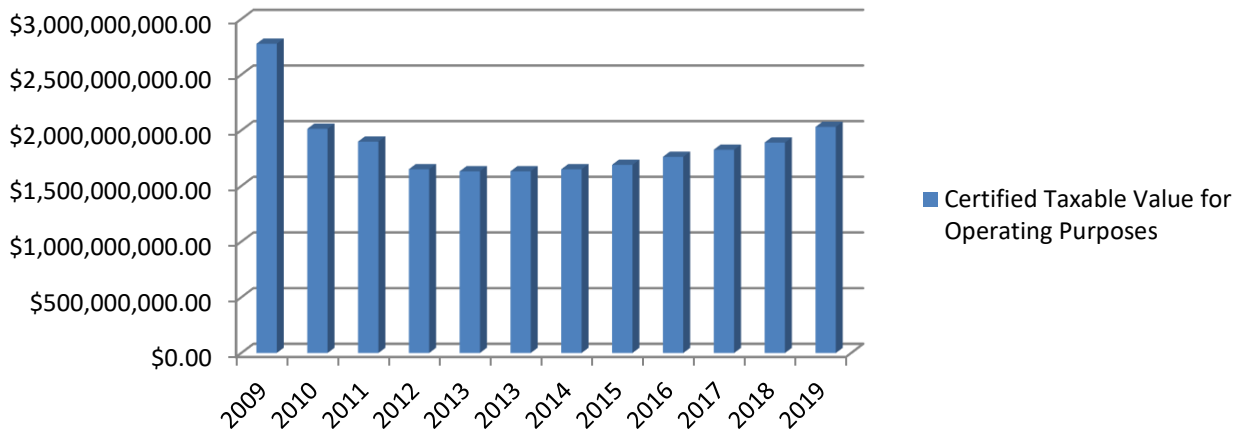
Taxable Value of Property and Millage Rates

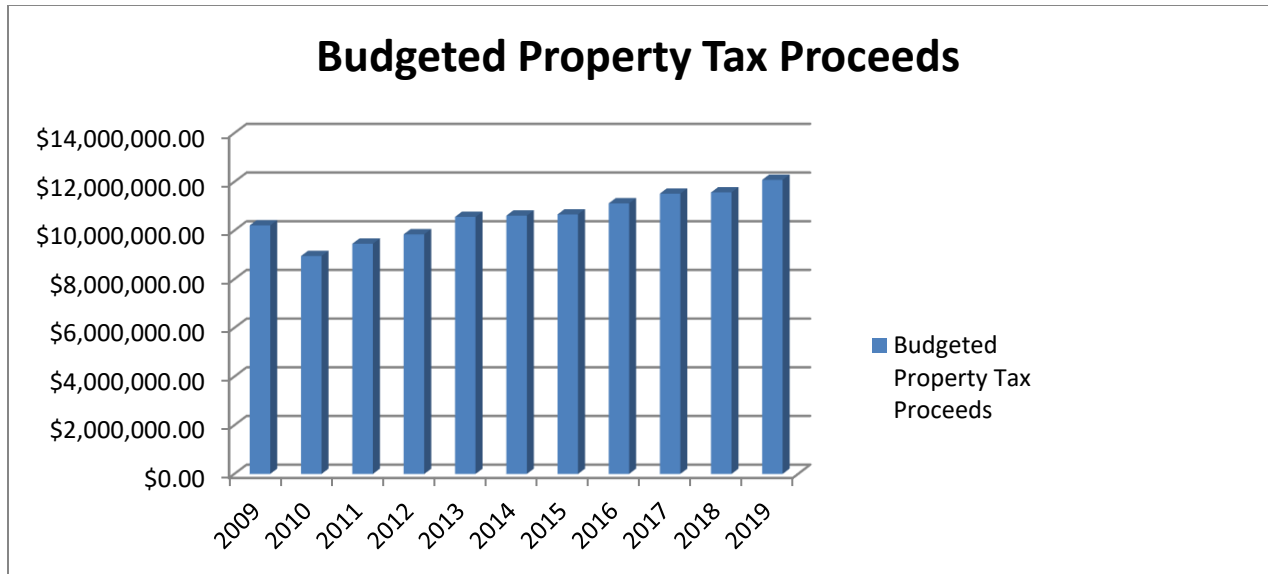
The County received approximately \$11.995 million in property taxes based on the certified taxable value of property in Franklin County. This represents an increase from the prior year of \$317,304 and is a result of an increase in the taxable value of new construction in the County.

Millage Rates



Certified Taxable Value for Operating Purposes





Requests for Information

This report is designed to provide citizens and taxpayers with a general overview of the County's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Franklin County Clerk of Courts
Michele Maxwell
33 Market Street, Suite 203
Apalachicola, FL 32320

BASIC FINANCIAL STATEMENTS

**FRANKLIN COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 23,372,413	\$ 4,088,651	\$ 27,461,064
Equity in pooled cash	5,434,826	—	5,434,826
Patient accounts receivable, net of Uncollectibles of approximately \$3,844,003	—	1,012,382	1,012,382
Other accounts receivable	843,046	325,187	1,168,233
Internal balances	(319,619)	373,927	54,308
Prepaid expenses	13,705	6,086	19,791
Due from other governments	6,422,344	—	6,422,344
Supplies inventory	—	151,882	151,882
Non-Depreciable Capital Assets	10,467,787	13,400	10,481,187
Depreciable Capital Assets, Net	85,523,554	4,041,720	89,565,274
Total Assets	<u>131,758,056</u>	<u>10,013,235</u>	<u>141,771,291</u>
DEFERRED OUTFLOWS			
Employee Pension Contributions	2,929,991	—	2,929,991
Total Deferred Outflows	<u>2,929,991</u>	<u>—</u>	<u>2,929,991</u>
LIABILITIES			
Accounts payable	2,371,103	793,539	3,164,642
Due to other governments	139,716	—	139,716
Other accrued liabilities	—	64,000	64,000
Long-term liabilities			
Customer deposits	2,000	—	2,000
Due within one year			
Accrued compensated absences	180,170	68,076	248,246
Notes and leases payable	383,371	—	383,371
Due in more than one year			
Accrued compensated absences	540,508	164,291	704,799
Estimated third party settlements	—	1,411,055	1,411,055
Notes and leases payable	1,448,484	—	1,448,484
Net OPEB obligation	14,688,969	—	14,688,969
Landfill closure liability	3,113,635	—	3,113,635
Net pension liability	4,757,250	—	4,757,250
Total Liabilities	<u>27,625,206</u>	<u>2,500,961</u>	<u>30,126,167</u>
DEFERRED INFLOWS			
Grant funds	2,674,288	—	2,674,288
Employee pension contributions	9,243,724	—	9,243,724
Total Deferred Inflows	<u>11,918,012</u>	<u>—</u>	<u>11,918,012</u>
NET POSITION			
Net investment in capital assets	94,159,486	4,055,120	98,214,606
Restricted	15,247,831	—	15,247,831
Unrestricted	(14,262,488)	3,457,154	(10,805,334)
Total Net Position	<u>\$ 95,144,829</u>	<u>\$ 7,512,274</u>	<u>\$ 102,657,103</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues/			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
Primary Government							
Governmental activities							
General government	\$ 6,389,758	\$ 185,603	\$ 148,743	\$ —	\$(6,055,412)	\$ —	\$ (6,055,412)
Public safety	7,765,128	1,106,817	2,221,276	—	(4,437,035)	—	(4,437,035)
Physical environment	2,739,299	1,148,951	1,034,473	—	(555,875)	—	(555,875)
Transportation	7,762,044	72,220	2,266,877	1,312,543	(4,110,404)	—	(4,110,404)
Economic environment	1,555,217	—	1,309,726	1,074,191	828,700	—	828,700
Human services	791,532	671	140,704	—	(650,157)	—	(650,157)
Culture and recreation	1,178,505	21,866	119,433	55,921	(981,285)	—	(981,285)
Court related	1,844,068	322,787	482,881	—	(1,038,400)	—	(1,038,400)
Total Governmental Activities	<u>30,025,551</u>	<u>2,858,915</u>	<u>7,724,113</u>	<u>2,442,655</u>	<u>(16,999,868)</u>	<u>—</u>	<u>(16,999,868)</u>
Business-Type Activities							
Hospital	<u>10,505,812</u>	<u>8,251,035</u>	<u>412,844</u>	<u>—</u>	<u>—</u>	<u>(1,841,933)</u>	<u>(1,841,933)</u>
Total Primary Government	<u>\$ 40,531,363</u>	<u>\$11,109,950</u>	<u>\$ 8,136,957</u>	<u>\$ 2,442,655</u>	<u>(16,999,868)</u>	<u>(1,841,933)</u>	<u>(18,841,801)</u>
General Revenues:							
Property tax					12,160,741	—	12,160,741
Local Option Sales					5,470,496	—	5,470,496
Sales tax and other shared revenues					3,832,139	—	3,832,139
Local option gas tax					324,381	—	324,381
Investment earnings					119,363	—	119,363
Miscellaneous					532,333	—	532,333
Transfers					<u>(2,402,292)</u>	<u>2,402,292</u>	<u>—</u>
Total General Revenues					<u>20,037,161</u>	<u>2,402,292</u>	<u>22,439,453</u>
Changes in Net Position					<u>3,037,293</u>	<u>560,359</u>	<u>3,597,652</u>
Net Position – Beginning of Year					<u>92,107,536</u>	<u>6,951,915</u>	<u>99,059,451</u>
Net Position – End of Year					<u>\$ 95,144,829</u>	<u>\$ 7,512,274</u>	<u>\$ 102,657,103</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
BALANCE SHEET
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General	Healthcare Trust	Landfill Fund	Local Option Gas Tax	Other Funds	Total Governmental Funds
Assets						
Cash & cash equivalent	\$ 10,946,544	\$ 3,403,779	\$ 2,954,747	\$ 236,312	\$ 5,831,031	\$ 23,372,413
Equity in pooled cash	508,910	3,034,346	767,371	409,953	714,246	5,434,826
Due from other funds	2,253,400	—	20,523	—	49,863	2,323,786
Due from other governments	1,667,862	513,371	—	2,865,781	1,375,330	6,422,344
Prepaid expense	7,280	—	—	—	6,425	13,705
Accounts receivable/net	<u>101,624</u>	<u>—</u>	<u>121,536</u>	<u>—</u>	<u>619,886</u>	<u>843,046</u>
Total Assets	<u>\$ 15,485,620</u>	<u>\$ 6,951,496</u>	<u>\$ 3,864,177</u>	<u>\$ 3,512,046</u>	<u>\$ 8,596,781</u>	<u>\$ 38,410,120</u>
Liabilities Deferred Inflows & Fund Balances						
Liabilities						
Customer deposits	\$ —	\$ —	\$ 2,000	\$ —	\$ —	\$ 2,000
Vouchers payable	745,141	—	28,228	971,900	625,834	2,371,103
Due to other governmental units	75,146	—	—	—	64,570	139,716
Due to other funds	<u>701,926</u>	<u>442,709</u>	<u>—</u>	<u>1,212,706</u>	<u>286,064</u>	<u>2,643,405</u>
Total Liabilities	<u>1,522,213</u>	<u>442,709</u>	<u>30,228</u>	<u>2,184,606</u>	<u>976,468</u>	<u>5,156,224</u>
Deferred Inflows						
Deferred revenue	<u>281,837</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,720,351</u>	<u>3,002,188</u>
Total Deferred Inflows	<u>281,837</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,720,351</u>	<u>3,002,188</u>
Fund Balances						
Nonspendable	7,280	—	—	—	6,425	13,705
Restricted	—	6,508,787	2,568,746	1,327,440	4,842,858	15,247,831
Assigned	—	—	1,265,203	—	50,679	1,315,882
Unassigned	<u>13,674,290</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,674,290</u>
Total fund Balances	<u>13,681,570</u>	<u>6,508,787</u>	<u>3,833,949</u>	<u>1,327,440</u>	<u>4,899,962</u>	<u>30,251,708</u>
Total Liabilities Deferred Inflows & Fund Balances	<u>\$15,485,620</u>	<u>\$ 6,951,496</u>	<u>\$ 3,864,177</u>	<u>\$ 3,512,046</u>	<u>\$ 8,596,781</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds 95,991,341

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the fund. (20,355,137)

Pension liabilities are not due and payable in the current period and therefore, are not reported as liabilities in government funds, nor are related deferred outflows and inflows. (11,070,983)

Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds. 327,900
Net position of governmental activities **\$ 95,144,829**

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General	Healthcare Trust	Landfill Fund	Local Option Gas Tax	Other Funds	Total Governmental Funds
Revenues						
Taxes	\$ 12,035,504	\$ 2,998,579	\$—	\$ 324,381	\$ 2,471,917	\$ 17,830,381
Licenses	574,587	—	—	—	502,171	1,076,758
Intergovernmental	7,985,360	18,750	—	3,150,626	4,025,955	15,180,691
Fines and forfeitures	5,019	—	—	—	—	5,019
Charges for services	367,438	—	1,145,335	—	66,664	1,579,437
Investment earnings and other	174,386	7,713	348,272	1,793	531,676	1,063,840
Total Revenues	<u>21,142,294</u>	<u>3,025,042</u>	<u>1,493,607</u>	<u>3,476,800</u>	<u>7,598,383</u>	<u>36,736,126</u>
Expenditures						
Current						
General government	5,887,995	—	—	—	179,704	6,067,699
Public safety	6,798,590	—	—	—	838,558	7,637,148
Physical environment	2,019,553	—	519,746	—	—	2,539,299
Transportation	59,325	—	—	3,099,235	1,717,919	1,777,244
Economic environment	—	—	—	—	1,710,338	4,809,573
Human services	1,114,742	—	—	—	686,949	1,801,691
Culture and recreation	1,025,847	—	—	—	—	1,025,847
Court related	568,453	—	—	—	210,575	779,028
Capital outlay	2,156,849	—	1,386,853	746,014	1,625,528	5,915,244
Debt service	100,000	—	148,347	—	360,247	608,594
Total Expenditures	<u>19,731,354</u>	<u>—</u>	<u>2,054,946</u>	<u>3,845,249</u>	<u>7,329,818</u>	<u>32,961,367</u>
Excess (deficit) of revenues over (under) expenditures	<u>1,410,940</u>	<u>3,025,042</u>	<u>(561,339)</u>	<u>(368,449)</u>	<u>268,565</u>	<u>3,774,759</u>
Other financing sources (uses)						
Transfers in	8,691,569	—	—	—	438,203	9,129,772
Transfers out	(9,484,178)	(1,619,290)	(491,857)	—	(292,266)	(11,887,591)
Debt proceeds	185,658	—	692,500	—	705,766	1,583,924
Total other financing sources (uses)	<u>(606,951)</u>	<u>(1,619,290)</u>	<u>200,643</u>	<u>—</u>	<u>851,703</u>	<u>(1,173,895)</u>
Net change in fund balances	803,989	1,405,752	(360,696)	(368,449)	1,120,268	2,600,864
Fund balances-beginning	<u>12,877,581</u>	<u>5,103,035</u>	<u>4,194,645</u>	<u>1,695,889</u>	<u>3,779,694</u>	<u>27,650,844</u>
Fund balances-ending	<u>\$ 13,681,570</u>	<u>\$6,508,787</u>	<u>\$ 3,833,949</u>	<u>\$ 1,327,440</u>	<u>\$ 4,899,962</u>	<u>\$ 30,251,708</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds (page 15)	\$ 2,600,864
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities.	5,957,416
Pension contributions are reported as expenditures in the funds while pension expenses is reported in the government-wide statements.	(3,175,618)
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(4,026,716)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net position. While borrowing is reported as a revenue in the funds and an increase in long term liabilities in the statement of net position.	
Repayment of long term debt	678,297
New borrowings	(1,583,924)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>2,586,974</u>
Change in net position of governmental activities	<u>\$ 3,037,293</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Business-type Activities – Enterprise Fund	
	<u>Hospital</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 4,088,651
patient accounts receivable, net of estimated uncollectibles of \$3,844,003 in 2021 and \$2,773,941 in 2020	1,012,382
Due from other funds	373,927
Other receivables	325,187
Prepaid expenses	6,086
Supplies inventory	<u>151,882</u>
Total current assets	<u>5,958,115</u>
Noncurrent Assets	
Capital assets	
Land	13,400
Depreciable assets, net	4,041,720
Construction in progress	<u>—</u>
Net capital assets (net of accumulated depreciation)	<u>4,055,120</u>
Total Assets	<u>\$ 10,013,235</u>
LIABILITIES and Net Position	
Current Liabilities	
Accounts payable	\$ 793,539
Accrued compensation and payroll taxes	68,076
Other accrued liabilities	64,000
Estimated third party settlements (including Medicare accelerated payments)	1,411,055
Compensated absences	<u>164,291</u>
Total current liabilities	<u>2,500,961</u>
Total Liabilities	<u>2,500,961</u>
Net Position:	
Net investment in capital assets	4,055,120
Unrestricted	<u>3,457,154</u>
Total Net Position	<u>7,512,274</u>
Total Liabilities and Net Position	<u>\$ 10,013,235</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Business-type Activities – Enterprise Fund	
	<u>Hospital</u>
Operating Revenues	
Net patient service revenue before provision	
for uncollectible accounts	\$ 9,922,499
Provision for uncollectible accounts	<u>(1,818,342)</u>
Net patient service revenue	8,104,157
Other operating revenue	<u>24,705</u>
Total operating revenue	<u>8,128,862</u>
Operating expenses	
Salaries, wages, and benefits	5,397,942
Other contract services	1,582,629
Professional services	870,517
Clinical supplies	835,591
Insurance	393,409
Depreciation	327,396
Minor equipment	285,687
Licenses, permits and fees	250,176
Other current expenses	187,698
Utilities	123,161
Repairs and maintenance	90,274
Other patient care related costs	77,005
Communications	51,930
Supplies	<u>31,105</u>
Total operating expenses	<u>10,504,520</u>
Operating Income (loss)	<u>(2,375,658)</u>
Nonoperating revenues (expenses)	
Interest income	6,438
Noncapital grants and contributions	1,459,017
CARES PRF income	(1,046,173)
Other income	115,735
Gain (loss) on disposal of capital assets	—
Interest expense	<u>(1,292)</u>
Total nonoperating revenues (expenses)	<u>533,725</u>
Change in net position before transfers	(1,841,933)
Transfers	
Transfers in	2,402,292
Transfers out	<u>—</u>
Total transfers	<u>2,402,292</u>
Change in net position	<u>560,359</u>
Net Position – beginning of year	<u>6,951,915</u>
Net position, end of year	<u>\$ 7,512,274</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Business-type Activities – Enterprise Fund	
	<u>Hospital</u>
Operating activities	
Receipts from and on behalf of patients	\$ 8,320,780
Payments to suppliers and others	(4,690,650)
Payments to and on behalf of leased employees	(5,378,803)
Other receipts (payments), net	<u>24,705</u>
Net cash provided by (used in) operating activities	<u>(1,723,968)</u>
Noncapital financing activities	
Receipt of CARES act funds	200,000
Receipt of advanced medicare payments	(472,580)
Proceeds from payroll protection program loan	—
Receipt of noncapital grants and contributions	—
Other receipts (payments), net	115,735
Interest paid	(1,292)
Non-capital related transfers in	<u>2,223,391</u>
Net cash provided by noncapital financing activities	<u>2,065,254</u>
Capital and related financing activities	
Purchase of capital assets	(654,661)
Capital related transfers in	<u>—</u>
Net cash provided by (used in) capital and Related financing activities	<u>(654,661)</u>
Investing activities	
Interest income	<u>6,438</u>
Net cash provided by investing activities	<u>6,438</u>
Net increase (decrease) in cash and cash equivalents	(306,937)
Cash and cash equivalents, beginning	<u>4,395,588</u>
Cash and cash equivalents, ending	<u>\$ 4,088,651</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (continued)**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Business-type Activities – Enterprise Fund</u>	
	<u>Hospital</u>
Reconciliation of operating income (loss) to net cash used in operating activities	
Operating income (loss)	\$ <u>(2,375,658)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	327,396
Provision for bad debts	1,818,342
Changes in assets and liabilities:	
Patient accounts receivable	(2,185,351)
Supplies	(62,413)
Prepaid expenses	131,495
Other receivables	(5,144)
Accounts payable	19,450
Accrued compensation and payroll taxes	15,690
Other accrued liabilities	—
Compensated absences	3,449
Estimated third-party settlements	<u>588,776</u>
Net cash used in operating activities	<u>\$ (1,723,968)</u>
Noncash Investing, Capital and Financing Activities:	
Receipt of donated equipment from State of Florida	\$ 299,500
Forgiveness of PPP Loan (with related interest)	959,517

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Custodial Funds	
Assets	
Cash and cash equivalents	\$ 1,204,875
Accounts receivable (net)	653
Due from other funds	<u>5</u>
Total Assets	<u>\$ 1,205,533</u>
Liabilities	
Due to individuals	\$ 826
Due to other funds	344,992
Due to other governments	298,638
Due to other Board of County Commissioners	<u>7,481</u>
Total Liabilities	<u>\$ 651,111</u>
Net Position	
Restricted for:	
Other individuals and organizations	<u>\$ 553,764</u>
Total Net Position	<u>\$ 553,764</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
FIDUCIARY FUNDS
STATEMENT OF CHANGES FIDUCIARY NET POSITION**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Custodial Funds	
Additions	
Tax related	\$29,571,970
Permits, fees and special assessments	2,327,884
Deposits/escrow/surplus	—
Service charges/general government	177,205
Court related	<u>6,713,594</u>
Total Additions	<u>38,790,653</u>
Deductions	
Payment to individuals	1,839,988
Court related	6,591,845
Service charges/DT others	—
Payment to other governments	17,105,916
Payment to BOCC	12,693,374
Payment to Constitutional Officers	<u>259,493</u>
Total Deductions	<u>38,490,616</u>
Net change in fiduciary net position	300,037
Net position, beginning	<u>254,385</u>
Net position, ending	<u>\$ 553,764</u>

See accompanying notes to the basic financial statements

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Franklin County, Florida (County) have been prepared in accordance with U.S. generally accepted accounting principle (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes U.S. GAAP for governmental units.

Reporting Entity

The County, located in Northwest Florida, is a political subdivision of the State of Florida and provides services to approximately 11,000 residents in many areas including general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. It is governed by a five-member elected Board of County Commissioners (Board), which derives its authority from Florida Statutes and regulations. In addition to the members of the Board, there are five elected constitutional officers: Clerk of the circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

The elected offices of the Clerk of the circuit Court, Sheriff, Tax Collector, property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. The offices of the Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections operate on a budget system whereby County appropriated funds are received from the Board with unexpended funds returned to the Board. The Clerk of the Circuit Court operates as a fee officer by retaining various fees collected by this office and billing the Board for certain services provided. Separate accounting records and budgets are maintained by each individual office.

Component Units

As required by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, and its component units for which the primary government is considered to be financially accountable. Also included are other entities whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outline in GASB Standards to determine whether the entity is: a) part of the primary government; b) a component unit which should be included in the reporting entity (blended or discretely presented); or c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include the legal separateness of the organization, the financial accountability of the primary government for the potential component unit resulting from either the primary government's ability to impose its will on the potential component unit, or the potential component unit's fiscal dependency on the primary government. Based upon the application of these criteria, there were no entities that required inclusion as a component unit within the County's financial statements. There were no entities for which there were positive responses to specific criteria used for establishing oversight responsibility that were excluded from the County's financial statements.

The County was established by the Constitution of the State of Florida, Article VIII, and Section 16

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units and fiduciary funds for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – Accounting and Financial Reporting for nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry, if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as reductions of the related liabilities, rather than as expenditures.

As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements. The County eliminates indirect expenses between governmental activities to avoid duplicating revenues and expenditures. Direct expenses are not eliminated from the various functional categories.

Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and Nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statement includes financial information of the agency fund. The agency funds of the county represent assets held by the County in a custodial capacity for other individuals or governments.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as with accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources.” Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and the claims and judgments, are recorded only when payment is due.

Proprietary Funds

The County’s enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as expenses.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

GASB Statement Number 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of any fund category and the governmental and enterprise combined) for the determination of major funds. The County has used GASB Statement Number 34 minimum criteria for major fund determination to determine which funds are required to be reported as major funds. The Nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

Governmental Major Funds

- General – The general fund is the County’s primary operating fund. It is used to account for all resources traditionally associated with governments except those required to be accounted for in other funds.
- Hospital Trust – This fund is used to account for the sales tax proceeds restricted for use at the county hospital.
- Landfill Fund – This fund is used to account for landfill activities.
- Local Option Gas Tax Fund – This fund accounts for the gas tax proceeds.

Proprietary Major Funds

- Hospital – This fund is used to account for balances and activities of the George E. Weems Memorial Hospital.

Other Fund Types

The County reports one type of fiduciary fund, agency funds which are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals.

Noncurrent Governmental Assets/Liabilities

GASB Statement Number 34 requires noncurrent governmental assets, such as land, buildings and equipment and noncurrent governmental liabilities, such as general obligation bonds and capital leases, to be reported in the governmental activities column in the government-wide statement of net position.

Budgets

Annual budgets are legally adopted for all governmental funds and proprietary funds. Budgets are prepared and adopted on a basis of accounting consistent with U.S. generally accepted accounting principles. Encumbrances are not recorded. Unexpended items at year end must be reappropriated in the subsequent year.

The annual budgets serve as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted for each fund. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the Board.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Therefore, the fund level is the legal level of control for budget considerations. Chapter 129, Florida Statutes, governs the manner in which the budget may be legally amended once it has been approved. Pursuant to Chapter 129, only the Board of County Commissioners can approve budget amendments that change the total approved budget appropriation of an individual fund. Department managers can transfer appropriations within the budget, but cannot change the total appropriation of an individual fund without the approval of the Board of County Commissioners.

If during the fiscal year additional revenue becomes available for appropriations in excess of those estimated in the budget, the Board by resolution may make supplemental appropriations for the year up to the amount of such excess. During the current fiscal year, various supplemental appropriations were approved by the Board in accordance with Florida Statutes.

Budgetary data presented in the accompanying basic financial statements in the final budgeted amounts column represents the final budgetary data. In this column the effects of budget amendments have been applied to original budgetary data.

Investments

Investments of the County are reported at fair value unless otherwise disclosed.

External Investment Pools

Local Government Surplus Funds Trust Fund (pool) – The County maintains deposits in the Local Government Surplus Funds Trust Fund. This external investment pool, which is administered by the State of Florida State Board of Administration (SBA), has adopted operating procedures consistent with the requirements for a “2a-7 like” pool and the fair value of the position in the pool is equal to the value of the pool shares. Pursuant to the provisions of GASB Statement 31, such investments are stated at cost.

Derivatives and Similar Debt and Investment Items

The County has not directly or indirectly used or written any derivatives or similar debt and investment items during the current year. However, the County did have indirect exposure to similar debt and investment items through the investments held in the State of Florida State Board of Administration.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the County considers bank deposits, certificates of deposit and all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Restricted Assets

Certain assets of the various funds are required by resolutions or ordinances to be set aside and used for specific purposes; thus, they are not available to be used for general operations. When both restricted and unrestricted resources are available for use, it is the government’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable are shown at their net realizable value and reduced by an allowance for uncollectible accounts.

Due from (to) Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, rights of way, stormwater system, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one operating cycle are recorded as capital assets. Infrastructure, such as roads, bridges and sidewalks are capitalized when their initial costs exceed \$25,000. Capital assets are recorded at historical cost or estimated historical cost if actual cost is unknown. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or extend its useful life are expensed as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For assets constructed with governmental fund resources, interest during construction is not capitalized.

The Board holds legal title to the capital assets used in its operations, and those of the following: Clerk of the Circuit Court, Property Appraiser, Supervisor of Elections and Tax Collector, and is accountable for them by Florida Law.

The Sheriff is accountable for and maintains capital asset records pertaining only to equipment used in his operations. These assets have been combined with the Board's governmental activities capital assets in the statement of net position.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives of the related assets. Estimated useful lives are generally as follows:

Buildings	20-50 years
Improvements other than buildings	20-50 years
Machinery and equipment	5-20 years
Infrastructure	15-50 years

Deferred Inflows

Deferred inflows reported in the government-wide financial statements represent unearned revenues. The deferred inflows will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred inflows reported in governmental fund financial statements represent unearned revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as deferred inflows.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The County maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from County service if certain criteria are met. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount. Payment of unused sick leave, upon termination, is also provided for up to varying amounts.

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay.

Fund Balances

The County has implements GASB Statement 54 employing new terminology and classifications for fund balance.

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision- making authority which is the County Commissioners. Commitments may be altered or removed only by formal action of the County Commissioners.

Assigned – This category includes resources that are intended to be used for specific purposes, but is neither restricted nor committed. These are resources that have been set aside for a specific purpose by an authorized government body or official.

Unassigned – This category is the residual classification for the County's fund balances.

When both restricted and unrestricted amounts are available the County spends the restricted amounts first, unless prohibited by law, grant agreements or other contractual arrangement, further, when committed fund balance is available the County will use it first, followed by assigned fund balance and then unassigned fund balance for purposes in which any of the unrestricted fund balance classifications could be used.

Property Taxes

Under Florida law, the assessment of all properties and the collection of all County, Municipal and School Board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The millage rate assessed by the County for the year ended September 30, 2021 was 6.3065 mills.

The tax levy of the County is established by the Board prior to October 1, of each year and the Property Appraiser incorporates the County millage rates into the total tax levy, which includes the various municipalities, the County School Board, and other taxing authorities.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All property is assessed according to its fair market value January 1, of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes become payable on November 1, of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes paid in March are without discount.

On or prior to June 1, following the tax year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold tax certificates are held by the County.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from those estimates.

Encumbrances

Encumbrances represent commitments in the form of purchase orders which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. The County does not record encumbrances outstanding at year end.

Landfill Closure Costs

Under the terms of current State and Federal regulations, the County is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The County recognizes these costs of closure and postclosure maintenance over the active life of each landfill area, based on landfill capacity used during the period. Required obligations for closure and postclosure costs are recognized in the general fund.

Subsequent Events

The County evaluated subsequent events through June 15, 2022, the date which the financial statements were available to be issued.

In October of 2018, Hurricane Michael made landfall as the strongest hurricane on record to hit the Florida Panhandle and the fourth strongest hurricane to ever hit the contiguous United States. The County incurred property and infrastructure damage and its operations were impacted directly for a period of time and will be indirectly impacted for years to come while Franklin County and the surrounding areas continue their recovery efforts. Management is not able to accurately estimate the potential financial impact of Hurricane Michael on the County for the upcoming fiscal years, and any such impacts could be significant.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On January 7, 2020, the Florida Department of Emergency Management allocated \$266,578 to the Hospital for loss of revenue claims during Hurricane Michael, which made landfall in October 2018 as the strongest hurricane on record to hit the Florida Panhandle and the fourth strongest hurricane to ever hit the contiguous United States. The Hospital incurred structural damage and its operations were impacted directly for a period of time and will be indirectly impacted for years to come while Franklin County and the surrounding areas continue their recovery efforts. Management is not able to accurately estimate the potential financial impact of Hurricane Michael on the Hospital for the upcoming fiscal years, and any such impacts could be significant.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes reconciliation between *fund balances – total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.” The details of this difference are as follows:

Loans payable	\$ 1,831,855
Compensated absences	720,678
Net OPEB obligation	14,688,969
Landfill closing costs	<u>3,113,635</u>
Net adjustment to reduce fund balances – total governmental funds to arrive at net position of governmental activities	<u>\$ 20,355,137</u>

Another element of that reconciliation states, “capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.” The details of this difference are as follows:

Cost of capital assets	\$ 171,443,829
Less: accumulated depreciation	<u>(75,452,488)</u>
Net adjustment to increase fund balances – total governmental funds to arrive at net position of governmental activities	<u>\$ 95,991,341</u>

Another element of that reconciliation states, “Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds.” The details of this difference are as follows:

Deferred revenues	<u>\$ 327,900</u>
Net adjustment to increase fund balances – total governmental funds to arrive at net position of governmental activities	<u>\$ 327,900</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Another element of that reconciliation states, “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences	\$ (9,637)
Change in deferred revenue	(1,120,907)
Change in opeb	(1,721,965)
Change in landfill closure liability	<u>266,535</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (2,586,974)</u>

NOTE 3 –CASH AND INVESTMENTS

Deposits Policies

All cash resources of the County are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that the County’s funds are entirely collateralized throughout the fiscal year. In the event of failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

The County’s cash and cash equivalents include cash on hand, demand deposits, and short-term investment with original maturities of three months or less from the date of acquisition.

Investment Policies

Florida Statutes, section 218.415, authorizes the County to invest surplus funds in the following:

The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in s. 163.01.

Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.

Direct obligations of the United States Treasury.

Federal agencies and instrumentalities.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3 –CASH AND INVESTMENTS (continued)

Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et. Seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

The County had no investments at September 30, 2021.

Credit Risks

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as to credit risk because the County investments are not evidenced by specific, identifiable investment securities.

Interest Rate Risks

At September 30, 2021, the County did not hold any investments other than those disclosed below that were considered to be an interest rate risk.

Custodial Risks

At September 30, 2021, the County held deposits or investments that were considered to be a custodial risk. See below.

Concentration of Credit Risk

At September 30, 2021, the County did not hold any investments that were considered to be a concentration of credit risk.

At September 30, 2021, the County's cash and investments consisted of the following:

	Credit Rating	Current	0 - 5 Years	5 - 10 Years	Total Carrying Amount
Cash including money market fund	(1)	\$23,372,413	\$ —	\$ —	\$23,372,413
Local Government Surplus Trust Fund Pool		<u>2,323,786</u>	<u>—</u>	<u>—</u>	<u>2,323,786</u>
Total		<u>\$25,696,199</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$25,696,199</u>

(1) These funds are not rated. Investments in these funds are restricted to cash, short term obligations of the U.S. government and government backed securities.

Local Government Surplus Funds Trust Fund (Florida PRIME)

The Florida PRIME is considered a SEC 2a7-like fund and the account balance is the fair value of the investment.

Credit quality disclosure – Florida PRIME is rated by Standard and Poor's. The current rating is AAAM.

Interest rate risk – The weighted average days to maturity of the Florida PRIME at September 30, 2021 was 30 days.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 4 –ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

Accounts receivables at September 30, 2021, consisted of the following:

Governmental Activities - Accounts/Notes Receivable	General	Other Governmental Funds	Total
Accounts receivable	\$ 101,624	\$ 123,219	\$ 224,843
Notes receivable	—	618,203	618,203
(Allowance for doubtful accounts)	—	—	—
Accounts receivable, net	<u>\$ 101,624</u>	<u>\$ 741,422</u>	<u>\$ 843,046</u>

Business-type Activities - Accounts Receivable	Hospital
Accounts receivable	\$4,856,385
(Allowance for uncollectible accounts)	<u>(3,844,003)</u>
Accounts receivable, net	<u>\$1,012,382</u>

NOTE 5 –INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

All interfund balance are due to timing differences and are expected to be repaid during the fiscal year ending September 30, 2021.

Internal balances at September 30, 2021, consist of the following:

Fund	Interfund Receivables	Interfund Payables
General	\$ 2,253,400	\$ 701,926
Special revenue		
Funds	<u>70,386</u>	<u>1,941,479</u>
Agency	—	54,308
Enterprise - Hospital	<u>373,927</u>	<u>—</u>
Total	<u>\$ 2,697,713</u>	<u>\$ 2,697,713</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 5 –INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS (continued)

During 2020, the County approved the removal of an outstanding amount due of \$690,000 from Weems Memorial Hospital to the Health Care Trust Fund. The \$690,000 was the outstanding balance of operational advancements given to Weems Hospital from the Health Care Trust Fund in 2015/2016 when they were experiencing Medicare and Medicaid billing issues.

The general fund has amounts due to and from constitutional officers, which represent the return of excess due at the end of the fiscal year, from either budget officers or fee officers. All remaining balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

<u>Fund Transferred From</u>	<u>Fund Transferred to</u>	<u>Amount</u>	<u>Purpose</u>
Healthcare Trust Fund	Hospital	\$ 1,619,290	Transfer of ½ cent sales tax and clinic operation
General Fund	Hospital	18,750	Transfer for hospital operation
General Fund	Hospital	764,252	Transfer for ambulance service operation
Nonmajor governmental funds	General	906,662	Budgeted transfers
General Fund	Other governmental funds	784,123	Transfer allowable expenditures
Total		<u>\$ 4,093,077</u>	

NOTE 6 –CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2021, is as follows:

	<u>September 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30, 2021</u>
Capital assets not being depreciated:				
Land	\$ 6,951,569	\$ —	\$ —	\$ 6,951,569
Construction in progress	2,014,755	1,941,768	440,305	3,516,218
Total capital assets, not being depreciated	<u>8,966,324</u>	<u>1,941,768</u>	<u>440,305</u>	<u>10,467,787</u>
Capital assets being depreciated:				
Buildings	14,349,337	750,307	—	15,099,644
Improvements other than buildings	12,164,165	—	—	12,164,165
Machinery and equipment	17,552,663	2,823,211	940,040	19,435,834
Infrastructure	113,165,214	1,111,185	—	114,276,399
Total capital assets being depreciated	<u>157,231,379</u>	<u>4,684,703</u>	<u>940,040</u>	<u>160,976,042</u>
Accumulated depreciation:				
Buildings	6,001,374	362,404	—	6,363,778
Improvements other than buildings	4,402,015	322,137	—	4,724,152
Machinery and equipment	13,829,352	483,206	711,290	13,601,268
Infrastructure	47,904,321	2,858,968	—	50,763,289
Total accumulated depreciation	<u>72,137,062</u>	<u>4,026,716</u>	<u>711,290</u>	<u>75,452,488</u>
Total capital assets being depreciated, net	<u>85,094,317</u>	<u>657,987</u>	<u>228,750</u>	<u>85,523,554</u>
Total governmental-type activities', capital assets, (net of accumulated depreciation)	<u>\$ 94,060,641</u>	<u>\$ 2,599,755</u>	<u>\$ 669,055</u>	<u>\$ 95,991,341</u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 6 –CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

General Government	\$ 220,538
Court related	42,376
Public safety	426,338
Physical environment	179,049
Transportation	2,845,555
Economic environment	2,973
Human services	87,504
Culture and recreation	222,383
Total depreciation expense – governmental activities	<u>\$ 4,026,716</u>

Capital assets activity for the year ended September 30, 2021, was as follows:

	Balance 10/01/20	Increases	(Decreases)	Balance 9/30/21
Proprietary Fund				
Capital assets not being depreciated				
Land	\$ 13,400	\$ —	\$ —	\$ 13,400
Total capital assets, not being depreciated	<u>13,400</u>	<u>—</u>	<u>—</u>	<u>13,400</u>
Capital assets being depreciated:				
Buildings	3,097,155	—	—	3,097,155
Equipment and furniture	<u>2,459,861</u>	<u>984,111</u>	<u>—</u>	<u>3,443,972</u>
Total capital assets being depreciated	5,557,016	984,111	—	6,541,127
Less accumulated depreciation				
Buildings	(423,043)	(73,107)	—	(496,150)
Equipment and furniture	<u>(1,748,967)</u>	<u>(254,290)</u>	<u>—</u>	<u>(2,003,257)</u>
Total accumulated depreciation	(2,172,010)	(327,397)	—	(2,499,407)
Total capital assets, being depreciated, net	<u>3,385,006</u>	<u>656,714</u>	<u>—</u>	<u>4,041,720</u>
Total capital assets, net	<u>\$ 3,398,406</u>	<u>\$ 656,714</u>	<u>\$ —</u>	<u>\$ 4,055,120</u>

Depreciation expense charged to business-type activities for the year ended September 30, 2021 is \$327,396.

In fiscal year 2021 the State of Florida donated hospital beds and other equipment items to support COVID treatment in the amount of \$299,500. These assets, which have been capitalized in the “equipment and furniture”, were recorded as income in “grants and contributions” on the accompanying statement of revenues, expenses and changes in net position.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 –LONG-TERM DEBT

Long-term debt of the County's governmental activities for the year ended September 30, 2021, is as follows:

<u>Notes Payable</u>	<u>Balance September 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2021</u>	<u>Due Within One Year</u>
Loan to purchase 2016 Caterpillar 826K Compactor for Landfill, lease payable in annual payments of \$82,807 Maturing March 2023.	149,677	—	48,476	101,201	49,879
Loan to construct bathrooms on St George Island, payable in monthly installments of \$6,085 including interest at 2.95%, Full maturity March 2028.	—	337,595	5,208	332,387	63,711
Loan to purchase 2019 Morbark Tub Grinder for landfill, lease payable in annual installments of \$95,540 including interest at 2.65% Full maturity March 2028.	—	692,500	89,414	603,086	79,537
Rolling lease arrangement for lease purchase of (2) 2020 GR64F Dump Trucks for Road Dept, payable \$30,000 first payment \$75,011 annual paymt incl. int. at 3.20%,full maturity July 2024, rotate with 2 new trucks in 2021	277,470	—	277,470	—	—
Rolling lease arrangement for lease purchase of (2) 2020 GR64F Dump Trucks for Road Dept, payable \$30,000 first payment \$35,000 2 nd payment, then 3-6 \$70,789 annual payment including. int. at 2.85%,full maturity July 2026, rotate with 2 new trucks in 2023	—	319,246	28,458	290,788	26,713
Loan to purchase 2019 caterpillar 120 Motorgrader, financed for (4) years annual payments of \$47,261, full Maturity 07/17/2023.	35,365	—	35,365	—	—
Loan to purchase 223 Franklin Blvd, SGI 11 lots in commercial district, owner Financed at 4.5% fixed, 5 year term, Paid in full by 07/15/24	359,711	—	85,238	274,473	89,139
Loan to purchase 2018 Chev Silverado Trucks (3). Payable in monthly payments of \$2,290 including Interest at 4.40% full maturity December 2022.	5,880	—	5,880	—	—
Loan to purchase 2018 Chevrolet Siverado Trucks(s) (2), payable in quarterly pmts of \$6,206 incl int at 5.18%, full Maturity December 2021	29,860	—	29,860	—	—
Loan for purchase of surveillance equipment. Finance amount \$37,282, payabale in quarterly Installments of \$2,666.	2,666	—	2,666	—	—

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 –LONG-TERM DEBT(continued)

<u>Notes Payable</u>	<u>Balance September 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>	<u>Due Within One Year</u>
Loan to purchase 2020 Chevrolet Siverado truck, payable in monthly payments of \$996, including interest at 3.00% full maturity June 2023.	31,482	—	11,182	20,300	11,498
Loan to purchase 2020 Chevrolet Silverado truck, payable in monthly payments of \$958, including interest at 3.00% full maturity June 2023.	30,281	—	24,782	5,499	5,499
Loan for purchase 2019 Chevrolet Express 3500 payable monthly payments of \$856, including interest at 3.00%, full maturity January 2023.	1,625	—	1,625	—	—
Loan for purchase 2021 Chevrolet Silverado Truck, payable in monthly payments of \$1,145 including interest at 3.00% full maturity January 2025.	—	51,711	8,262	43,449	12,615
Loan for purchase 2021 Chevrolet Silverado Truck, payable in monthly payments of \$1,145 including interest at 3.00% full maturity January 2025.	—	51,711	8,262	43,449	12,615
Loan for purchase 2021 Chevrolet Silverado Truck, payable in monthly payments of \$918 including interest at 3.00% full maturity January 2025.	—	41,445	6,622	34,823	10,110
Loan for purchase 2021 Chevrolet Silverado Truck, payable in monthly payments of \$918 including interest at 3.00% full maturity January 2025.	—	41,445	6,622	34,823	10,110
Loan for purchase Kubota tractor in monthly payments of \$734 including interest at 4.4%, full maturity May 2025.	—	32,200	1,860	30,340	7,620
Loan for purchase 2021 Polaris Ranger in Monthly payments of \$417 including interest At 4.4%, full maturity June 2025.	—	18,282	1,045	17,237	4,325
Long-term landfill closure and postclosure liability, see see note 12	3,379,170	—	265,535	3,113,635	—
Liability for postemployment benefits	12,967,004	1,721,965	—	14,688,969	—
Liability for compensated absences	711,041	9,637	—	720,678	180,170
Total	<u>\$17,981,232</u>	<u>\$ 3,317,737</u>	<u>\$ 943,832</u>	<u>\$20,355,137</u>	<u>\$ 563,540</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 –LONG-TERM DEBT(continued)

Noncurrent liabilities of the Hospital for the year ended September 30, 2021, were as follows:

	Balance September 30, 2020	Additions	Deductions	Balance September 30, 2021
Liability for compensated absences	\$ 160,842	\$ 3,449	\$ —	\$ 164,291
Total	\$ 160,842	\$ 3,449	\$ —	\$ 164,291

NOTE 8- PENSION PLAN

A. Florida Retirement System

Plan Description – The County contributes to the Florida Retirement System (the FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The FRS provides retirement, disability or death benefits to retirees or their designated beneficiaries along with an annual cost-of-living adjustment. Employees are classified in either the regular service class or the senior management service class. Currently, the active participants for Franklin County, Florida are 190 out of total of 635,266 active FRS participants.

The Florida Legislature created the Florida Retirement Investment Plan (the “investment Plan”), a defined contribution plan qualified under Section 401 (a) of the Internal Revenue Code. The Investment Plan is administered by the Department of Management Services and is an alternative available to members of the Florida Retirement System in lieu of participation in the defined benefit retirement plan (“the Pension Plan”). If the Investment Plan is elected, active membership in the Pension Plan is terminated. Eligible members of the Investment Plan are vested at one year of service and receive a contribution in an investment product with a third party administrator selected by the State Board of Administration.

Chapter 121, *Florida Statutes*, establishes the authority for benefit provisions and contribution requirements. Changes to the law can only occur through an act of the Florida Legislature. There are uniform contribution rates as discussed on the following page that cover both the defined benefit and defined contribution plans. Information for the required employer contributions made to the Investment Plan were unavailable from FRS.

Additional Financial and Actuarial Information – Additional audited financial information supporting the Schedules of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the Florida Comprehensive Annual Financial Report (CAFR) and in the Florida Retirement System Pension Plan, and Other State-Administered Systems CAFR.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8- PENSION PLAN (continued)

See <http://www.myfloridacfo.com/Division/AA/Reports/default.htm> for an available copy of the Florida CAFR online.

The FRS CAFR and actuarial valuation reports as of July 1, 2020 are available online at http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

Reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Bureau of Research and Member Communications
P O Box 9000
Tallahassee, Florida 32315-9000
850-488-4706 or toll free at 877-377-1737

Funding Policy – Prior to July 1, 2011, the FRS was employee noncontributory. Beginning July 1, 2011, employees who are not participating in the Deferred Retirement Option Plan (DROP) are required to contribute 3% of their salary to the FRS. The County is required to contribute at an actuarially-determined rate.

The FRS relies upon contributions from employees and employers, along with investment income, to meet the funding requirements of an actuarially determined accrued liability. As of July 1, 2021, the date of the latest valuation, the FRS funded ratio was 83.4% on the valuation funding basis and 96.4% on a Market Value of Assets basis.

The County also participates in the Retiree Health Insurance Subsidy (HIS) Program, a cost sharing, multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*. The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (“DROP”). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a Florida Retirement System employer for a period not to exceed 60 months after electing to participate. DROP benefits are held in the FRS Trust Fund and accrue interest.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2021, the contribution rate was 1.66% of payroll pursuant to Section 112.363, *Florida Statutes*.

The contributions required for the years ended September 30, 2021, 2020, and 2019 were \$1,354,521, \$1,234,517 and \$1,216,729, respectively, which is equal to 100% of the required contribution for each year.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8- PENSION PLAN (continued)

Contributions

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The City's contribution rates as of September 30, 2021 were as follows:

	FRS	HIS
Regular Class	8.20%	1.66%
Special Risk Class	22.73%	1.66%
Senior Management Service Class	25.57%	1.66%
Elected Officials	47.46%	1.66%
DROP	15.32	1.66%

Net Pension Liability – At September 30, 2021, the County reported for its share of the FRS and HIS plans the amount for the net pension liability as shown below:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
June 30, 2021	\$ 2,199,805	\$2,557,445	\$ 4,757,250
June 30, 2020	\$13,565,415	\$2,487,559	\$16,052,974

The net pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2021 and July 1, 2020 for the net pension liability as of June 30, 2021 and 2020, respectively.

At September 30, 2021, the County reported for its proportionate share of the employer portion for the FRS and HIS net pension liability the percentages below:

	<u>FRS</u>	<u>HIS</u>
June 30, 2021	0.029121590%	0.020849016%
June 30, 2020	0.031298925%	0.020373401%
Increase/(Decrease) in Share for 2021	(0.002177335)%	0.000475615%

The County's proportionate share of the net pension liability was based on the County's 2020-2021 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members of FRS.

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2020, was determined by an actuarial valuation dated July 1, 2021, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8- PENSION PLAN (continued)

	FRS	HIS
Inflation	2.4%	2.4%
Salary increases	3.25%	3.25%
Investment rate of return	6.8%	N/A
Discount rate	6.8%	2.16%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2021 were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2021:

FRS: The long-term expected rate of return remained constant from 6.9% to 6.8%, and the active member mortality assumption was updated.

HIS: The municipal rate used to determine total pension liability was decreased from 2.21% to 2.16%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1.00%	2.1%	2.1%
Fixed Income	20.00%	3.8%	3.7%
Global Equity	54.20%	8.2%	6.7%
Real Estate (Property)	10.30%	7.1%	6.2%
Private Equity	10.80%	11.7%	8.5%
Strategic Investments	3.70%	5.7%	5.4%
Total	<u>100.00%</u>		

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8- PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.8%. FRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis – the tables below represent the sensitivity of the net pension liability to changes in the discount rate for Franklin County, Florida. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate shows as 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2020.

FRS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
5.8%	6.8%	7.8%
<u>\$ 9,837,676</u>	<u>\$ 2,199,805</u>	<u>\$ (4,184,598)</u>

HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
1.21%	2.16%	3.16%
<u>\$ 2,956,654</u>	<u>\$ 2,557,445</u>	<u>\$ 2,230,383</u>

Pension Expense and Deferred Outflows (Inflows) of Resources – In accordance with GASB 68, paragraph 71, changes in the net pension liability are recognized as pension expense in the current measurement period with the following exceptions shown below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or inflows of resources using rational method over a time period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8- PENSION PLAN (continued)

- Changes of Assumptions or other inputs which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Differences between expected and actual earnings on pension plan investments are amortized over five years.

For the fiscal year ended September 30, 2021, the County recognized pension expense of \$259,352 for the FRS plan. In addition the County reported deferred outflows of resources and deferred inflows of resources relate to pensions from the following sources:

Description	Deferred Outflows of Resources for the FRS Plan	Deferred Inflows of Resources for the FRS Plan
Differences between expected and actual experience	\$ 377,050	\$ —
Change of assumptions	1,505,216	—
Net difference between projected and actual earnings on FRS Plan investments	—	(7,674,567)
Changes in proportion and differences between County FRS Plan contributions and proportionate share of contributions	310,175	(1,349,790)
County FRS Plan contributions subsequent to the measurement date	<u>301,323</u>	<u>—</u>
Total	<u>\$ 2,493,764</u>	<u>\$ (9,024,357)</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Reporting Period Ending June 30	FRS Expense
2022	\$ (1,020,170)
2023	(1,189,612)
2024	(1,575,778)
2025	(2,019,250)
2026	12,509
Thereafter	—

For the fiscal year ended September 30, 2021, the County recognized pension expense of \$174,671 for the HIS plan. In addition the County reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8- PENSION PLAN (continued)

Description	Deferred Outflows of Resources for the HIS Plan	Deferred Inflows of Resources for the HIS Plan
Differences between expected and actual experience	\$ 85,579	\$ (1,071)
Change of assumptions	200,958	(105,373)
Net difference between projected and actual earnings on HIS Plan investments	2,666	—
Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions	116,057	(112,923)
County HIS Plan contributions subsequent to the measurement date	<u>30,967</u>	<u>—</u>
Total	<u>\$ 436,227</u>	<u>\$ (219,367)</u>

Other amounts reported by the County as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Reporting Period Ending June 30	FRS Expense
2022	\$ 50,338
2023	16,036
2024	33,087
2025	43,919
2026	32,846
Thereafter	6,532

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The County has established the Retiree's Health Insurance Other Postemployment Benefits Plan, a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by paying 50% of the premium for the retiree, excluding dependent coverage, and also by allowing them to participate in the plan at blended group (implicitly subsidized)

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The County currently has approximately 226 total active and retired employees eligible to receive these benefits. No stand-alone report is issued for this plan.

Eligibility

A participant is eligible to receive benefits from the plan upon retirement under the Florida Retirement System plan provisions. To be eligible for retiree benefits, the participant must be covered under the medical plan as an active employee immediately prior to retirement. Participants not eligible for retirement at the time of their termination are not eligible for immediate or future benefits from the plan.

Funding Policy

Although the contribution requirement is established by Statute, the contribution amount required by plan members and the government are established and may be amended by the Franklin County Board of County Commissioners. Currently, members receiving benefits pay half of the full cost (total premium) for medical coverage for individual coverage and 100% of the full cost for dependent coverage.

The contribution rate effective for other eligible County plan members during the year for the implied subsidy is \$323 per month each for each retiree. Dependent coverage is available; however, dependent coverage is not subsidized. The explicit subsidy contribution rate is 50% of the actual premium, \$323 per month during the current year. This valuation includes both the implied and explicit subsidies.

The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. Rather, the funding is based on a pay-as-you-go basis. During the fiscal year, the County provided contributions of \$273,000 toward the annual OPEB cost. A Schedule of Employer Contributions can be found in required supplementary information immediately following the notes.

Actuarial Methods and Assumptions

The actuarial assumptions used represent a reasonable long term expectation of future OPEB outcomes. As a national economic and County experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary updated. Significant methods and assumptions were as follows:

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Actuarial Valuation Date/Measurement Date	9/30/2020
Actuarial Cost Method	Entry age
Discount Rate	2.21%
Projected Cash Flows	Pay As You Go
Municipal Bond Rate	20-Year Tax Exempt General Obligation
Bond Rate Basis	AA/Aa or higher
Projected Salary Increases	2.50%
Healthcare Cost Trend Rate	5.0% initial; 3.7% ultimate

Changes in Total OPEB Liability and Related Ratios

Below are the details regarding the total OPEB liability for the period from October 1, 2020 to September 30, 2021 (in thousands):

Total OPEB Liability at 10/1/2020	\$ 12,967
Changes for the Fiscal Year	
Service Cost	378
Interest	351
Difference Between Actual and Expected Experience	—
Economic/demographic gains or losses	—
Assumption Changes	1,281
Benefit Payments	(288)
Net Changes in Total OPEB	(1,722)
Total OPEB liability at 9/30/2021	\$ 14,689
Covered-Employee Payroll	\$ 7,155
TOL as a Percentage of Covered-Employee Payroll	205.28%

Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate.

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$18,252,947	\$14,688,969	\$12,053,789

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The following presents the total OPEB liability of the County, as well as what the County's total OPEB expense of .283 million. At September 30, 2021, the County reported deferred outflows and deferred inflows of resources related to OPEB for the following sources (in thousands):

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$12,022,024	\$14,688,969	\$18,222,105

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the County recognized OPEB expense of .283 million. At September 30, 2021, the county reported deferred outflows and deferred inflows of resources related to OPEB for the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ —	\$ (41)
Change of Assumptions	1,153	(4,189)
Contributions subsequent to measurement date	<u>273</u>	<u>—</u>
Total	\$ 1,426	\$ (4,230)

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows (in thousands):

Year ended September 30:

2022	\$ (445)
2023	(445)
2024	(445)
2025	(445)
2026	(445)
Thereafter	<u>(850)</u>
Total	<u>\$ (3,075)</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 10 – FUND BALANCE

Fund balance consisted of the following amounts as of September 30, 2021:

<u>Fund Balances</u>	<u>Amount</u>
Nonspendable:	
General fund	\$ 7,280
Tourist development	5,800
911 trust fund	<u>625</u>
Total Nonspendable Fund Balance	<u>13,705</u>
Restricted:	
911 trust fund	538,750
Airport	72,812
Boating improvement fund	46,424
Clerk's modernization trust	235,927
County road and bridge	729,391
Economic development fund	302,067
Fire protection	1
HHRP Trust	1,281
Hospital trust	6,508,787
Landfill	2,568,746
Law enforcement education trust	81,045
Law enforcement trust	3,184
Local option gas tax	1,327,440
State housing initiatives partnership	100,550
Sheriff's special revenue funds	42,093
Tourist development fund	<u>2,689,333</u>
Total Restricted Fund Balance	<u>15,247,831</u>
Assigned:	
Landfill	1,265,203
Mosquito control fund	33,946
Sheriff's special revenue funds	<u>16,733</u>
Total Assigned Fund Balance	<u>1,315,882</u>
Total Unassigned Fund Balance	<u>13,674,290</u>
Total fund Balance	<u>\$ 30,251,708</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 11 – RISK MANAGEMENT

The Sheriff participates in the Florida Sheriff's Self-Insurance Fund Program, administered by the Florida Sheriff's association. The program is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under this program includes general liability, public officials' liability and public employees' blanket bond.

The funding agreements provide that the self-insurance fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$3,300,000 for professional liability and \$3,200,000 for public officials' coverage.

The Sheriff provides for automobile liability coverage and workers' compensation coverage through the Board. The Board established a risk management program to administer both its uninsured and insured risk of loss.

There has been no significant reduction in insurance coverage from the prior year and there have been non settlements in excess of insurance coverage in the past three years.

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The county is a member of the Florida Association of Counties Trust (the Trust) for its general liability insurance coverage. The County pays an annual premium to the Trust and a debt service payment to the pooled liability insurance program revenue bond. The Trust is to be self-sustaining through member premiums and will reinsure through commercial companies for certain claims. The County continues to purchase commercial insurance to cover their other risks of loss. Insurance against losses are provided for the following types of risk:

- Workers' compensation and employer's liability
- General and automobile liability
- Real and personal property damage
- Public officials liability
- Accidental death and dismemberment

The County's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost-to-date of the County's experience for this type of risk.

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The County maintains a special revenue fund for its landfill management escrow account to ensure the availability of financial resources for closing the landfill. The escrow account balance is \$3,113,635 at September 30, 2021. Receipt of waste at the County's Class I central landfill has been indefinitely suspended and the County contracts for waste to be transported out of the Count. In the event operations were to resume at the Class I landfill, there are about two years remaining capacity. Currently, the County also operates a Class III landfill.

State and federal laws and regulations require the County to place a final cover on its landfill sites when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for approximately thirty years after closure. The \$3,379,170 amount reported as landfills closure and postclosure care liability at September 30, 2021 (see note 7), represents the portion of costs to be incurred and reported as a liability to-date based on the use of 56% of the Class I landfill estimated capacity and 100% of the Class III (original) and 37% of the Class III (expansion) landfill estimated capacity. Total estimated costs are projected at \$2,564,449 for closure and \$3,171,016 for postclosure care at current prices. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Board follows GASB Statement No. 18 entitled *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 13 – LITIGATION AND CONTINGENT LIABILITIES

The County is a party to a number of lawsuits and claims arising out of the normal conduct of its activities. While the results of these lawsuits and claims against the County cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial position of the County.

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2021:

PROJECT	SOURCE OF PAYMENT	PAID TO DATE	COMMITMENT REMAINING
Island View Park FEMA Repairs	FEMA	\$ 35,962.50	\$ 108,513.50
Restore SGI Storm Water Improvements Project	Restore	\$ 13,751.25	\$ 96,248.75
Alligator Drive FEMA Repairs	FEMA	\$ 1,054,567.99	\$ 4,016,968.40
Rehabilitate Airfield Pavements Project	Grant - FDOT	\$ 82,910.00	\$ 166,690.00
Upgrade Airfield Lights Project	Grant - FDOT	\$ 587,568.93	\$ 180,522.06
Airport Fuel Farm Project	Restore - Triumph Program	\$ 71,097.50	\$ 117,357.50

NOTE 14 – LEASE OF FRANKLIN COUNTY AIRPORT

On October 17, 2017, the County entered into a 60 month contract with rent at \$2,500 per month plus a fuel flowage fee of \$0.25 per gallon sold plus tax.

NOTE 15 – LOCAL OPTION GAS TAX

The County adopted an ordinance effective January 1, 1998 for a period of twenty years providing for a five-cent per gallon local option gas tax on fuel sold in the County. The proceeds of this tax are being expended on road construction and road maintenance. The tax generates approximately \$250,000 in annual revenue.

NOTE 16 – EMPLOYEE LEASE

On April 16, 2019, the Hospital entered into an agreement with Paychex Business Solutions, to provide employees for the Hospital. Under the agreement, Paychex Business Solutions was the employer of all persons working at the Hospital during the year ended September 30, 2020 and through July 4, 2021, and was reimbursed by the Hospital for all wages and management fees associated with the lease. On July 5, 2021, the Hospital entered into a similar employee leasing agreement with Modern Business Associates, Inc. which remains in effect.

Employee leasing costs totaled \$4,482,623 for the year ended September 30, 2021.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 17 – RECENT ACCOUNTING PRONOUNCEMENTS

The Hospital did not adopt any new statements of financial accounting standards issued by GASB having a material impact on the financial statements.

In May 2020, the GASB issued Statement No. 95 (GASB 95), Postponement of the Effective Date of Certain Authoritative Guidance. GASB 95 extends the effective date of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The requirements of GASB 95 apply to the financial statements of all state and local governments. The primary objective of GASB 95 is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of GASB 95 are effective immediately.

Pronouncements Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Hospital upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
84	<i>Fiduciary Activities</i>	2021
87	<i>Leases</i>	2022
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2022
90	<i>Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61</i>	2021
91	<i>Conduit Debt Obligations</i>	2023
92	<i>Omnibus 2020</i>	
93	<i>Replacement of Interbank Offered Rates</i>	2023
94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	2023
96	<i>Subscription-Based Information Technology Arrangements Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457</i>	
97	<i>Deferred Compensation Plans</i>	2022

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 18 – CARES ACT FUNDING

Additional funding for the Public Health and Social Services Emergency Fund (“Relief Fund”) was among the provisions of the CARES Act, which was signed into law on March 27, 2020, and other legislation. In the year ended September 30, 2020, the Hospital received cash payments of approximately \$3,282,000 from the Relief Fund and state grant programs, associated with lost operating revenues and COVID-related costs, which is reported as nonoperating revenues in the accompanying statement of revenues, expenses and changes in net position. Approximately \$200,000 of federal funding was received during fiscal year 2021.

Payments from the Relief Fund are not loans and, therefore, they are not subject to repayment. However, as a condition to receiving distributions, providers must agree to certain terms and conditions, including, among other things, that the funds are being used for lost operating revenues and COVID-related costs, and that the providers will not seek collection of out-of-pocket payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider. The Hospital recognizes grant payments as income when there is reasonable assurance of compliance with the conditions associated with the grant. The Hospital’s estimates could change materially in the future based on the Hospital’s operating performance or COVID-19 activities, as well as the evolving grant compliance guidance provided by the government.

The Coronavirus Aid, Relief, and Economic Security Act of 2020 and Related Legislation. The CARES Act and the Paycheck Protection Program and Health Care Enhancement Act (“Paycheck Protection Program”), which was signed into law on April 24, 2020, authorized up to \$2 trillion in government spending to mitigate the economic effects of the COVID-19 pandemic. Below is a brief overview of certain provisions of the CARES Act and related legislation that have impacted and expect will continue to impact the Hospital’s business. Please note that this summary is not exhaustive, and additional legislative action and regulatory developments may evolve rapidly. There is no assurance that the Hospital will continue to receive or remain eligible for funding or assistance under the CARES Act or similar measures.

Public Health and Social Services Emergency Fund. To address the fiscal burdens on healthcare providers created by the COVID-19 public health emergency, the CARES Act and the Paycheck Protection Program authorized \$175 billion for the Relief Fund.

The U.S. Department of Health and Human Services (“HHS”) has indicated that it will be closely monitoring and, along with the Office of Inspector General, auditing providers to ensure that recipients comply with the terms and conditions of relief programs and to prevent fraud and abuse. All providers will be subject to civil and criminal penalties for any deliberate omissions, misrepresentations or falsifications of any information given to HHS. The Hospital has formally accepted the terms and conditions associated with the receipt of its Relief Fund payments.

In fiscal year 2021, during completion of the reporting portal for expenditures of CARES PRF funds, management of the Hospital reported expenses and lost revenues for the period of availability that were less than the funds received for the corresponding period. Accordingly, a payable totaling approximately \$1,046,000 was recorded to “estimated third party settlements” with a corresponding nonoperating expense on the accompanying financial statements. This amount was paid, in full, in early fiscal year 2022. No revisions were made to the previously issued fiscal year 2020 financial statements, as a result of this change in estimate.

Medicare and Medicaid Payment Policy Changes. The CARES Act also alleviates some of the financial strain on hospitals, physicians, and other healthcare providers and states through a series Medicare and Medicaid payment policies that temporarily increase Medicare and Medicaid reimbursement and allow for added flexibility, as described below.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 18 – CARES ACT FUNDING (continued)

- Effective May 1, 2020 through December 31, 2020, the 2% sequestration reduction on Medicare FFS and Medicare Advantage payments to hospitals, physicians and other providers authorized by the Sequestration Transparency Act of 2020 is suspended and will resume at a future date.
- The CARES Act instituted a 20% increase in the Medicare MS-DRG payment for COVID-19 hospital admissions for the duration of the public health emergency as declared by the Secretary of HHS.
- The scheduled reduction of \$4 billion in federal Medicaid DSH allotments in FFY 2020, as mandated by the Affordable Care Act, is suspended until December 1, 2020. Also, the federal DSH allotment reduction for FFY 2021 will be reduced from \$8 billion to \$4 billion.
- Notwithstanding these adjustments, the ACA-mandated reduction is not expected to be extended past its original termination in FFY 2025.
- The CARES Act expanded the Medicare accelerated payment program, which provides prepayment of claims to providers in certain circumstances, such as national emergencies or natural disasters. Under this measure, providers could request accelerated payments that may be retained for 120 days during which time providers continue to receive payments for services. At the end of the 120-period, the accelerated payment will be repaid via a 100% offset of payments on claims that would otherwise be paid. The repayment period for hospitals and other providers is one year and 210 days, respectively, from the date of receipt of the accelerated payment, after which interest is assessed on the unpaid balance. During the fiscal year ended September 30, 2020, the Hospital applied for and received accelerated payments totaling approximately \$645,000, which is included in estimated third party settlements on the accompanying statements of net position. During fiscal year 2021, these amounts were recouped by the Medicare contractor, with a remaining balance totaling approximately \$172,000 at September 30, 2021, recorded as estimated third party settlements.
- A 6.2% increase in the Federal Medical Assistance Percentage (“FMAP”) matching funds was instituted to help states respond to the COVID-19 pandemic. The additional funds are available to states from January 1, 2020 through the quarter in which the public health emergency period ends, provided that states meet certain conditions. An increase in states’ FMAP leverages Medicaid’s existing financing structure, which allows federal funds to be provided to states more quickly and efficiently than establishing a new program or allocating money from a new funding stream. Increased federal matching funds support states in responding to the increased need for services, such as testing and treatment during the COVID-19 public health emergency, as well as increased enrollments as more people lose income and qualify for Medicaid during the economic downturn.

Because of the uncertainty associated with various factors that may influence Hospital’s future Medicare and Medicaid payments, including future legislative, legal or regulatory actions, or changes in volumes and case mix, there is a risk that Hospital’s estimates of the impact of the aforementioned payment and policy changes will be incorrect and that actual payments received under, or the ultimate impact of, these programs may differ materially from Hospital’s expectations.

NOTE 19– RESTATEMENT OF NET POSITION

For the fiscal year ended September 30, 2021, the Office implemented GASB Statement No. 84, *Fiduciary Activities*. Beginning net position in the custodial funds was restated from \$-0- to \$254,385, as a result of this implementation.

REQUIRED SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget Original	Budget Final	Actual	Variance
REVENUES				
Taxes	\$12,402,088	\$12,402,088	\$ 12,035,504	\$ (366,584)
Licenses and permits	253,624	378,824	574,587	195,763
Intergovernmental	4,230,901	7,406,215	7,231,894	(174,321)
Fines and forfeitures	4,200	4,200	5,019	819
Charges for services	172,061	172,061	219,014	46,953
Investment and other	35,360	35,360	18,395	(16,965)
Miscellaneous revenues	<u>208,626</u>	<u>208,626</u>	<u>140,478</u>	<u>(68,148)</u>
Total Revenues	<u>17,306,860</u>	<u>20,607,374</u>	<u>20,224,891</u>	<u>(382,483)</u>
EXPENDITURES				
Current				
General government	2,432,266	2,432,266	2,116,221	316,045
Public safety	701,861	2,143,990	2,107,151	36,839
Physical environment	3,043,792	3,025,792	2,019,553	1,006,239
Transportation	314,250	314,250	—	314,250
Economic environment	66,276	66,276	59,325	6,951
Human services	627,549	631,549	568,453	63,096
Culture and recreation	2,914,533	2,998,533	1,025,847	1,972,686
Court related	1,709,264	1,709,264	1,064,706	644,558
Debt Service	100,000	100,000	100,000	—
Capital outlay	<u>806,074</u>	<u>2,594,459</u>	<u>2,002,179</u>	<u>592,280</u>
Total Expenditures	<u>12,715,865</u>	<u>16,016,379</u>	<u>11,063,435</u>	<u>4,952,944</u>
Excess (deficit) of revenues over (under) expenditures	4,590,995	4,590,995	9,161,456	4,570,461
Other financing sources (uses)				
Transfers in	896,463	896,463	906,662	10,199
Transfers out	(9,484,885)	(9,484,885)	(9,281,264)	203,621
Debt issuance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing sources (uses)	<u>(8,588,422)</u>	<u>(8,588,422)</u>	<u>(8,374,602)</u>	<u>213,820</u>
Net change in Fund Balance	(3,997,427)	(3,997,427)	786,854	4,784,281
Fund balance - beginning	<u>12,877,583</u>	<u>12,877,583</u>	<u>12,843,598</u>	<u>—</u>
Fund balance - ending	<u>\$ 8,880,156</u>	<u>\$8,880,156</u>	<u>\$ 13,630,452</u>	<u>\$ 4,750,296</u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance – budget to actual – general fund is an integral part of this schedule.

**FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL
HEALTHCARE TRUST
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 2,338,160	\$ 2,338,160	\$ 2,998,579	\$ 660,419
Intergovernmental	—	—	18,750	18,750
Investment and other	46,000	46,000	7,713	(38,287)
Total Revenues	<u>2,384,160</u>	<u>2,384,160</u>	<u>3,025,042</u>	<u>640,882</u>
EXPENDITURES				
Total Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficit) of revenues over (under) expenditures	2,384,160	2,384,160	3,025,042	640,882
Other financing sources (uses)				
Transfers in	—	—	—	—
Transfers out	(7,087,238)	(7,087,238)	(1,619,290)	5,467,948
Total other financing sources (uses)	<u>(7,087,238)</u>	<u>(7,087,238)</u>	<u>(1,619,290)</u>	<u>5,467,948</u>
Net changes in fund balance	(4,703,078)	(4,703,078)	1,405,752	6,108,830
Fund balance – beginning of year	<u>5,103,035</u>	<u>5,103,035</u>	<u>5,103,035</u>	<u>—</u>
Fund balance – End of year	<u>\$ 399,957</u>	<u>\$ 399,957</u>	<u>\$ 6,508,787</u>	<u>\$ 6,108,830</u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance – budget to actual – general fund is an integral part of this schedule.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL
LANDFILL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget Original	Budget Final	Actual	Variance
REVENUES				
Charges for services	\$ 841,195	\$ 986,383	\$ 1,145,335	\$ 158,952
Investment and other	20,821	20,821	6,415	(14,406)
Miscellaneous	<u>4,148,605</u>	<u>4,178,605</u>	<u>341,857</u>	<u>(3,836,748)</u>
Total Revenues	<u>5,010,621</u>	<u>5,185,809</u>	<u>1,493,607</u>	<u>(3,692,202)</u>
EXPENDITURES				
Physical environmental	3,660,003	3,660,003	519,746	3,140,257
Debt service	150,546	150,546	148,347	2,199
Capital outlay	<u>519,166</u>	<u>1,386,854</u>	<u>1,386,853</u>	<u>1</u>
Total Expenditures	<u>4,329,715</u>	<u>5,197,403</u>	<u>2,054,946</u>	<u>3,142,457</u>
Excess (deficit) of revenues over (under) expenditures	680,906	(11,594)	(561,339)	(549,745)
Other financing sources (uses)				
Transfers in	—	—	—	—
Transfers out	(491,857)	(491,857)	(491,857)	—
Debt issuance	<u>—</u>	<u>692,500</u>	<u>692,500</u>	<u>—</u>
Total other financing sources (uses)	<u>(491,857)</u>	<u>200,643</u>	<u>200,643</u>	<u>—</u>
Net changes in fund balance	189,049	189,049	189,049	(549,745)
Fund balance – beginning of year	<u>4,194,645</u>	<u>4,194,645</u>	<u>4,194,645</u>	<u>—</u>
Fund balance – End of year	<u>\$ 4,383,694</u>	<u>\$ 4,383,694</u>	<u>\$ 4,383,694</u>	<u>\$ (549,745)</u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance – budget to actual – general fund is an integral part of this schedule.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL
LOCAL OPTION GAS TAX
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 282,572	\$ 282,572	\$ 324,381	\$ 41,809
Intergovernmental	863,708	3,939,978	3,150,626	(789,352)
Investment and other	<u>9,898</u>	<u>9,898</u>	<u>1,793</u>	<u>(8,105)</u>
Total Revenues	<u>1,156,178</u>	<u>4,232,448</u>	<u>3,476,800</u>	<u>(755,648)</u>
EXPENDITURES				
Transportation	985,954	4,052,624	3,099,235	953,389
Capital outlay	<u>1,664,210</u>	<u>1,673,810</u>	<u>746,014</u>	<u>927,796</u>
Total Expenditures	<u>2,650,164</u>	<u>5,726,434</u>	<u>3,845,249</u>	<u>1,881,185</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,493,986)</u>	<u>(1,493,986)</u>	<u>(368,449)</u>	<u>1,125,537</u>
Net changes in fund balance	(1,493,986)	(1,493,986)	(368,449)	1,125,537
Fund balance – beginning of year	<u>1,695,889</u>	<u>1,695,889</u>	<u>1,695,889</u>	<u>—</u>
Fund balance – End of year	<u>\$ 201,903</u>	<u>\$ 201,903</u>	<u>\$ 1,327,440</u>	<u>\$ 1,125,537</u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance – budget to actual – general fund is an integral part of this schedule.

**FRANKLIN COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2021**

**SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OTHER POST EMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIOS (I)**

Last Ten Fiscal Years*
(Dollars in Thousands)

	<u>2021</u>	<u>2020</u>	<u>2018</u>
Total OPEB Liability			
Total pension liability			
Service Cost	\$ 378	\$ 833	\$ 882
Interest	351	605	525
Differences Between Actual and Expected Experience	—	—	—
Effect of economic gain or (losses)	—	(51)	—
Assumption Changes	1,281	(4,058)	(1,593)
Benefit Payments	<u>(288)</u>	<u>(288)</u>	<u>353</u>
Net Change in Total OPEB Liability	1,722	(2,959)	(539)
Total OPEB Liability – Beginning as Restated	<u>12,967</u>	<u>15,926</u>	<u>16,465</u>
 Total OPEB Liability - Ending	 <u>14,689</u>	 <u>12,967</u>	 <u>15,926</u>
 Covered-Employee Payroll	 \$ 7,155	 \$ 7,177	 \$ 6,629
Total OPEB Liability as a Percentage of Covered-Employee Payroll	205.28%	180.67%	240.26%

(1) The amounts presented for each fiscal year were determined as of September 30th.

* This is a 10-year schedule; however the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

FRANKLIN COUNTY, FLORIDA
PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last Ten Years*
SEPTEMBER 30, 2021

Florida Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Franklin County, Florida's proportion of the net pension liability	0.029121590%	0.031298925%	0.033285343%	0.33587905%
Franklin County, Florida's proportionate share of the net pension liability	\$ 2,199,805	\$ 13,565,415	\$ 11,463,009	\$ 10,116,851
Franklin County, Florida's covered-employee payroll	\$ 7,440,414	\$ 7,147,225	\$ 7,177,335	\$ 6,547,976
Franklin County, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.57%	189.80%	159.71%	154.50%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	84.30%	85.16%	154.50%

Health Insurance Subsidy Programs

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2017</u>
Franklin County, Florida's proportion of the net pension liability	0.020849016%	0.020373401%	0.02132850%	0.020588662%
Franklin County, Florida's proportionate share of the net pension liability	\$ 2,557,445	\$ 2,487,559	\$ 2,386,447	\$ 2,179,127
Franklin County, Florida's covered-employee payroll	\$ 7,440,414	\$ 7,147,225	\$ 7,177,335	\$ 6,547,976
Franklin County, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	34.37%	34.80%	33.25%	33.33%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	2.15%	2.10%	1.64%

(continued)

FRANKLIN COUNTY, FLORIDA
PROPORTIONATE SHARE OF NET PENSION LIABILITY (continued)
Last Ten Years*
SEPTEMBER 30, 2021

Florida Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Franklin County, Florida's proportion of the net pension liability	0.3488977%	0.03570204%	0.053894033%
Franklin County, Florida's proportionate share of the net pension liability	\$ 10,320,160	\$ 9,014,793	\$ 6,961,137
Franklin County, Florida's covered-employee payroll	\$ 6,628,676	\$ 6,504,034	\$ 6,373,330
Franklin County, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	155.69%	138.60%	109.22%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%

Health Insurance Subsidy Programs

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Franklin County, Florida's proportion of the net pension liability	0.020661452%	0.020633700%	0.021258895%
Franklin County, Florida's proportionate share of the net pension liability	\$ 2,209,218	\$ 2,404,772	\$ 4,117,722
Franklin County, Florida's covered-employee payroll	\$ 6,628,676	\$ 6,504,034	\$ 6,373,330
Franklin County, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.97%	36.97%	64.61%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.97%	0.50%

Notes to schedules:

*The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year

*GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

**Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the measurement period ending June 30, 2020.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF PENSION CONTRIBUTIONS
Last Ten Fiscal Years*
SEPTEMBER 30, 2021

Florida Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,219,778	\$ 1,106,353	\$ 1,090,412	\$ 1,204,537
Contributions in relation to the contractually required contribution	<u>(1,219,778)</u>	<u>(1,106,353)</u>	<u>(1,090,412)</u>	<u>(1,204,537)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Franklin County, Florida's covered-employee payroll	\$ 7,440,414	\$ 7,147,225	\$ 7,177,335	\$ 6,547,976
Contribution as a percentage of covered-employee payroll	16.39%	15.48%	15.19%	18.4%

Health Insurance Subsidy Programs

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 134,743	\$ 128,164	\$ 126,317	\$ 139,537
Contributions in relation to the contractually required contribution	<u>(134,743)</u>	<u>(128,164)</u>	<u>(126,317)</u>	<u>(139,537)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Franklin County, Florida's covered-employee payroll	\$ 7,440,414	\$ 7,147,225	\$ 7,177,335	\$ 6,547,976
Contribution as a percentage of covered-employee payroll	1.81%	1.79%	1.76%	2.13%

(continued)

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF PENSION CONTRIBUTIONS (continued)
Last Ten Fiscal Years*
SEPTEMBER 30, 2021

Florida Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,144,081	\$ 1,099,477	\$ 267,413
Contributions in relation to the contractually required contribution	<u>(1,144,081)</u>	<u>(1,099,477)</u>	<u>(267,413)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Franklin County, Florida's covered-employee payroll	\$ 6,628,676	\$ 6,504,034	\$ 6,373,330
Contribution as a percentage of covered-employee payroll	17.26%	16.90%	4.20%

Health Insurance Subsidy Programs

	<u>2017</u>	<u>2015</u>	<u>2015</u>
Contractually required contribution	\$ 137,061	\$ 133,367	\$ 33,450
Contributions in relation to the contractually required contribution	<u>(137,061)</u>	<u>(133,367)</u>	<u>(33,450)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Franklin County, Florida's covered-employee payroll	\$ 6,628,676	\$ 6,504,034	\$ 6,373,330
Contribution as a percentage of covered-employee payroll	2.07%	2.05%	0.52%

Notes to schedules:

*Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the fiscal year ended September 30, 2021.

*The amounts presented for each fiscal year were determined as of 6/30 except for the covered payroll determined as of 9/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

FRANKLIN COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – OPEB INFORMATION

The county did not have plan assets accumulated in a trust. For the measurement date of September 30, 2021, the actuarial valuation used a discount rate of 3.58% as of October 1, 2019, and 2.14% as of September 30, 2021. The discount rate will be updated annually to reflect market conditions as of the measurement date.

NOTE 2 – PENSION INFORMATION

The discount rate used to measure the pension liability of the Pension Plan at June 30, 2020 was decreased from 6.9% to 6.8%. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 6.8% rate of return assumption used in the June 30, 2020 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates of the Pension Plan.

NOTE 3 – BUDGETARY INFORMATION

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, the fine and forfeiture fund, and the records modernization trust fund. All annual appropriations lapse at fiscal year-end.

The Clerk follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
- b) Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.
- c) Formal budgetary integration is employed as a management control device during the year. The legal level of budgetary control is the fund level.
- d) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America

COMBINING FINANCIAL STATEMENTS

**FRANKLIN COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue				
	County Road and Bridge	911 Trust	Fire Protection	Airport	Tourist Development
Assets					
Cash and cash equivalents	\$ 124,344	\$ 530,995	\$ 114,903	\$ 129,035	\$ 2,273,921
Equity in pooled cash	388,926	—	—	—	—
Due from other funds	12,188	—	8,250	—	—
Due from other government units	238,067	100,995	—	532,364	470,641
Prepaid expenses	—	625	—	—	5,800
Accounts receivable (net)	<u>179</u>	<u>—</u>	<u>—</u>	<u>1,487</u>	<u>—</u>
Total Assets	<u>\$ 763,704</u>	<u>\$ 632,615</u>	<u>\$ 123,153</u>	<u>\$ 662,886</u>	<u>\$ 2,750,362</u>
Liabilities Deferred Inflows and Fund Balances					
Liabilities					
Customer deposits	—	—	—	—	55,229
Vouchers payable	30,612	77,382	110,573	316,996	—
Due to other government	—	—	—	—	—
Due to other funds	<u>3,701</u>	<u>15,858</u>	<u>12,579</u>	<u>248,222</u>	<u>—</u>
Total liabilities	<u>34,313</u>	<u>93,240</u>	<u>123,152</u>	<u>565,218</u>	<u>55,229</u>
Deferred Inflows	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,856</u>	<u>—</u>
Total Deferred Inflows	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,856</u>	<u>—</u>
Fund balances					
Nonspendable	—	625	—	—	5,800
Restricted	729,391	538,750	1	72,812	2,689,333
Assigned	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total fund balances	<u>729,391</u>	<u>539,375</u>	<u>1</u>	<u>72,812</u>	<u>2,695,133</u>
Total liabilities Deferred Inflows and Fund balances	<u>\$ 763,704</u>	<u>\$ 632,615</u>	<u>\$ 123,153</u>	<u>\$ 662,886</u>	<u>\$ 2,750,362</u>

(Continued)

**FRANKLIN COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
SEPTEMBER 30, 2021**

	Special Revenue					
	Mosquito Control	Clerk's Fine and Forfeitures	Clerk Modernization Trust	Sheriff's Special Revenue	Enforcement Educational Trust	Law Enforcement Trust
Assets						
Cash and cash equivalents	\$ 37,110	\$ —	\$ 232,017	\$ 58,826	\$ 80,917	\$ 3,184
Equity in pooled cash	—	—	—	—	—	—
Due from other funds	3,701	—	4,960	—	128	—
Due from other government	9,239	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—
Accounts receivable (net)	17	—	—	—	—	—
Total Assets	<u>\$ 50,067</u>	<u>\$ —</u>	<u>\$ 236,977</u>	<u>\$ 58,826</u>	<u>\$ 81,045</u>	<u>\$ 3,184</u>
Liabilities Deferred Inflows and fund balances						
Liabilities						
Customer deposits	—	—	—	—	—	—
Vouchers payable	14,477	—	1,050	—	—	—
Due to other government	—	—	—	—	—	—
Due to other funds	1,644	—	—	—	—	—
Total liabilities	<u>16,121</u>	<u>—</u>	<u>1,050</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred Inflows	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Deferred Inflows	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances						
Nonspendable	—	—	—	—	—	—
Restricted	—	—	235,927	42,093	81,045	3,184
Assigned	33,946	—	—	16,733	—	—
Total fund balances	<u>33,946</u>	<u>—</u>	<u>235,927</u>	<u>58,826</u>	<u>81,045</u>	<u>3,184</u>
Total liabilities Deferred Inflows and Fund balances	<u>\$ 50,067</u>	<u>\$ —</u>	<u>\$ 236,977</u>	<u>\$ 58,826</u>	<u>\$ 81,045</u>	<u>\$ 3,184</u>

(Continued)

**FRANKLIN COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
SEPTEMBER 30, 2021**

	Special Revenue					Total Nonmajor Governmental Funds
	HHRP Trust	Boating Improvement	American Recovery Plan	Economic Development CDBG	Housing Initiative Partnership	
Assets						
Cash and cash equivalents	\$ 399,087	\$ 21,512	\$ 1,177,570	\$ 12,876	\$ 582,785	\$ 5,831,031
Equity in pooled cash	—	—	—	289,191	36,129	714,246
Due from other funds	—	888	—	—	—	49,863
Due from other government	—	24,024	—	—	—	1,375,330
Prepaid expenses	—	—	—	—	—	6,425
Accounts receivable (net)	—	—	—	327,900	290,303	619,886
Total Assets	<u>\$ 399,087</u>	<u>\$ 46,424</u>	<u>\$ 1,177,570</u>	<u>\$ 629,967</u>	<u>\$ 909,217</u>	<u>\$ 8,596,781</u>
Liabilities Deferred Inflows and Fund Balances						
Liabilities						
Customer deposits	—	—	—	—	—	—
Vouchers payable	—	—	158	—	18,134	625,834
Due to other government	—	—	—	—	—	64,570
Due to other funds	—	—	495	—	—	286,064
Total liabilities	<u>—</u>	<u>—</u>	<u>653</u>	<u>—</u>	<u>18,134</u>	<u>976,468</u>
Deferred Inflows	<u>397,806</u>	<u>—</u>	<u>1,176,917</u>	<u>327,900</u>	<u>790,533</u>	<u>2,720,351</u>
Total Deferred Inflows	<u>397,806</u>	<u>—</u>	<u>1,176,917</u>	<u>327,900</u>	<u>790,533</u>	<u>2,720,351</u>
Fund balances						
Nonspendable	—	—	—	—	—	6,425
Restricted	1,281	46,424	—	302,067	100,550	4,842,858
Assigned	—	—	—	—	—	50,679
Total fund balances	<u>1,281</u>	<u>46,424</u>	<u>—</u>	<u>302,067</u>	<u>100,550</u>	<u>4,899,962</u>
Total liabilities Deferred Inflows and Fund balances	<u>\$ 399,087</u>	<u>\$ 46,424</u>	<u>\$ 1,177,570</u>	<u>\$ 629,967</u>	<u>\$ 909,217</u>	<u>\$ 8,596,781</u>

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue				
	County Road and Bridge	911 Trust	Fire Protection	Airport	Tourist Development
Revenues					
Taxes	\$ 13,668	\$ —	\$ —	\$ —	\$ 2,458,249
Licenses and permits	—	—	502,171	—	—
Intergovernmental	1,455,640	256,823	—	545,275	—
Fines and forfeitures	—	—	—	—	—
Charges for services	—	—	—	—	—
Investment earnings and other	<u>295,564</u>	<u>884</u>	<u>3,021</u>	<u>149,514</u>	<u>1,562</u>
Total Revenues	<u>\$ 1,764,872</u>	<u>\$ 257,707</u>	<u>\$ 505,192</u>	<u>\$ 694,789</u>	<u>\$ 2,459,811</u>
Expenditures					
Current					
General government	—	—	—	—	—
Public safety	—	157,985	505,191	—	—
Physical environment	—	—	—	—	—
Economic environment	—	—	—	—	926,960
Transportation	1,523,860	—	—	186,478	—
Court related	—	—	—	—	—
Human services	—	—	—	—	—
Capital outlay	558,950	—	—	576,806	467,405
Debt service	<u>353,602</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,645</u>
Total expenditures	<u>2,436,412</u>	<u>157,985</u>	<u>505,191</u>	<u>763,284</u>	<u>1,401,010</u>
Excess (deficit) of revenues over (under) expenditures	<u>(671,540)</u>	<u>99,722</u>	<u>1</u>	<u>(68,495)</u>	<u>1,058,801</u>
Other financing sources (uses)					
Transfers in	253,475	—	—	—	—
Transfers out	(149,880)	(54,386)	—	—	(87,000)
Proceeds from debt	319,246	—	—	—	336,038
Reversion to State	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing sources (uses)	<u>422,841</u>	<u>(54,386)</u>	<u>—</u>	<u>—</u>	<u>249,038</u>
Net change in fund balances	(248,699)	45,336	1	(68,495)	1,307,839
Fund balances - beginning	<u>978,090</u>	<u>494,039</u>	<u>—</u>	<u>141,307</u>	<u>1,387,294</u>
Fund balances - ending	<u>\$ 729,391</u>	<u>\$ 539,375</u>	<u>\$ 1</u>	<u>\$ 72,812</u>	<u>\$ 2,695,133</u>

(Continued)

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
SEPTEMBER 30, 2021

	Special Revenue					
	Mosquito Control	Clerk's Fine and Forfeitures	Clerk Modernization Trust	Sheriff's Special Revenue	Enforcement Educational Trust	Law Enforcement Trust
Revenues						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and permits	—	—	—	—	—	—
Intergovernmental	37,663	—	—	95,717	—	—
Fines and forfeitures	—	—	—	—	—	—
Charges for services	—	—	64,485	—	2,179	—
Investment earnings & other	198	—	174	—	66	3
Total Revenues	<u>\$ 37,861</u>	<u>\$ —</u>	<u>\$ 64,659</u>	<u>\$ 95,717</u>	<u>\$ 2,245</u>	<u>\$ 3</u>
Expenditures						
Current						
General government	—	—	25,228	154,476	—	—
Public safety	—	—	—	6,347	—	—
Physical environment	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Court related	—	—	9,927	—	—	—
Human services	210,575	—	—	—	—	—
Capital outlay	22,367	—	—	—	—	—
Debt service	—	—	—	—	—	—
Total expenditures	<u>232,942</u>	<u>—</u>	<u>35,155</u>	<u>160,823</u>	<u>—</u>	<u>—</u>
Excess (deficit) of revenues over (under) expenditures	<u>(195,081)</u>	<u>—</u>	<u>29,504</u>	<u>(65,106)</u>	<u>2,245</u>	<u>3</u>
Other financing sources (uses)						
Transfers in	184,728	—	—	—	—	—
Transfers out	(1,000)	—	—	—	—	—
Proceeds from debt	—	—	—	50,482	—	—
Reversion to State	—	—	—	—	—	—
Total other financing sources (uses)	<u>183,728</u>	<u>—</u>	<u>—</u>	<u>50,482</u>	<u>—</u>	<u>—</u>
Net change in fund balances	(11,353)	—	29,504	(14,624)	2,245	3
Fund balances - beginning	<u>45,299</u>	<u>—</u>	<u>206,423</u>	<u>73,450</u>	<u>78,800</u>	<u>3,181</u>
Fund balances - ending	<u>\$ 33,946</u>	<u>\$ —</u>	<u>\$ 235,927</u>	<u>\$ 58,826</u>	<u>\$ 81,045</u>	<u>\$ 3,184</u>

(Continued)

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue					Nonmajor Governmental Funds
	HHRP Trust	Boating Improvement	American Recovery Plan	Economic Development CDBG	Housing Initiative Partnership	
Revenues						
Taxes	\$ —	—	\$ —	\$ —	\$ —	\$ 2,471,917
Licenses and permits	—	—	—	—	—	502,171
Intergovernmental	616,987	11,063	653	—	329,195	4,025,955
Fines and forfeitures	—	—	—	—	—	—
Charges for services	—	—	—	—	—	66,664
Investment earnings and other	476	6	—	461	79,664	531,676
Total Revenues	<u>\$ 617,463</u>	<u>\$ 11,069</u>	<u>\$ 653</u>	<u>\$ 461</u>	<u>\$ 408,859</u>	<u>\$ 7,598,383</u>
Expenditures						
Current						
General government	—	—	—	—	—	179,704
Public safety	—	—	—	—	169,035	838,558
Physical environment	—	—	—	—	—	—
Economic environment	616,987	—	653	—	173,319	1,717,919
Transportation	—	—	—	—	—	1,710,338
Court related	—	—	—	—	—	686,949
Human services	—	—	—	—	—	210,575
Capital outlay	—	—	—	—	—	1,625,528
Debt service	—	—	—	—	—	360,247
Total expenditures	<u>616,987</u>	<u>11,069</u>	<u>653</u>	<u>—</u>	<u>342,354</u>	<u>7,329,818</u>
Excess (deficit) of revenues over (under) expenditures	<u>476</u>	<u>—</u>	<u>—</u>	<u>461</u>	<u>66,505</u>	<u>268,565</u>
Other financing sources (uses)						
Transfers in	—	—	—	—	—	438,203
Transfers out	—	—	—	—	—	(292,266)
Proceeds from debt	—	—	—	—	—	705,766
Reversion to state	—	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>851,703</u>
Net change in fund balances	476	11,069	—	461	66,505	1,120,268
Fund balances - beginning	<u>805</u>	<u>35,355</u>	<u>—</u>	<u>301,606</u>	<u>34,045</u>	<u>3,779,694</u>
Fund balances - ending	<u>\$ 1,281</u>	<u>\$ 46,424</u>	<u>\$ —</u>	<u>\$ 302,067</u>	<u>\$ 100,550</u>	<u>\$ 4,899,962</u>

FRANKLIN COUNTY, FLORIDA
CUSTODIAL SCHEDULE OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

	Clerk of Circuit Court	Sheriff	Tax Collector	Total Funds
Assets				
Cash and cash equivalents	\$ 199,029	\$ 44,723	\$ 961,123	\$ 1,204,875
Accounts receivable (net)	653	—	—	653
Due from other funds	<u>5</u>	<u>—</u>	<u>—</u>	<u>5</u>
Total Assets	<u>\$ 199,687</u>	<u>\$ 44,723</u>	<u>\$ 961,123</u>	<u>\$ 1,205,533</u>
Liabilities				
Due to individuals	826	—	—	826
Due to other funds	37,140	—	307,852	344,992
Due to other governments	11,010	—	287,628	298,638
Due to BOCC	<u>7,481</u>	<u>—</u>	<u>—</u>	<u>7,481</u>
Total Liabilities	<u>\$ 55,631</u>	<u>\$ —</u>	<u>\$ 595,480</u>	<u>\$ 651,111</u>
Net Position				
Restricted for:				
Other individuals and organizations	<u>\$ 143,398</u>	<u>\$ 44,723</u>	<u>\$ 365,643</u>	<u>\$ 553,764</u>
Total Assets	<u>\$ 143,398</u>	<u>\$ 44,723</u>	<u>\$ 365,643</u>	<u>\$ 553,764</u>

FRANKLIN COUNTY, FLORIDA
CUSTODIAL SCHEDULE OF CHANGES FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

	Clerk of Circuit Court	Sheriff	Tax Collector	Total Funds
Additions				
Tax related	\$ —	\$ —	\$ 29,571,970	\$ 29,571,970
Permits, fees and special assessments	—	—	2,327,884	2,327,884
Deposits/escrow/surplus	—	—	—	—
Service charges/general government	—	177,205	—	177,205
Court related	<u>6,676,100</u>	<u>37,494</u>	<u>—</u>	<u>6,713,594</u>
Total Additions	<u>6,676,100</u>	<u>214,699</u>	<u>31,899,854</u>	<u>38,790,653</u>
Deductions				
Payment to individuals	—	159,354	1,680,634	1,839,988
Court related payments	6,591,845	—	—	6,591,845
Service charges/DT others	—	—	—	—
Payment to other governments	—	3,131	17,102,785	17,105,916
Payment to BOCC	—	—	12,693,374	12,693,374
Payment to constitutional officers	<u>—</u>	<u>57,857</u>	<u>201,636</u>	<u>259,493</u>
Total Deductions	<u>6,591,845</u>	<u>220,342</u>	<u>31,678,429</u>	<u>38,490,616</u>
Net change in fiduciary net position	84,255	(5,643)	221,425	300,037
Net position, beginning	<u>59,143</u>	<u>50,366</u>	<u>144,876</u>	<u>254,385</u>
Net position, ending	<u>\$ 143,398</u>	<u>\$ 44,723</u>	<u>\$ 365,643</u>	<u>\$ 553,764</u>

COMPLIANCE SECTION

Vance CPA, LLC

Certified Public Accountant

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Apalachicola, FL 32320

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ben@vancecpa.com

INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Members of the
Board of County Commissioners
Franklin County, Florida

We have examined Franklin County, Florida's (the County) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds and Section 365.172(10) and 365.173(2)(d), Florida Statutes, regarding emergency communications number E911 system fund during the year ended September 30, 2021. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

Vance CPA LLC

June 15, 2022
Apalachicola, Florida

Vance CPA LLC

Vance CPA LLC

Certified Public Accountant

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Apalachicola, FL 32320
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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Members of the
Board of County Commissioners
Franklin County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of Franklin, County, Florida, Board of County Commissioners, (hereinafter referred to as the "Board"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance)* and *Chapter 10.550 Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance, Schedule of Findings and Responses and Independent Auditors' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of Auditor General*. Disclosures in those reports, which are dated June 15, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report to the extent considered necessary by the County, except as repeated under the heading current year findings and recommendations. See also Summary Schedule of Prior Year Audit Findings.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in

the management letter, unless disclosed in the notes to the financial statements. Franklin County, Florida was established by the Constitution of the State of Florida, Article VIII, Section 1(e). The name or official title and legal authority for the primary government and each component unit of the reporting entity are disclosed in note 1 of the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 219.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Franklin County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c., and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessments as based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, requires that we determine whether the annual financial report for Franklin County, Florida for the fiscal year ended September 30, 2021, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2021. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554 (1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and the Franklin County Board of County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Vance CPA LLC

June 15, 2022
Apalachicola, Florida

Vance CPA LLC

Vance CPA LLC

Certified Public Accountant

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

Honorable Members of the
Board of County Commissioners
Franklin County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Franklin County Florida's basic financial statements and have issued our report thereon dated June 15, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Franklin County Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin County Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Franklin County Florida's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. (2021-001 through 2021-007)

Compliance and Other Matters

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

Franklin County Florida's Response to Findings

Franklin County Florida's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Franklin County Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vance CPA LLC

June 15, 2022
Apalachicola, Florida

Vance CPA LLC

Vance CPA LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550 RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Members of the
Board of County Commissioners
Franklin County, Florida

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Franklin County, Florida's, (the County), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Florida Department of Financial Services *State Project Compliance Supplement* that could have a direct and material effect on each of Franklin County, Florida's major federal programs for the year ended September 30, 2021. Franklin County, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Franklin County, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.580 of the Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Franklin County, Florida and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Franklin County, Florida's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Franklin County, Florida's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Franklin County, Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material

noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Franklin County, Florida's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Franklin County, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Franklin County, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Franklin County, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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 of a federal program on a timely basis. 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vance CPA LLC

June 15, 2022
Apalachicola, Florida

Vance CPA LLC

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2021

Federal Awards Program	CFDA #	Contract/Grant Number	Expenditures
U S Department of Housing & Urban Development			
<i>Passed through Florida Department of Economic Opportunity</i>			
CDBG Housing Grant	14.228	16DB-OK-02-29-01-H08	804,422
Total CFDA 14.228			804,422
Total US Department Housing & Urban Development			804,422
U S Department of Transportation			
<i>Passed through Federal Aviation Administration</i>			
FAA Update Airport Master Plan	20.106	FAA 3-12-0001-009-2018	55,790
Total CFDA 20.106			55,790
<i>Passed through Florida Department of Transportation</i>			
LAP CR67 Tallahassee Street Sidewalk Project Construction	20.205	43356715801 G1F45	39,733
LAP CR67 Tallahassee Street Sidewalk Project CEI	20.205	43356716801 G1F45	16,188
Total CFDA 20.205			55,921
Total US Department of Transportation			111,711
U S Department of the Treasury			
Gulf RESTORE Funds - St. George Island Stormwater Improvement Project	21.015	RDC2021000313	13,751
Gulf RESTORE Funds - County-wide Dune Restoration Project	21.015	RDC2021000312	20,710
Total CFDA 21.015			34,461
CARES Act Allocation	21.019	Y2314	1,860,477
Florida Housing Finance Coronavirus Relief Fund CRF	21.019	Coronavirus Relief Fund	169,005
Total CFDA 21.019			2,029,482
American Rescue Plan Allocation	21.027	American Rescue Plan Allocation	653
Total CFDA 21.027			653
Total US Department of the Treasury			2,064,596
U S Department of Interior/U S Department of Fish and Wildlife			
Federal Payments in Lieu of Payments (PILT)	15.226	2021 PILT	51,630
Total CFDA 15.226			51,630
FWC Buddy Ward Artificial Reef Project	15.605	FL-F-F20AF11284	60,000
Total CFDA 15.605			60,000
Federal Refuge Sharing Funds	15.659	Refuge Revenue Sharing Act Funds	148,743
Total CFDA 15.659			148,743
Total US Department of Interior/US Department of Fish and Wildlife			260,373
U S Health & Human Services			
<i>Passed through Florida Department of Health</i>			
HRS Service of Process 2019-2020	93.563	CST-19	356
Title IV-D CSE	93.563	Operational 001.331-650	42,893
Total CFDA 93.563			43,249
Total US Department of Health & Human Services			43,249

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2021

Federal Awards Program	CFDA #	Contract/Grant Number	Expenditures
U S Department of Homeland Security			
<i>Passed through Florida Div. of Emergency Mgmt – Disaster Grants – Public Assistance</i>			
FEMA Hurricane Hermine & Hurricane Michael - St. George Island Boat & Pier Access Road Repairs	97.036	17-PA-W1-02-29-02-106 19-PA-AJ-02-29-02-010	4,125
FEMA Hurricane Hermine	97.036	17-PA-W1-02-29-02-106	8,984
FEMA Hurricane Sally – Emergency Protective Measures	97.036	PA-04-FL-4564-PW-00068	36,940
FEMA Hurricane Sally – North Bayshore Culvert Repairs	97.036	PA-00-02-29-02-042	37,609
FEMA Hurricane Michael – Eastpoint Fishing Pier Parking Area & ADA Ramp	97.036	PA-04-FL-4399-PW-01252	22,556
FEMA Hurricane Michael	97.036	19-PA-AJ-02-29-02-010	210,334
FEMA Hurricane Michael - Island View Park Repairs	97.036	PA-04-FL-4399-PW-01268	26,972
FEMA Hurricane Michael– C30 East & West Washouts	97.036	PA-04-FL-4399-PW-01262	31,594
FEMA Hurricane Michael – Alligator Drive Repairs	97.036	PA-04-FL-4399-PW-01152	791,676
Total CFDA 97.036			<u>1,170,790</u>
Emergency Management Performance Grant 20/21	97.042	G0182	53,720
Emergency Management Performance Grant 21/22	97.042	G0248	13,926
FEMA Cert Grant	97.042	21-007	4,996
Total CFDA 97.042			<u>72,642</u>
<i>Passed through Florida Dept of Mgmt Services</i>			
E911 GIS Data Support	20.615	S16-20-09-02	44,393
Total CFDA 20.615			<u>44,393</u>
Total US Department of Homeland Security			<u>1,287,825</u>
 Total Expenditure of Federal Awards			 <u>\$4,572,176</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2021

Note 1 – Basis of Accounting

The supplementary schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the County. Expenditures are presented on the modified accrual basis of accounting.

Note 2 – Reporting Entity

For the purpose of the supplementary schedule of expenditures of federal awards and state financial assistance the County includes all the funds of the primary government as defined by GASB Statement No. 14, *The Financial Reporting Entity*.

Note 3 – Pass-Through Awards

The Board received certain federal awards from pass-through awards of the State of Florida. The total amount of such pass-through awards is included on the supplementary schedule of expenditures of federal awards and state financial assistance.

Note 4 – Indirect Cost Rate

The County did not elect to utilize the 10% de minimis indirect cost rate.

**FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2021**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☒ Yes ☐ No

Significant deficiency(ies) identified that are not
considered to be a material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs: Unmodified

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are not
considered to be a material weaknesses? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with Uniform Guidance? ☐ Yes ☒ No

Identified major programs:

<u>CFDA/CSFA Number</u>	<u>Name of Federal Award/State Financial Assistance Project</u>
21.019	Coronavirus Relief Fund
55.009	CR67 Widening Project
55.012	C30A Widening Project

**FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES (continued)
YEAR ENDED SEPTEMBER 30, 2021**

Dollar threshold used to distinguish
between Type A and Type B programs

\$750,000 Federal/\$750,000 State

Auditee qualified as low-risk auditee?

 X yes none

Section II – Financial Statement Findings

See Summary Schedule of Current Year Findings

Section III – Findings and Questioned Costs – Major Federal Award Programs

No findings or questioned costs in the current year.

Section IV – Findings and Questioned Costs – Major State Financial Assistance Projects

No findings or questioned costs in the current year.

Section V – Other Issues

No Corrective Action Plan is required.

**FRANKLIN COUNTY, FLORIDA
SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
SEPTEMBER 30, 2021**

2021-001 Accrual Basis Accounting (Repeat)

Hospital

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with generally accepted accounting principles.

Condition: Multiple accounts and financial statement line items required adjustment or reclassification in order for the financial statements to be presented in accordance with generally accepted accounting principles. Such adjustments included proper presentation of cash, accounts receivable and related reserves, prepaid expenses, other assets, accounts payable, other liabilities, estimated third-party payer settlements, property, plan and equipment, and related party accounts, among others. Further, various accounts were not reconciled (or not reconciled timely) to the subsidiary ledgers at fiscal year-end, resulting in some of these adjustments.

Cause: Internal processes and controls were not sufficient (either nonexistent or ineffective) to detect material misstatements of the financial statements. The high level of management and accounting staff turnover during and just before fiscal 2019 was a contributing factor.

Effect: Material misstatement of the financial statements (before auditor adjustments).

Recommendation: Management should focus on strengthening internal controls surrounding financial reporting and the proper presentation of financial statements in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Actions: The Chief Financial Officer (CFO) will reconcile balance sheet accounts monthly. This was due to a lack of training and experience with the current Electronic Medical Records Provider. Staff turnover was a factor.

2021-002 Inventory (Repeat)

Hospital

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with generally accepted accounting principles. Additionally, management is responsible for ensuring that inventory and supplies are properly controlled, counted, monitored and safeguarded on an ongoing basis.

Condition: Though physical inventory counts were conducted at fiscal year-end, various valuation issues were noted. These included instances of items valued by the unit when they should have been valued by the box as well as instances in which the pricing used for valuation did not reflect the lower of cost or market.

Cause: Pricing and unit measure information within the Hospital's inventory tracking system is not being updated or is being updated incorrectly.

Effect: Additional audit work and adjustments were required to properly state the accounts.

FRANKLIN COUNTY, FLORIDA
SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
SEPTEMBER 30, 2021

Recommendation: Management should implement new processes and controls surrounding inventory ordering, receiving and tracking such that item costs within the Hospital's inventory tracking software are updated regularly, as items are ordered, using the appropriate unit measures.

Views of Responsible Officials and Planned Corrective Actions: The CFO will meet with purchasing director on a monthly basis to examine inventory quantity reports and review the hospital inventory system.

2021-003 Accounting & Finance Staffing (Repeat)
Hospital

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with generally accepted accounting principles. Such responsibility includes hiring and retaining effective and experienced staff to conduct such activities.

Condition and Cause: Processes and controls in place in fiscal 2019 were not sufficient to maintain effective internal control over financial reporting which resulted in the other findings described within this schedule.

Effect: The effect of this finding is reflected in the effects of findings 2018-001, 2018-002 and 2019-001 through 2019-004.

Recommendation: The Hospital should invest in the hiring of accounting staff and focus on retention of existing staff to ensure that existing control activities can be properly conducted and new policies and controls, necessary to address the findings noted herein, can be established and followed.

Views of Responsible Officials and Planned Corrective Actions: Management will identify options to enhance separations of duties by finance staff.

2021-004 Reconciliation of Cash and Posting of Receipts and Payroll Expense
Hospital

Criteria: Internal controls should be in place to ensure that all cash transactions are properly and timely recorded by the Hospital.

Condition and Cause and Effect: Audit entries were required to adjust accounts, most notably cash and payroll expense. In addition, we noted significant balances of unmatched cash receipts, primarily related to patient accounts receivable. Such amounts generally result when a cash payment is received from a third party insurer on a patient's behalf but has not yet been posted to the patient's balance on the accounts receivable subledger – often due to insufficient or pending remittance information accompanying the payment.

Recommendation: Bank reconciliations should be prepared and reviewed on a regular basis for all accounts, regardless of significance, and any identified variances or differences should be investigated and resolved in a timely manner. Cash receipts related to patient accounts should be matched and posted to the appropriate accounts receivable subledger upon receipt, or, if remittance information is not sufficient to enable account identification, investigated and resolved in as timely a manner as possible.

FRANKLIN COUNTY, FLORIDA
SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
SEPTEMBER 30, 2021

Views of Responsible Officials and Planned Corrective Actions: The CFO has identified the proper payroll reports to reconcile bank statements on a monthly basis.

2020-005 Accounts Receivable, Revenue and Reserves for Uncollectible Accounts
Hospital

Criteria: Generally accepted accounting principles require a provision for uncollectible accounts receivables based on management's assessment of collectability.

Condition and Effect: Accounts receivable on the unadjusted ledger was overstated. In addition, large balances of unmatched AR receipts were noted, as discussed in finding 2019-001 above. Audit entries were required to adjust accounts receivable and increase the reserves, reducing net AR by a material amount. In addition, other audit adjustments were required to adjust the components of net revenue – gross revenue, contractual and other allowances and the provision for bad debt.

Recommendation: The Hospital should prepare reconciliations of all gross accounts receivable to underlying details as part of each month-end close, and as previously noted in 2019-004, cash receipts related to patient accounts should be matched and posted to the appropriate accounts receivable subledger upon receipt or, if remittance information is not sufficient to enable account identification, investigated and resolved in as timely a manner as possible. The Hospital should routinely monitor its collections percentages through the use of a "lookback analysis" or comparable information using a sufficiently long (yet current) look back period to determine an appropriate reserving methodology that addresses the constantly evolving nature of the payer mix and adequately reserves receivables to their estimated net realizable value. Manual entries to accounts receivable, reserves, and/or net patient revenue, once prepared, should be reviewed by management for appropriateness and proper posting.

Views of Responsible Officials and Planned Corrective: The CFO will set up a structure for Account Payables. The CFO and Franklin County Finance Department will communicate asset dispositions.

2020-006 Capital Assets and Depreciation
Hospital

Criteria: Generally accepted accounting principles require the Hospital to report the cost of capital assets and accumulated depreciation by asset class and annual depreciation by function.

Condition and Effect: We noted variances between the Hospital's capital asset registers and general ledger, and various capital assets that were not recorded, or incorrectly recorded. As a result, adjusting entries were required to record certain capital asset additions, remove assets no longer capitalized, and adjust yearly depreciation expense totals.

Recommendation: We recommend the Hospital implement appropriate measures to ensure that all capital assets are captured and appropriately classified, maintained, and depreciated on the capital asset register, and that the capital asset register is reconciled to the general ledger on a regular basis and any differences that are identified are followed up on and resolved.

FRANKLIN COUNTY, FLORIDA
SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
SEPTEMBER 30, 2021

Views of Responsible Officials and Planned Corrective: The CFO will set up a structure for Account Payables. The CFO and Franklin County Finance Department will communicate asset dispositions.

2020-007 Recording of Audit Adjustments/Reconciliation of Net Position
Hospital

Criteria: Audit adjustments should be recorded by the Hospital to the general ledger in the relevant accounting period such that net position, post-close, at the end of each period reconciles to the net position per audited financial statements.

Condition: We noted that certain fiscal year 2018 audit entries were not appropriately recorded in fiscal 2018 and/or reflected in the opening equity balance of fiscal year 2019. As a result, the unadjusted balance of net position at September 30, 2021 was misstated by the net effect of these entries.

Recommendation: The Hospital should implement a process to ensure that all audit entries are properly posted to the general ledger in the correct period and that net position balances for each year, post-close, reconcile to the audited financial statements.

Views of Responsible Officials and Planned Corrective: The CFO will present post audit adjustments financial statements to CEO for approval.

**FRANKLIN COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
SEPTEMBER 30, 2021**

2019-001 Accrual Basis Accounting

Repeated

2019-002 Inventory

Repeated

2019-003 Accounting and financing Staffing

Repeated

2019-004 Reconciliation of cash and payroll expense

Repeated

2019-005 Accounts Receivable, Revenue and Reserves for Uncollectible Accounts

Repeated

2019-006 Capital Assets and Depreciation

Repeated

2019-007 Recording of Audit Adjustments/Reconciliation of Net Position

Repeated

**Franklin County, Florida
Clerk of the Circuit Court**

**Special-Purpose
Financial Statements
September 30, 2021**

Vance CPA, LLC

Certified Public Accountant

219-B Avenue E • Apalachicola, FL 32320
Tel. (706) 278-1221 • Fax (800) 532-1015

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SEPTEMBER 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Michele Maxwell
Franklin County Clerk of the Circuit Court
Franklin County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Franklin County Clerk of Courts and Comptroller (the Office), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Franklin County Clerk of Courts and Comptroller's financial statements, as listed in the table of contents

Management's Responsibility for the financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information for the Franklin County Clerk of Courts and Comptroller as of September 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Franklin County, Florida, that is attributable to the Franklin County Clerk of Courts and Comptroller. They do not purport to, and do not, present fairly the financial position of Franklin County,

Florida as of September 30, 2021, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report on our consideration of the Franklin County Clerk of Courts and Comptroller's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Franklin County Clerk of Courts and Comptroller's internal control over financial reporting and compliance.

Vance CPA LLC

Apalachicola, Florida
June 15, 2022

Vance CPA LLC

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Modernization Trust Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 190,127	\$ 51,949	\$ 232,017	\$ 474,093
Accounts receivable	38	—	—	38
Due from other funds	17,040	19,748	4,960	41,748
Due from other governmental units	9,869	—	—	9,869
Prepays	—	—	—	—
Total Assets	<u>217,074</u>	<u>71,697</u>	<u>236,977</u>	<u>525,748</u>
Liabilities Deferred Inflows and Fund Balances:				
Deferred Inflows				
Jury funding	—	2,339	—	2,339
Total Deferred Inflows	<u>—</u>	<u>2,339</u>	<u>—</u>	<u>2,339</u>
Liabilities				
Accounts payable	15,166	1,223	1,049	17,438
Due to other funds	149,028	3,565	—	152,593
Due to other governmental units	136	64,570	—	64,706
Due to Board of County Commissioners	1,625	—	—	1,625
Total Liabilities	<u>165,955</u>	<u>69,358</u>	<u>1,049</u>	<u>236,362</u>
Fund Balance:				
Restricted	<u>51,119</u>	<u>—</u>	<u>235,928</u>	<u>287,047</u>
Total Liabilities Deferred Inflows and Fund Balances	<u>\$ 217,074</u>	<u>\$ 71,697</u>	<u>\$ 236,977</u>	<u>\$ 525,748</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN RESTRICTED FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Modernization Trust Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Charges for services	\$ 149,659	\$ 127,821	\$ 64,485	\$ 341,965
Intergovernmental revenue	42,893	482,525	—	525,418
Investment income	232	82	174	488
Fines and Forfeitures	—	66,592	—	66,592
Total revenues	<u>192,784</u>	<u>677,020</u>	<u>64,659</u>	<u>934,463</u>
Expenditures:				
General government				
Current				
Personal services	398,106	—	—	398,106
Operating expenditures	62,239	—	887	63,126
Capital outlay	1,217	—	—	1,217
Court-related				
Current				
Personal services	40,546	619,116	—	659,662
Operating expenditures	9,488	15,751	34,267	59,506
Capital outlay	—	—	—	—
Total expenditures	<u>511,596</u>	<u>634,867</u>	<u>35,154</u>	<u>1,181,617</u>
Excess (deficit) of revenues over (Under) Expenditures	(318,812)	42,153	29,505	(247,154)
Other financing sources (uses)				
Transfers from Board of County Commissioners	484,701	—	—	484,701
Transfers to Board of County Commissioners	(148,752)	—	—	(148,752)
Reversion to State of Florida	—	(42,153)	—	(42,153)
Total other financing Sources (uses)	<u>335,949</u>	<u>(42,153)</u>	<u>—</u>	<u>293,796</u>
Net change in fund balances	17,137	—	29,505	46,642
Fund balances - beginning	<u>33,982</u>	<u>—</u>	<u>206,423</u>	<u>240,405</u>
Fund balance - ending	<u>\$ 51,119</u>	<u>\$ —</u>	<u>\$ 235,928</u>	<u>\$ 287,047</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

CUSTODIAL STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2021

ASSETS

Cash and Cash Equivalents \$ 199,029

Total Assets **\$ 199,029**

LIABILITIES

Due to other funds 37,140

Due to Board of County Commissioners 7,481

Due to other governments 11,010

Total Liabilities **\$ 55,631**

NET POSITION

Restricted for:

Other individuals and organizations 143,398

Total Net Position **\$ 143,398**

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

CUSTODIAL STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

SEPTEMBER 30, 2021

Additions	
Court related	<u>\$6,676,100</u>
Total Additions	<u>6,676,100</u>
Deductions	
Court related payments	<u>6,591,845</u>
Total Deductions	<u>6,591,845</u>
Net change in fiduciary net position	84,255
Net position, beginning	<u>59,143</u>
Net Position, ending	<u>\$ 143,398</u>

See accompanying notes to the basic financial statements

FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Clerk of the Circuit Court of Franklin County, Florida is an elected Constitutional Officer of Franklin County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Clerk is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Clerk is considered to be a part of the primary government of Franklin County, Florida and the financial information is included in Franklin County's county-wide financial statements.

These special-purpose financial statements include only the balance and activity of the Clerk's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The Clerk funds her operations as a fee officer and a budget officer pursuant to Florida Statutes, Chapters 28, 218 and 129. As a fee officer, the Clerk collects fees and commissions from the County and Circuit Court related matters. As a budget officer, the operations as Clerk to the Board are approved and funded by the Board of County Commissioners. The budgeted receipts from the Board are recorded as other financing sources on the Clerk's financial statements and as other financing uses on the Board's financial statements. Excesses of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Clerk utilizes the following fund types:

FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Clerk. It is used to account for all financial resources, except for those required to be accounted for in other funds.

Fine and Forfeitures Trust Fund – This fund accounts for funds collected and disbursed pursuant to statutes, administrative orders and ordinances.

Modernization Trust Fund – The modernization trust fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Fiduciary Fund Type

Custodial Funds – The custodial funds are used to account for assets held by the Clerk as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of changes in financial position.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Clerk considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

E. Budgetary Requirements

Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Clerk. Appropriations lapse at the end of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect all approved amendments.

Florida Statutes Chapter 218.35 governs the preparation, adoption, and administration of the Clerk’s annual budget. The Clerk establishes an annual budget for the office which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The Clerk’s budget is prepared in three parts:

1. The budget relating to the requirements of the Clerk as the Ex Officio Clerk to the Board, County Auditor, County Recorder, and Custodian or Treasurer of all County funds and other county related duties, and for chapter 29 obligations;
2. The budget relating to the Florida court system, which is filed with the Clerk of Courts Operations Corporation (CCOC) by June 1 preceding the fiscal year of the budget, in the format required by the CCOC. Section 28.36, Florida Statutes, defines the maximum annual budget permitted; and
3. The budget for all other operations of the Clerk.

FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The annual budgetary data reported for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Clerk's adopted budget, the original appropriation ordinance, and budget amendments approved by the Clerk or as adopted by the Board.

Budget to actual comparisons are provided in the financial statements for the general fund, the fine and forfeitures trust fund, and modernization trust fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

F. Cash and Cash Equivalents

The Clerk considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

G. Investments

Investments are administered by the Florida State Board of Administration or consist of certificates of deposit when directed by court order. In accordance with the provisions of GASB Statement Number 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments of the Clerk are reported at amortized cost, which approximates fair value.

H. Capital Assets

Tangible personal property is recorded as expenditures in the governmental fund types at the time an asset is acquired. Title to these assets vests with the Franklin County Board of County Commissioners, and therefore, the Franklin County Board of County Commissioners records the capitalization of the asset, and any related depreciation. The Clerk maintains custodial responsibility for the capital assets used by her office.

FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences

The Clerk maintains a policy that permits employees to accumulate earned but unused leave time and compensatory time benefits that will be paid to employees upon separation from County service if certain criteria are met. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused leave time and compensatory time hours accrued up to a maximum amount.

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements of Franklin County. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay.

J. Net Assets and Fund Equity

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

K. Restricted Assets

Certain assets of the various funds are required by resolutions or ordinances to be set aside and used for specific purposes; thus, they are not available to be used for general operations. When both restricted and unrestricted resources are available for use, it is the government's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

L. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Subsequent Events

The County evaluated subsequent events through June 15, 2022, the date which the financial statements were available to be issued. The County did not have any subsequent events requiring disclosure or recording in these financial statements.

N. Excess Court-related Funds

Based on the legal opinion provided by Clerks of Court Operations Corporation general counsel of the provisions of Section 28.37(3), F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund liability, Due to Other Governments.

NOTE 2 - CASH AND INVESTMENTS

Cash Deposits

All Clerk depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Clerk cash consists of checking accounts and interest-bearing time deposits in a local bank.

Investments

The Clerk maintains investment accounts with the Local Government Surplus Trust Funds Trust Fund (LGSF) administered by the Florida State Board of Administration (SBA). The LGSF is an external investment pool that is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures consistent with the requirements for an SEC Rule 2a-7 fund. The LGSF is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of the LGSF. Additionally, the Florida Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Investments with the SBA are not evidenced by securities that exist in physical or book entry form. The LGSF is not rated by statistical rating organizations.

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 2 - CASH AND INVESTMENTS (continued)

The Clerk held no investments at September 30, 2021.

Interest Rate Risk

At September 30, 2021, the Clerk did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2021 the Clerk did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2021 the Clerk did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2021 the Clerk did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

Essentially all regular employees of the Clerk are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Park IV, Florida Statutes, Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two costs-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statement, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com)

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special

FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Clerk employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these operations. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Participating employer contributions are based upon statewide rates established by the State of Florida. The Clerk's contributions made to the plans during the years ended September 30, 2021, 2020, and 2019 were \$137,392, \$96,188, and \$90,894 respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's annual financial statements.

FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 4 – CHANGES IN LONG-TERM OBLIGATIONS

Long-term debt of the Clerk of the Circuit Court is reported as a component of the County's government-wide financial statements as follows:

	Balance			Balance
	<u>09/30/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>09/30/21</u>
Accumulated compensated absences	\$ 81,568	\$ 49,455	\$ (73,521)	\$ 57,502

Accrued compensated absences represent the vested portion of accrued leave time, and compensatory time. See note 1 for a summary of the Clerk of the Circuit Court's policy regarding compensated absences.

NOTE 5 –RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Clerk participates in the risk management program through the Franklin County Board of County Commissioners, which uses commercial insurance and a public entity risk pool to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property damage
- Public employee's bond
- Workers' compensation
- General and automobile liability

NOTE 6 – ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods and services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year for those that expire at year end. The Clerk had no outstanding encumbrances at September 30, 2021.

NOTE 7 – RESTATEMENT OF NET POSITION

For the fiscal year ended September 30, 2021, the Office implemented GASB Statement No. 84, *Fiduciary Activities*. Beginning net position in the custodial funds was restated from \$-0- to \$59,143, as a result of this implementation.

REQUIRED SUPPLEMENTARY INFORMATION

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2021

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Charges for services	\$ 90,900	\$ 90,900	\$ 149,659	\$ 58,759
Intergovernmental revenue	41,000	41,000	42,893	1,893
Interest income	150	150	232	82
Total revenues	<u>132,050</u>	<u>132,050</u>	<u>192,784</u>	<u>60,734</u>
Expenditures:				
General Government				
Current				
Personal services	443,885	443,885	398,106	45,779
Operating expenditures	66,241	66,241	62,239	4,002
Capital outlay	—	—	1,217	(1,217)
Court-related				
Current				
Personal services	91,904	91,904	40,546	51,358
Operating expenditures	20,103	20,103	9,488	10,615
Capital outlay	42,505	42,505	—	42,505
Total expenditures	<u>664,638</u>	<u>664,638</u>	<u>511,596</u>	<u>153,042</u>
Excess (deficit) of revenues over (under) expenditures	<u>(532,588)</u>	<u>(532,588)</u>	<u>(318,812)</u>	<u>213,776</u>
Other financing sources (uses)				
Transfers from Board of County Commissioners	498,606	498,606	484,701	(13,905)
Transfers to Board of County Commissioners	—	—	(148,752)	(148,752)
Total other financing Sources (uses)	<u>498,606</u>	<u>498,606</u>	<u>335,949</u>	<u>(162,657)</u>
Net change in fund balances	<u>(33,982)</u>	<u>(33,982)</u>	<u>17,137</u>	<u>51,119</u>
Fund balances - beginning	<u>33,982</u>	<u>33,982</u>	<u>33,982</u>	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 51,119</u></u>	<u><u>\$ 51,119</u></u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance – budget to actual – general fund is an integral part of this schedule.

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – FINE AND FORFEITURES TRUST FUND**

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive (Negative)</u>
Revenues:				
Intergovernmental revenue	\$ 481,919	\$ 482,528	\$ 482,525	\$ (3)
Investment Income	70	70	82	12
Charges for services	109,131	109,131	127,821	18,690
Fines and forfeitures	<u>43,139</u>	<u>43,139</u>	<u>66,592</u>	<u>23,453</u>
Total revenues	<u>634,259</u>	<u>634,868</u>	<u>677,020</u>	<u>42,152</u>
Expenditures:				
Court-related				
Current				
Personal services	617,218	617,218	619,116	(1,898)
Operating expenditures	17,041	17,650	15,751	1,899
Capital outlay	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>634,259</u>	<u>634,868</u>	<u>634,867</u>	<u>1</u>
Excess (deficit) of revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>42,153</u>	<u>42,153</u>
Other financing sources (uses)				
Reversion to State of Florida	<u>—</u>	<u>—</u>	<u>(42,153)</u>	<u>(42,153)</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance – budget to actual – general fund is an integral part of this schedule.

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – MODERNIZATION TRUST FUND**

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Charges for services	\$ 45,000	\$ 45,000	\$ 64,485	\$ 19,485
Investment income	—	—	174	174
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>64,659</u>	<u>19,659</u>
Expenditures:				
General government				
Current				
Operating expenditures	35,000	35,000	887	34,113
Capital outlay	107,225	107,225	—	107,225
Court-related				
Current				
Operating expenditures	19,000	19,000	34,267	(15,267)
Capital outlay	89,775	89,775	—	89,775
Total expenditures	<u>251,000</u>	<u>251,000</u>	<u>35,154</u>	<u>215,846</u>
Excess (deficit) of revenues over (under) expenditures	<u>(206,000)</u>	<u>(206,000)</u>	<u>29,505</u>	<u>235,505</u>
Net change in fund balances	<u>(206,000)</u>	<u>(206,000)</u>	<u>29,505</u>	<u>235,505</u>
Fund balances - beginning	<u>206,423</u>	<u>206,423</u>	<u>206,423</u>	<u>—</u>
Fund balances - ending	<u><u>\$ 423</u></u>	<u><u>\$ 423</u></u>	<u><u>\$ 235,928</u></u>	<u><u>\$ 235,505</u></u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance – budget to actual – general fund is an integral part of this schedule.

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL-
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2021

(1) Budgetary Information:

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, the fine and forfeiture fund, and the records modernization trust fund. All annual appropriations lapse at fiscal year-end.

The Clerk follows these procedures in establishing the budgetary data reflected in the financial statements:

The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.

Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.

Formal budgetary integration is employed as a management control device during the year. The legal level of budgetary control is the fund level.

The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America

SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

SEPTEMBER 30, 2021

	<u>Jury</u>	<u>General Trust</u>	<u>Child Support</u>	<u>Registry of Court</u>	<u>Total Agency Funds</u>
Assets:					
Cash and cash equivalents	\$ —	\$ 62,035	\$ 761	\$ 136,233	\$ 199,029
Total assets	<u>\$ —</u>	<u>\$ 62,035</u>	<u>\$ 761</u>	<u>\$ 136,233</u>	<u>\$ 199,029</u>
Liabilities:					
Due to other funds	\$ —	\$ 37,086	\$ 54	\$ —	\$ 37,140
Due to other governments	—	10,937	73	—	11,010
Due to BOCC	<u>—</u>	<u>7,481</u>	<u>—</u>	<u>—</u>	<u>7,481</u>
Total Liabilities	<u>\$ —</u>	<u>\$ 55,504</u>	<u>\$ 127</u>	<u>\$ —</u>	<u>\$ 55,631</u>
Net Position:					
Restricted for:					
Other individuals and organizations	\$ —	\$ 6,531	\$ 634	\$ 136,233	\$ 143,398
Total net position	<u>\$ —</u>	<u>\$ 6,531</u>	<u>\$ 634</u>	<u>\$ 136,233</u>	<u>\$ 143,398</u>

**FRANKLIN COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
COMBINING SCHEDULE OF CHANGES OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS**

SEPTEMBER 30, 2021

	<u>Jury</u>	<u>General Trust</u>	<u>Child Support</u>	<u>Registry of Court</u>	<u>Total Agency Funds</u>
Additions:					
Court related	\$ <u>1,680</u>	\$ <u>6,065,387</u>	\$ <u>10,645</u>	\$ <u>598,388</u>	\$ <u>6,676,100</u>
Total additions	<u>1,680</u>	<u>6,065,387</u>	<u>10,645</u>	<u>598,388</u>	<u>6,676,100</u>
Deductions:					
Court related payments	<u>1,680</u>	<u>6,058,856</u>	<u>10,331</u>	<u>520,978</u>	<u>6,591,845</u>
Total Deductions	<u>1,680</u>	<u>6,058,856</u>	<u>10,331</u>	<u>520,978</u>	<u>6,591,845</u>
Net change in fiduciary net position	—	6,531	314	77,410	84,255
Net position, beginning	<u>—</u>	<u>—</u>	<u>320</u>	<u>58,823</u>	<u>59,143</u>
Net position, ending	<u>\$ —</u>	<u>\$ 6,531</u>	<u>\$ 634</u>	<u>\$ 136,233</u>	<u>\$ 143,398</u>

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Michele Maxwell
Franklin County Clerk of the Circuit Court
Franklin County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the general fund of the Franklin County Clerk of Courts and Comptroller (the Office) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Franklin County Clerk of Courts and Comptroller's special-purpose financial statements, and have issued our report thereon dated June 15, 2022, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Office's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Franklin County Clerk of Courts and Comptroller's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin County Clerk of Courts and Comptroller's special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Apalachicola, Florida
June 15, 2022

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Honorable Michele Maxwell
Franklin County Clerk of the Circuit Court
Franklin County, Florida

We have audited the financial statements of the Franklin County Clerk of Courts and Comptroller (the Office), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 15, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with Government Auditing Standards, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 15, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address all findings and recommendations made in the preceding financial audit report, if applicable.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Franklin County Clerk of the Circuit Court is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Franklin County, including the Office of the Clerk, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Franklin County Clerk of Courts and Comptroller to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Franklin County Clerk of Courts and comptroller, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Apalachicola, Florida
June 15, 2022

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INDEPENDENT AUDITORS' EXAMINATION REPORT

To the Honorable Michele Maxwell
Franklin County Clerk of the Circuit Court
Franklin County, Florida

We have examined the Franklin County Clerk of Courts and Comptroller's (the Office) compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, Section 28.35, Florida Statutes, Florida Clerks of Court Operations Corporation, Section 28.36, Florida Statutes, Budget Procedure, and Section 61.181, Florida Statutes, Depository for Alimony Transactions, Support, Maintenance, and Support Payments; Fees (collectively, "the Statutes"), for the year ended September 30, 2021. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied with the Statutes for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the Office's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Franklin County Clerk of Courts and Comptroller complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

Vance CPA LLC

Apalachicola, Florida
June 15, 2022

Vance CPA LLC

**FRANKLIN COUNTY, FLORIDA – CLERK OF THE CIRCUIT COURT
MANAGEMENT’S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2021

There are no comments which require management’s written response.

**Franklin County, Florida
Sheriff**

**Special-Purpose
Financial Statements
September 30, 2021**

Vance CPA LLC

Certified Public Accountant

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**FRANKLIN COUNTY SHERIFF
SEPTEMBER 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Honorable A. J. Smith
Franklin County Sheriff
Franklin County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Franklin County Sheriff (the Office), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Office's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund and the aggregate remaining fund information of the Sheriff as of September 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Office's internal control over financial reporting and compliance.

Vance CPA LLC

Apalachicola, Florida
June 15, 2022

Vance CPA LLC

**FRANKLIN COUNTY, FLORIDA
SHERIFF**

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Prisoner Welfare Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ —	\$ 42,093	\$ 16,733	\$ 58,826
Total Assets	<u>—</u>	<u>42,093</u>	<u>16,733</u>	<u>58,826</u>
Liabilities and fund balances:				
Liabilities				
Due to other funds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance:				
Restricted	—	42,093	16,733	58,826
Assigned	—	—	—	—
Unassigned	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total fund balances	<u>—</u>	<u>42,093</u>	<u>16,733</u>	<u>58,826</u>
Total Liabilities and Fund Balances	<u>\$ —</u>	<u>\$ 42,093</u>	<u>\$ 16,733</u>	<u>\$ 58,826</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Prisoner Welfare Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Intergovernmental	\$ 647,951	\$ —	\$ —	\$ 647,951
Miscellaneous	—	88,193	7,524	95,717
Total revenues	<u>647,951</u>	<u>88,193</u>	<u>7,524</u>	<u>743,668</u>
Expenditures:				
Public safety				
Law enforcement				
Current				
Personal services	3,433,382	—	—	3,433,382
Operating expenditures	1,258,057	—	6,347	1,264,404
Capital outlay	<u>153,453</u>	<u>—</u>	<u>—</u>	<u>153,453</u>
Total law enforcement	<u>4,844,892</u>	<u>—</u>	<u>6,347</u>	<u>4,851,239</u>
Corrections				
Current				
Personal services	967,490	—	—	967,490
Operating expenditures	564,962	103,994	—	668,956
Capital outlay	<u>—</u>	<u>50,482</u>	<u>—</u>	<u>50,482</u>
Total corrections	<u>1,532,452</u>	<u>154,476</u>	<u>—</u>	<u>1,686,928</u>
Total expenditures	<u>6,377,344</u>	<u>154,476</u>	<u>6,347</u>	<u>6,538,167</u>
Excess (deficit) of revenues over (Under) Expenditures	(5,729,393)	(66,283)	1,177	(5,794,499)
Other financing sources (uses)				
Loan proceeds	185,658	50,482	—	236,140
Transfers in	5,547,461	—	—	5,547,461
Transfers to Board of County Commissioners	<u>(3,726)</u>	<u>—</u>	<u>—</u>	<u>(3,726)</u>
Total other financing Sources (uses)	<u>5,729,393</u>	<u>50,482</u>	<u>—</u>	<u>5,779,875</u>
Net change in fund balances	—	(15,801)	1,177	(14,624)
Fund balances - beginning	—	57,894	15,556	73,450
Fund balance - ending	<u>\$ —</u>	<u>\$ 42,093</u>	<u>\$ 16,733</u>	<u>\$ 58,826</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL**

SEPTEMBER 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 44,723</u>
Total Assets	<u>\$ 44,723</u>
NET POSITION	
Restricted for:	
Other individuals and organizations	<u>44,723</u>
Total Net Position	<u>\$ 44,723</u>

See accompanying notes to the basic financial statements

**FRANLIN COUNTY, FLORIDA
SHERIFF**

CUSTODIAL STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

SEPTEMBER 30, 2021

	Custodial Funds
ADDITIONS	
Service charges/general government	\$ 177,205
Bond related	<u>37,494</u>
Total Additions	<u>214,699</u>
DEDUCTIONS	
Service charges/DT Others	57,857
Due to individuals	159,354
Court related	<u>3,131</u>
Total Deductions	<u>220,342</u>
Net change in fiduciary net position	(5,643)
Net position, beginning of year	<u>50,366</u>
Net position, end of year	<u>\$ 44,723</u>

See accompanying notes to the basic financial statements

FRANKLIN COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Sheriff of Franklin County, Florida is an elected Constitutional Officer of Franklin County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Sheriff is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Sheriff is considered to be a part of the primary government of Franklin County, Florida and the financial information is included in Franklin County's county wide financial statements.

These special-purpose financial statements include only the balances and activity of the Sheriff's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The Franklin County Board of County Commissioners (Board) funds a portion or, in certain instances, all of the operating budgets of the County's Constitutional Officers except obligations specified under Florida Statutes Chapter 29. The payments by the Board to fund the operations of the Constitutional Officers are recorded as transfers out on the financial statements of the Board and as transfers from the Board on the financial statements of the Constitutional Officers. Repayments to the Board are recorded as transfers out on the financial statements of the Constitutional Officers and as transfers in on the financial statements of the Board.

The accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Sheriff utilizes the following fund types:

FRANKLIN COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Fiduciary Fund Types

Agency Funds – The agency funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Sheriff considers receivables collected within 60 days after year end to be available and susceptible to accrual as revenues in the current year. Charges for services and interest are susceptible to accrual.

FRANKLIN COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

E. Budgets and Budgetary Accounting

Florida Statutes Chapter 30.49 governs the preparation, adoption, and administration of the Sheriff’s annual budget. Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Sheriff. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The annual budgetary data reported for governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States of America and represent the Sheriff’s adopted budget, the original appropriation ordinance, and budget amendments approved by the Sheriff or as adopted by the Board. Budgets are not adopted for the Sheriff’s special revenue funds.

F. Net Position and Fund Equity

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

FRANKLIN COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Restricted Assets

Certain assets of the various funds are required by resolutions or ordinances to be set aside and used for specific purposes; thus, they are not available to be used for general operations. When both restricted and unrestricted resources are available for use, it is the government's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

H. Compensated Absences

Permanent full-time employees of the Sheriff are entitled to accrue unlimited hours of sick leave and 240 hours of vacation time/compensatory time. Upon termination, employees can be paid up to 240 hours of vacation time/compensatory leave. The Sheriff's accumulated compensated absences are reported in the statement of net assets in the Board's financial statements.

I. Cash and Cash Equivalents

The Sheriff considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

J. Capital Assets

Capital assets include property, plant, and equipment with an individual cost of \$1,000 or more and an estimated useful life in excess of one year. Donated fixed assets are recorded at estimated fair market value on the date received.

K. Subsequent Events

The County evaluated subsequent events through June 15, 2022, the date which the financial statements were available to be issued. The County did not have any subsequent events requiring disclosure or recording in these financial statements.

FRANKLIN COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 2 - CASH AND INVESTMENTS

All Sheriff depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Sheriff's cash consists of checking accounts and interest-bearing time deposits in a local bank.

The Sheriff held no investments at September 30, 2021.

Interest Rate Risk

At September 30, 2021 the Sheriff did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2021 the Sheriff did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2021 the Sheriff did not hold any deposits or investment that was considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2021, the Sheriff did not hold any investments that were considered to be a concentration of credit risk.

NOTE 3 – CAPITAL ASSETS

Changes in the capital assets accounted for and maintained by the Sheriff for the year ended September 30, 2021 are summarized as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>9/30/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>9/30/2021</u>
Machinery, furniture & equipment	\$3,983,294	\$ 403,964	\$ —	\$ 4,387,258
Accumulated depreciation	(3,538,893)	(152,927)	—	(3,691,820)
Capital assets - net	<u>\$ 444,401</u>	<u>\$ 251,037</u>	<u>\$ —</u>	<u>\$ 695,438</u>

**FRANKLIN COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 4 – EMPLOYEE BENEFITS

RETIREMENT PLAN

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Sheriff are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Park IV, Florida Statutes, Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two costs-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statement, required supplementary information, actuarial report, and other relevant information is available from the Florida Department of Management Services' Website (www.dms.myflorida.com)

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

FRANKLIN COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 4 – EMPLOYEE BENEFITS (continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**FRANKLIN COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 4 – EMPLOYEE BENEFITS (continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

FRANKLIN COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 4 – EMPLOYEE BENEFITS (continued)

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Sheriff employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Sheriff.

FRANKLIN COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 4 – EMPLOYEE BENEFITS (continued)

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these operations. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Participating employer contributions are based upon statewide rates established by the State of Florida. The Sheriff's contributions made to the plans during the years ended September 30, 2021, 2020, and 2019 were \$659,292, \$640,473, and \$629,308 respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's annual financial statements.

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

	<u>Balance</u> <u>09/30/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/21</u>
Accumulated compensated absences	<u>\$ 346,654</u>	<u>\$ 228,149</u>	<u>\$ (251,772)</u>	<u>\$ 323,031</u>

Accrued compensated absences represent the vested portion of accrued vacation, sick leave, and compensatory time. See note 1 for a summary of the Sheriff's policy regarding compensated absences.

NOTE 6 – OTHER DISCLOSURES

Budget amounts are adopted only for the operating fund and not for special revenue funds. Since no budget is adopted, a budget to actual comparison has not been prepared for the major special revenue fund. The special revenue fund accounts for commissions from operation of an inmate commissary.

FRANKLIN COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 7 – RISK MANAGEMENT

The Sheriff participates in the Florida Sheriff Self-Insurance Fund, which is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under these programs include; general liability, public employees blanket bond, automobiles and money and securities coverage.

- General liability
- Public employees blanket bond
- Money and securities coverage

The Sheriff provides for workers' compensation coverage under a retrospectively rated commercial insurance policy through the Board. Premiums are accrued based on the ultimate cost to – date of the Sheriff's experience for this type of risk.

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$3,300,000 for professional liability and \$3,200,000 for public officials' coverage.

NOTE 8 – RESTATEMENT OF NET POSITION

For the fiscal year ended September 30, 2021, the Office implemented GASB Statement No. 84, *Fiduciary Activities*. Beginning net position in the custodial funds was restated from \$0-0 to \$50,366, as a result of this implementation.

REQUIRED SUPPLEMENTARY INFORMATION

**FRANKLIN COUNTY, FLORIDA
SHERIFF**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2021

	Budget Amounts		Actual	Variance with Final
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 116,335	\$ 226,874	\$ 647,951	\$ 421,077
Miscellaneous	—	—	—	—
Total revenues	<u>116,335</u>	<u>226,874</u>	<u>647,951</u>	<u>421,077</u>
Expenditures:				
Public Safety				
Law enforcement				
Current				
Personal services	3,102,863	3,171,846	3,433,382	(261,536)
Operating expenditures	744,852	762,207	1,258,057	(495,850)
Capital outlay	—	—	153,453	(153,453)
Total law enforcement	<u>3,847,715</u>	<u>3,934,053</u>	<u>4,844,892</u>	<u>(910,839)</u>
Corrections				
Current				
Personal services	1,377,917	1,380,129	967,490	412,639
Operating expenditures	599,110	645,811	564,962	80,849
Total corrections	<u>1,977,027</u>	<u>2,025,940</u>	<u>1,532,452</u>	<u>493,488</u>
Total expenditures	<u>5,824,742</u>	<u>5,959,993</u>	<u>6,377,344</u>	<u>(417,351)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(5,708,407)</u>	<u>(5,733,119)</u>	<u>(5,729,393)</u>	<u>3,726</u>
Other financing sources (uses)				
Transfers in	5,522,749	5,547,461	5,547,461	—
Loan proceeds	185,658	185,658	185,658	—
Transfers to BOCC	—	—	3,726	(3,726)
Total other financing Sources (uses)	<u>5,708,407</u>	<u>5,733,119</u>	<u>5,729,393</u>	<u>(3,726)</u>
Net change in fund balances	—	—	—	—
Fund balances - beginning	—	—	—	—
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance - budget to actual - governmental funds is an integral part of this schedule.

**FRANKLIN COUNTY, FLORIDA
SHERIFF**

**NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL-
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2021

Budgetary Information:

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end. A formal budget is not adopted for the federal forfeiture, inmate welfare, or donations funds, and therefore budgetary comparison schedules are not presented for these funds.

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.

Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.

Formal budgetary integration is employed as a management control device during the year. The legal level of budgetary control is the fund level.

The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America

SUPPLEMENTARY INFORMATION

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS –
SPECIAL REVENUE FUNDS**

SEPTEMBER 30, 2021

	<u>Families in Crisis</u>	<u>Forfeiture Fund</u>	<u>Employee Fund</u>	<u>Kids with Cops</u>	<u>Senior Citizen Fund</u>	<u>Total Other Governmental Fund</u>
Assets						
Cash and cash equivalents	\$ 3,581	\$ 3,053	\$ 3,536	\$ 3,293	\$ 3,270	\$ 16,733
Total Assets	<u>3,581</u>	<u>3,053</u>	<u>3,536</u>	<u>3,293</u>	<u>3,270</u>	<u>16,733</u>
Liabilities & Fund Balance						
Liabilities						
Accounts payable	—	—	—	—	—	—
Total Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance						
Restricted	3,581	3,053	3,536	3,293	3,270	16,733
Total Fund Balance	<u>3,581</u>	<u>3,053</u>	<u>3,536</u>	<u>3,293</u>	<u>3,270</u>	<u>16,733</u>
Total Liabilities and Fund Balance	<u>\$ 3,581</u>	<u>\$ 3,053</u>	<u>\$ 3,536</u>	<u>\$ 3,293</u>	<u>\$ 3,270</u>	<u>\$ 16,733</u>

FRANKLIN COUNTY, FLORIDA - SHERIFF
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS

YEAR ENDED SEPTEMBER 30, 2021

	<u>Families in Crisis</u>	<u>Forfeiture Fund</u>	<u>Employee Fund</u>	<u>Kids with Cops</u>	<u>Senior Citizen Fund</u>	<u>Total Other Governmental Fund</u>
Revenues						
Miscellaneous	\$ 3	\$ 2,052	\$ 1,056	\$ 4,347	\$ 66	\$ 7,524
Total Revenues	<u>3</u>	<u>2,052</u>	<u>1,056</u>	<u>4,347</u>	<u>66</u>	<u>7,524</u>
Expenditures						
Public Safety						
Law Enforcement						
Current Operating						
Expenditures	<u>—</u>	<u>—</u>	<u>533</u>	<u>5,814</u>	<u>—</u>	<u>6,347</u>
Total Law Enforcement	<u>—</u>	<u>—</u>	<u>533</u>	<u>5,814</u>	<u>—</u>	<u>6,347</u>
Excess (deficit) of revenues over (under) expenditures	<u>3</u>	<u>2,052</u>	<u>523</u>	<u>(1,467)</u>	<u>66</u>	<u>1,177</u>
Fund balances – beginning of year	<u>3,578</u>	<u>1,001</u>	<u>3,013</u>	<u>4,760</u>	<u>3,204</u>	<u>15,556</u>
Fund balances – end of year	<u>\$ 3,581</u>	<u>\$ 3,053</u>	<u>\$ 3,536</u>	<u>\$ 3,293</u>	<u>\$ 3,270</u>	<u>\$ 16,733</u>

CUSTODIAL FUNDS

BONDS – Used to account for the receipt and disbursement of cash bonds.

INMATE TRUST– Used to account for funds received from inmates held in the Franklin County Correctional Facility. Funds may be used for purchases in the facility's canteen or will be returned to the inmates upon their release.

FRANKLIN COUNTY, FLORIDA - SHERIFF
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

SEPTEMBER 30, 2021

	<u>Bonds</u>	<u>Inmate Trust</u>	<u>Total Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ <u>36,162</u>	\$ <u>8,561</u>	\$ <u>44,723</u>
Total Assets	<u>36,162</u>	<u>8,561</u>	<u>44,723</u>
Net Position			
Restricted for:			
Individuals and organizations	<u>36,162</u>	<u>8,561</u>	<u>44,723</u>
Total Net Position	<u>\$ 36,162</u>	<u>\$ 8,561</u>	<u>\$ 44,723</u>

**FRANKLIN COUNTY, FLORIDA - SHERIFF
COMBINING SCHEDULE OF FIDUCIARY
ASSETS AND LIABILITIES
CUSTODIAL FUNDS**

SEPTEMBER 30, 2021

	<u>Bonds</u>	<u>Inmate Trust</u>	<u>Total Agency Funds</u>
Additions			
Charges for services	\$ —	\$ 177,205	\$ 177,205
Bond related	<u>37,494</u>	<u>—</u>	<u>37,494</u>
Total Additions	<u>37,494</u>	<u>177,205</u>	<u>214,699</u>
Deductions:			
Payment to individuals	28,154	131,200	159,354
Payment to other governments	3,131	—	3,131
Payments to BOCC	—	—	—
Payments to constitutional officers	<u>11,420</u>	<u>46,437</u>	<u>57,857</u>
Total Deductions	<u>42,705</u>	<u>177,637</u>	<u>220,342</u>
Net change in fiduciary net position	(5,211)	(432)	(5,643)
Net position, beginning	<u>41,373</u>	<u>8,993</u>	<u>50,366</u>
Net position, ending	<u>\$ 36,162</u>	<u>\$ 8,561</u>	<u>\$ 44,723</u>

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable A. J. Smith
Franklin County Sheriff
Franklin County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Franklin County Sheriff (the Office) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Office's special-purpose financial statements, and have issued our report thereon dated June 15, 2022, which was modified to refer to a basis of accounting required for compliance with state filing requirements

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Office's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vance CPA LLC". The script is cursive and fluid.

Apalachicola, Florida
June 15, 2022

Vance CPA LLC

Vance CPA LLC

Certified Public Accountant

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INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Honorable A. J. Smith
Franklin County Sheriff
Franklin County, Florida

We have audited the financial statements of the Franklin County Sheriff (the Office), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 15, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with Government Auditing Standards, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 15, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address all findings and recommendations made in the preceding financial audit report, if applicable.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Office is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Franklin County, including the Office of the Sheriff, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Office to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Office, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Vance CPA LLC". The signature is written in a cursive, flowing style.

Apalachicola, Florida
June 15, 2022

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Vance CPA, LLC

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INDEPENDENT AUDITORS' EXAMINATION REPORT

To the Honorable A. J. Smith
Franklin County Sheriff
Franklin County, Florida

We have examined the Franklin County Sheriff's (the Office) compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2021. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the Office's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

Vance CPA LLC

Apalachicola, Florida
June 15, 2022

Vance CPA LLC

**FRANKLIN COUNTY, FLORIDA – SHERIFF
MANAGEMENT’S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2021

There are no comments which require management’s written response.

**Franklin County, Florida
Tax Collector**

**Special-Purpose
Financial Statements
September 30, 2021**

Vance CPA, LLC

Certified Public Accountant

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**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
SEPTEMBER 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Rick Watson
Franklin County Tax Collector
Franklin County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Franklin County Tax Collector (the Office), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Franklin County Tax Collector's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information for the Franklin County Tax Collector as of September 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Franklin County, Florida, that is attributable to the Franklin County Tax Collector. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida as of September 30, 2021, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Franklin County Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Franklin County Tax Collector's internal control over financial reporting and compliance.



**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 41,458
Accounts receivable	<u>—</u>
Total Assets	<u>41,458</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	<u>41,458</u>
Total Liabilities	<u>41,458</u>
Fund Balance	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 41,458</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2021

	General Fund
REVENUES	
Miscellaneous	\$ 328
Total Revenues	<u>328</u>
EXPENDITURES	
Current	
Personal services	545,591
Operating expenditures	<u>82,771</u>
Total Expenditures	<u>628,362</u>
Excess (deficit) of revenues over (under) expenditures	<u>(628,034)</u>
Other financing sources (uses)	
Transfers from Board of County Commissioners	642,002
Transfers to Board of County Commissioners	<u>(13,968)</u>
Total Other Financing Sources (Uses)	<u>628,034</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u>\$ —</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR**

STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUNDS

SEPTEMBER 30, 2021

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 961,123</u>
Total assets	<u>\$ 961,123</u>
Liabilities	
Due to other governments	\$ 307,852
Due to other county agencies	<u>287,628</u>
Total Liabilities	<u>\$ 595,480</u>
Net Position	
Restricted for:	
Other individual and organizations	<u>\$ 365,643</u>
Total Net Position	<u>\$ 365,643</u>

See accompanying notes to the basic financial statements

FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR

CUSTODIAL STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

SEPTEMBER 30, 2021

	<u>Custodial Funds</u>
Additions	
Taxes	\$29,571,970
Permits, fees, and special assessments	<u>2,327,884</u>
Total additions	<u>31,899,854</u>
Deductions	
Payments to individuals	1,680,634
Payments to other governments	17,102,785
Payments to BOCC	12,693,374
Payments to constitutional officers	<u>202,294</u>
Total deductions	<u>31,679,087</u>
Net change in fiduciary net position	<u>220,767</u>
Net Position, beginning of year	<u>144,876</u>
Net Position, end of year	<u><u>\$ 365,643</u></u>

See accompanying notes to the basic financial statements

FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Tax Collector of Franklin County, Florida is an elected Constitutional Officer of Franklin County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Tax Collector is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Tax Collector is considered to be a part of the primary government of Franklin County, Florida and the financial information is included in Franklin County's county-wide financial statements.

These special-purpose financial statements include only the balance and activity of the Tax Collector's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The operations of the Tax Collector are funded by the Franklin County Board of County Commissioners (Board). The receipts from the Board are recorded as other financing sources on the Tax Collector's financial statements and as other financing uses on the Board's financial statements. Any excess of revenue and other financial sources received over expenditures are remitted to the Board at year end. These excess fees are reported as a liability and as transfers out to the Board or deducted from fees earned for amounts distributed to other governments.

The accounting policies of the Tax Collector conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Tax Collector utilizes the following fund types:

FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Tax Collector. It is used to account for all financial resources, except for those required to be accounted for in other funds.

Fiduciary Fund Type

Agency Funds – The agency funds are used to account for assets held by the Tax Collector as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Tax Collector considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

D. Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Requirements

Florida Statutes, Chapter 195.087 govern the preparation, adoption and administration of the annual budget of the Tax Collector. The budget and subsequent budget amendments of the Tax Collector are submitted to the Florida Department of Revenue (FDOR) for approval. A copy of the budget is also provided to the Board.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenditures, capital outlay, and debt service) must be approved by FDOR. Transfers between expenditure items within the same appropriation category do not need approval by FDOR. The budget is prepared on the modified accrual basis of accounting. General fund appropriations lapse at the end of the fiscal year to the extent they have not been expended.

F. Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Title to these assets vests with the Franklin County Board of County Commissioners, and therefore, the Franklin County Board of County Commissioners records the capitalization of the asset, and any related depreciation. The Tax Collector maintains custodial responsibility for the capital assets used by his office.

G. Compensated Absences

Permanent full-time employees of the Tax Collector accrue sick leave hours based on length of employment, which must be utilized in the year earned. Any sick and annual leave accumulated and unused at September 30, is forfeited.

H. Net Assets and Fund Equity

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

**FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Restricted Assets

Certain assets of the various funds are required by resolutions or ordinances to be set aside and used for specific purposes; thus, they are not available to be used for general operations. When both restricted and unrestricted resources are available for use, it is the government's policy to use externally restricted first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

J. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

■ **Current Taxes**

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

■ **Unpaid Taxes – Sale of Tax Certificates**

The Tax Collector advertises, as required by Florida Statutes, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

**FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

■ **Tax Deeds**

The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Tax Collector of the Court administers these sales.

K. Subsequent Events

The County evaluated subsequent events through June 17, 2021, the date which the financial statements were available to be issued. The County did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2 - CASH AND INVESTMENTS

All Tax Collector depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes “Florida Security for Public Deposits Act” provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Tax Collector cash consists of checking accounts and interest-bearing time deposits in a local bank.

Investments

The Tax Collector held no investments at September 30, 2021.

Interest Rate Risk

At September 30, 2021, the Tax Collector did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2021 the Tax Collector did not hold any investments that were considered to be a credit risk.

**FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 2 - CASH AND INVESTMENTS (continued)

Custodial Risk

At September 30, 2021 the Tax Collector did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2021 the Tax Collector did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple- employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Tax Collector are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes, Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two costs-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

**FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

A comprehensive annual financial report of the FRS, which includes its financial statement, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com)

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Tax Collector employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Tax Collector.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these operations. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Participating employer contributions are based upon statewide rates established by the State of Florida. The Tax Collector's contributions made to the plans during the years ended September 30, 2021, 2020, and 2019 were \$82,007, \$73,749, and \$71,835 respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's annual financial statements.

**FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 4 – RISK MANAGEMENT

The Tax Collector is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Tax Collector participates in the risk management program through the Franklin County Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property damage
- Public employee's bond
- Workers' compensation
- General and automobile liability

NOTE 4 – RESTATEMENT OF NET POSITION

For the fiscal year ended September 30, 2021, the Office implemented GASB Statement No. 84, *Fiduciary Activities*. Beginning net position in the custodial funds was restated from \$-0- to \$144,876, as a result of this implementation.

REQUIRED SUPPLEMENTARY INFORMATION

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues	\$ —	\$ —	\$ 328	\$ 328
Expenditures:				
General Government				
Current				
Personal services	511,726	511,726	545,591	(33,865)
Operating expenditures	109,150	109,150	82,771	26,379
Capital outlay	—	—	—	—
Total expenditures	<u>620,876</u>	<u>620,876</u>	<u>628,362</u>	<u>(7,486)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(620,876)</u>	<u>(620,876)</u>	<u>(628,034)</u>	<u>(7,158)</u>
Other financing				
sources (uses)				
Transfers in	620,876	620,876	642,002	21,126
Transfers to BOCC	—	—	(13,968)	(13,968)
Total other financing	<u>620,876</u>	<u>620,876</u>	<u>628,034</u>	<u>7,158</u>
Net change in fund balances	—	—	—	—
Fund balances - beginning	—	—	—	—
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance - budget to actual - general fund is an integral part of this schedule.

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR**

**NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL-
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2021

Budgetary Information:

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Tax Collector follows these procedures in establishing the budgetary data reflected in the financial statements:

The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.

Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.

Formal budgetary integration is employed as a management control device during the year. The legal level of budgetary control is the fund level.

The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America

SUPPLEMENTARY INFORMATION

**FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS**

SEPTEMBER 30, 2021

	<u>Taxes</u>	<u>Tag (Escrow)</u>	<u>Tag</u>	<u>Total Custodial Funds</u>
Assets				
Cash and cash equivalents	<u>\$ 950,566</u>	<u>\$ 743</u>	<u>\$ 9,814</u>	<u>\$ 961,123</u>
Liabilities				
Due to other governments	298,749	743	8,360	307,852
Due to other county agencies	<u>286,174</u>	<u>—</u>	<u>1,454</u>	<u>287,628</u>
Total Liabilities	<u>\$ 584,923</u>	<u>\$ 743</u>	<u>\$ 9,814</u>	<u>\$ 595,480</u>
Net Position				
Restricted for:				
Other individuals and organizations	<u>365,643</u>	<u>—</u>	<u>—</u>	<u>365,643</u>
Total Net Position	<u>\$ 365,643</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 365,643</u>

FRANKLIN COUNTY, FLORIDA - TAX COLLECTOR
COMBINING SCHEDULE OF CHANGES FIDUCIARY NET POSITION
CUSTODIAL FUNDS

SEPTEMBER 30, 2021

	<u>Taxes</u>	<u>Tag (Escrow)</u>	<u>Tag</u>	<u>Total Custodial Funds</u>
Additions:				
Taxes	\$ 29,571,970	\$ —	\$ —	\$29,571,970
Permits, fees, and other	<u>—</u>	<u>9,713</u>	<u>2,318,171</u>	<u>2,327,884</u>
Total Additions	29,571,970	9,713	2,318,171	31,899,854
Deductions:				
Payment to individuals	1,657,802	—	22,832	1,680,634
Payment to other governments	15,141,479	—	1,961,306	17,102,785
Payment to BOCC	12,508,889	—	184,485	12,693,374
Payment to constitutional officers	<u>28,895</u>	<u>12,900</u>	<u>160,499</u>	<u>202,294</u>
Total Deductions	29,337,065	12,900	2,329,122	31,679,087
Net change in fiduciary net position	<u>234,905</u>	<u>(3,187)</u>	<u>(10,951)</u>	<u>220,767</u>
Net position, beginning	<u>130,738</u>	<u>3,187</u>	<u>10,951</u>	<u>144,876</u>
Net position, ending	<u>\$ 365,643</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 365,643</u>

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

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Certified Public Accountant

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Rick Watson
Franklin County Tax Collector
Franklin County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the general fund of the Franklin County Tax Collector (the Office) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Office's special-purpose financial statements, and have issued our report thereon dated June 15, 2022, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Office's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Apalachicola, Florida
June 15, 2022

Vance CPA LLC

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITORS' EXAMINATION REPORT

To the Honorable Rick Watson
Franklin County Tax Collector
Franklin County, Florida

We have examined the Franklin County Tax Collector's (the Office) compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2021. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the Office's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Franklin County Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

Vance CPA LLC

Apalachicola, Florida
June 15, 2022

Vance CPA LLC

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Honorable Rick Watson
Franklin County Tax Collector
Franklin County, Florida

We have audited the financial statements of the Franklin County Tax Collector (the Office), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 15, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 15, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address all findings and recommendations made in the preceding financial audit report, if applicable.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Franklin County Tax Collector is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Franklin County, including the Office of the Tax Collector, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Franklin County Tax Collector to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Franklin County Tax Collector, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Vance CPA LLC".

Apalachicola, Florida
June 15, 2022

Vance CPA LLC

**FRANKLIN COUNTY, FLORIDA – TAX COLLECTOR
MANAGEMENT’S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2021

There are no comments which require management’s written response.

**Franklin County, Florida
Property Appraiser**

**Special-Purpose
Financial Statements
September 30, 2021**

Vance CPA, LLC

Certified Public Accountant

219-B Avenue E • Apalachicola, FL 32320
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**FRANKLIN COUNTY, FLORIDA
PROPERTY APPRAISER
SEPTEMBER 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Rhonda Skipper
Franklin County Property Appraiser
Franklin County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Franklin County Property Appraiser (the Office), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Franklin County Property Appraiser's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund for the Franklin County Property Appraiser as of September 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Franklin County, Florida, that is attributable to the Franklin County Property Appraiser. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida as of September 30, 2021, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Office's internal control over financial reporting and compliance.



Apalachicola, Florida
June 15, 2022

Vance CPA LLC

**FRANKLIN COUNTY, FLORIDA
PROPERTY APPRAISER**

**BALANCE SHEET
GENERAL FUND**

SEPTEMBER 30, 2021

	<u>General Fund</u>
ASSETS	
Cash	\$ <u> — </u>
Total Assets	<u> — </u>
LIABILITIES AND FUND BALANCES	
Due to Board of County Commissioners	<u> — </u>
Total Liabilities	<u> — </u>
Fund Balances	<u> — </u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u> — </u></u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
PROPERTY APPRAISER**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2021

	General Fund
REVENUES	
Other Income	\$ —
Total Revenues	<u>—</u>
EXPENDITURES	
General government	
Current	
Personal services	543,813
Operating expenditures	<u>118,251</u>
Total Expenditures	<u>662,064</u>
Excess (deficit) of revenues over (under) expenditures	<u>(662,064)</u>
Other financing sources (uses)	
Transfers from Board of County Commissioners	698,450
Transfers to Board of County Commissioners	<u>(36,386)</u>
Total Other Financing Sources (Uses)	<u>662,064</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u>\$ —</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Property Appraiser of Franklin County, Florida is an elected Constitutional Officer of Franklin County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Property Appraiser is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Property Appraiser is considered to be a part of the primary government of Franklin County, Florida and the financial information is included in Franklin County's county-wide financial statements.

These special-purpose financial statements include only the balances and activity of the Property Appraiser's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The operations of the Property Appraiser are funded by the Franklin County Board of County Commissioners (Board). The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financial sources received over expenditures are remitted to the Board at year end.

The accounting policies of the Property Appraiser conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Property Appraiser utilizes the following fund types:

**FRANKLIN COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except for those required to be accounted for in other funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The Modified accrual basis of accounting is followed by the general fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. charges for services and investment revenue are recorded as earned.

The Property Appraiser considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

D. Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net fund balance. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

E. Budgetary Requirements

Florida Statutes, Chapter 195.087 govern the preparation, adoption and administration of the annual budget of the Property Appraiser. The budget and subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue (FDOR) for approval. A copy of the budget is also provided to the Board.

**FRANKLIN COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenditures, capital outlay, and debt service) must be approved by FDOR. Transfers between expenditure items within the same appropriation category do not need approval by FDOR. The budget is prepared on the modified accrual basis of accounting. General fund appropriations lapse at the end of the fiscal year to the extent they have not been expended.

F. Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Property Appraiser are capitalized at cost in the capital asset accounts of the County. The Property Appraiser maintains custodial responsibility for the capital assets used by her office.

G. Compensated Absences

Permanent full-time employees of the Property Appraiser accrue annual leave at the rate of 15 days per year and the leave must be used in the year it's accrued. Annual leave is not permitted to accrue year to year. Upon termination or retirement, employees are entitled to any unused annual leave remaining in a calendar year. Employees are entitled to accrue up to 30 days of sick leave and upon termination or retirement, no compensation is made for sick leave accrual.

H. Net Assets and Fund Equity

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

I. Restricted Assets

Certain assets of the various funds are required by resolutions or ordinances to be set aside and used for specific purposes; thus, they are not available to be used for general operations. When both restricted and unrestricted resources are available for use, it is the government's policy to use externally restricted resources first, then unrestricted resources, - committed, assigned, and unassigned – in order as needed.

**FRANKLIN COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

K. Subsequent Events

The County evaluated subsequent events through June 15, 2022, the date which the financial statements were available to be issued. The County did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2 - CASH AND INVESTMENTS

All Property Appraiser depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Property Appraiser cash consists of checking accounts and interest-bearing time deposits in a local bank.

Investments

The Property Appraiser held no investments at September 30, 2021.

Interest Rate Risk

At September 30, 2021, the Property Appraiser did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2021 the Property Appraiser did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2021 the Property Appraiser did not hold any deposits or investments that were considered to be a custodial risk.

**FRANKLIN COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 2 - CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

At September 30, 2021 the Property Appraiser did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Property Appraiser are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes, Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two costs-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statement, required supplementary information, actuarial report, and other relevant information is available from the Florida Department of Management Services' Website (www.dms.myflorida.com)

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

**FRANKLIN COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**FRANKLIN COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**FRANKLIN COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

Benefits Provided

For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Property Appraiser employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS

**FRANKLIN COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 3 – EMPLOYEE BENEFITS (continued)

Pension Plan is transferred to the Investment Plan, the member must have the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Property Appraiser.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these operations. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Participating employer contributions are based upon statewide rates established by the State of Florida. The Property Appraiser's contributions made to the plans during the years ended September 30, 2021, 2020, and 2019 were \$62,844, \$67,818, and \$83,380 respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's annual financial statements.

NOTE 4 – RISK MANAGEMENT

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Property Appraiser participates in the risk management program through the Franklin County Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

**FRANKLIN COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 4 –RISK MANAGEMENT (continued)

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property damage
- Public employee's bond
- Workers' compensation
- General and automobile liability

REQUIRED SUPPLEMENTARY INFORMATION

**FRANKLIN COUNTY, FLORIDA
PROPERTY APPRAISER**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
REVENUES:				
Other Income	—	—	—	—
Total revenues	—	—	—	—
Expenditures:				
General Government				
Current				
Personal services	544,744	557,719	543,813	13,906
Operating expenditures	158,337	158,337	118,251	40,086
Capital outlay	—	—	—	—
Total expenditures	<u>703,081</u>	<u>716,056</u>	<u>662,064</u>	<u>53,992</u>
Excess (deficit) of revenues over (under) expenditures	<u>(703,081)</u>	<u>716,056</u>	<u>(662,064)</u>	<u>53,992</u>
Other financing				
sources (uses)				
Transfers from Board of County Commissioners	703,081	716,056	698,450	(17,606)
Transfers to Board of County Commissioners	—	—	(36,386)	(36,386)
Total other financing				
Sources (uses)	<u>703,081</u>	<u>716,056</u>	<u>662,064</u>	<u>(53,992)</u>
Net change in fund balances	—	—	—	—
Fund balances - beginning	—	—	—	—
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance – budget to actual – general fund is an integral part of this schedule.

**FRANKLIN COUNTY, FLORIDA
PROPERTY APPRAISER**

**NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL-
GOVERNMENTAL FUND**

YEAR ENDED SEPTEMBER 30, 2021

Budgetary Information:

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Property Appraiser follows these procedures in establishing the budgetary data reflected in the financial statements

The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.

Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.

Formal budgetary integration is employed as a management control device during the year. The legal level of budgetary control is the fund level.

The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

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Certified Public Accountant

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Rhonda Skipper
Franklin County Property Appraiser
Franklin County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of the Franklin County Property Appraiser (the Office) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Office's special-purpose financial statements, and have issued our report thereon dated June 15, 2022, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Office's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Office's special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Apalachicola, Florida
June 15, 2022

Vance CPA LLC

Vance CPA, LLC

Certified Public Accountant

219-B Avenue E • Apalachicola, FL 32320

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INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Honorable Rhonda Skipper
Franklin County Property Appraiser
Franklin County, Florida

Report on the Financial Statements

We have audited the financial statements of the Franklin County Property Appraiser (the Office), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 15, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 15, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address all findings and recommendations made in the preceding financial audit report, if applicable.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Franklin County Property Appraiser is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. There are no component units of the Franklin County Property Appraiser to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Franklin County Property Appraiser, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Apalachicola, Florida
June 15, 2022

Vance CPA LLC

Vance CPA, LLC

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INDEPENDENT AUDITORS' EXAMINATION REPORT

To the Honorable Rhonda Skipper
Franklin County Property Appraiser
Franklin County, Florida

We have examined the Franklin County Property Appraiser's (the Office) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the Office's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Franklin County Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

Vance CPA LLC

Apalachicola, Florida
June 15, 2022

Vance CPA LLC

**FRANKLIN COUNTY, FLORIDA - PROPERTY APPRAISER
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2021

There are no comments which require management's written response.

**Franklin County, Florida
Supervisor of Elections**

**Special-Purpose
Financial Statements
September 30, 2021**

Vance CPA, LLC

Certified Public Accountant

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**FRANKLIN COUNTY SUPERVISOR OF ELECTIONS
SEPTEMBER 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Heather Riley
Franklin County Supervisor of Elections
Franklin County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Franklin County Supervisor of Elections (the Office), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Office's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund for the Office as of September 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Franklin County, Florida, that is attributable to the Office. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida as of September 30, 2021, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Office's internal control over financial reporting and compliance.



Apalachicola, Florida
June 15, 2022

Vance CPA LLC

**FRANKLIN COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2021**

	General Fund
ASSETS	
Cash	\$ _____
Total Assets	_____
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to Board of County Commissioners	_____
Total Liabilities	_____
Fund Balances	_____
TOTAL LIABILITIES AND FUND BALANCES	\$ _____

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>
REVENUES	
Intergovernmental	\$ 62,622
Miscellaneous	<u>13,717</u>
Total Revenues	<u>76,339</u>
EXPENDITURES	
General government	
Personal services	212,336
Operating expenditures	<u>276,215</u>
Total Expenditures	<u>488,551</u>
Excess (deficit) of revenues over (under) expenditures	<u>(412,212)</u>
Other financing sources (uses)	
Transfers to Board of County Commissioners	(82)
Transfers from Board of County Commissioners	<u>412,294</u>
Total Other Financing Sources (Uses)	<u>412,212</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u>\$ —</u>

See accompanying notes to the basic financial statements

FRANKLIN COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Supervisor of Elections of Franklin County, Florida is an elected Constitutional Officer of Franklin County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Supervisor of Elections is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Supervisor of Elections is considered to be a part of the primary government of Franklin County, Florida and her financial information is included in Franklin County's county-wide financial statements.

These special-purpose financial statements include only the balances and operations of the Supervisor of Elections office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year end.

The accounting policies of the Supervisor of Elections conform to accounting principles generally accepted in the United States of America as applicable to governments.

B. Basis of Presentation

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Supervisor of Elections utilizes the following fund type:

FRANKLIN COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Type

General Fund – The general fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except those required to be accounted for in other funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Supervisor of Elections considers receivables collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

D. Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly they present a summary of sources and uses of “available spendable resources” during a period.

FRANKLIN COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Requirements

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the general fund. Florida Statutes Chapter 129.201 governs the preparation, adoption, and administration of the Supervisor of election's annual budget.

The Supervisor of Elections' annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

F. Cash and Cash Equivalents

The Supervisor of Elections considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

G. Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Title to these assets vests with the Board of County Commissioners, and the capitalization of the asset and any related depreciation are recorded on the Board's financial statements. The Supervisor of Elections maintains custodial responsibility for the capital assets used by her office.

H. Compensated Absences

Permanent full-time employees of the Supervisor of Elections accrue sick leave and upon termination or retirement are entitled to receive 100% of accrued sick leave pay up to a maximum of 60 days. Employees are entitled to four weeks vacation each year or three weeks vacation

FRANKLIN COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

with one week extra pay in lieu of the fourth week. Upon termination or retirement, an employee is paid 100% of their annual leave up to a maximum of 100 days.

The Supervisor of Elections' accumulated compensated absences are reported in the statement of net position in the County's financial statements.

I. Net Position and Fund Equity

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

J. Restricted Assets

Certain assets of the various funds are required by resolutions or ordinances to be set aside and used for specific purposes; thus, they are not available to be used for general operations. When both restricted and unrestricted resources are available for use, it is the government's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

K. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

L. Subsequent Events

The County evaluated subsequent events through June 15, 2022, the date which the financial statements were available to be issued. The County did not have any subsequent events requiring disclosure or recording in these financial statements.

**FRANKLIN COUNTY, FLORIDA – SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

NOTE 2 – CASH AND INVESTMENTS

All Supervisor of Elections depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes “Florida Security for Public Deposits Act” provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Supervisor of Elections cash consists of checking accounts and interest-bearing time deposits in a local bank.

The Supervisor of Elections held no investments at September 30, 2021.

Interest Rate Risk

At September 30, 2021, the Supervisor of Elections did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2021, the Supervisor of Elections did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2021, the Supervisor of Elections did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2021, the Supervisor of Elections did not hold any investments that were considered to be a concentration of credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established

FRANKLIN COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 - EMPLOYEE BENEFITS (continued)

the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple- employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Supervisor of Elections are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes, Chapter 238, Florida statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statement, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com)

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service.

FRANKLIN COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 - EMPLOYEE BENEFITS (continued)

All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually

FRANKLIN COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 - EMPLOYEE BENEFITS (continued)

calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

FRANKLIN COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 - EMPLOYEE BENEFITS (continued)

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Supervisor of Elections employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Supervisor of Elections.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these operations. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

FRANKLIN COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 3 - EMPLOYEE BENEFITS (continued)

Participating employer contributions are based upon statewide rates established by the State of Florida. The Supervisor of Election's contributions made to the plans during the years ended September 30, 2021, 2020, and 2019 were \$68,256, \$63,626, and \$57,054 respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's annual financial statements.

NOTE 4 – CHANGES IN LONG-TERM OBLIGATIONS

The Supervisor of Elections is reported as a component of the County's government-wide financial statements as follows:

	<u>Balance</u> <u>09/30/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/21</u>
Accumulated compensated absences	\$ <u>8,177</u>	\$ <u>17,313</u>	\$ <u>(14,409)</u>	\$ <u>11,081</u>

Accrued compensated absences represent the vested portion of accrued vacation, sick leave, and compensatory time. See note 1 for a summary of the Supervisor of Elections' policy regarding compensated absences.

NOTE 5 – RISK MANAGEMENT

The Supervisor of elections is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The supervisor of Elections participates in the risk management program through the Franklin County Board of County Commissioners which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property
- Public employees' bond
- Workers' compensation
- Automobile liability

REQUIRED SUPPLEMENTARY INFORMATION

**FRANKLIN COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental	\$ —	\$ —	\$ 62,622	\$ 62,622
Miscellaneous	—	—	13,717	13,717
Total revenues	—	—	76,339	76,339
Expenditures:				
General government				
Current				
Personal services	277,794	277,794	212,336	65,458
Operating expenditures	134,500	134,500	276,215	(141,715)
Total expenditures	412,294	412,294	488,551	(76,257)
Excess (deficit) of revenues over (under) expenditures	(412,294)	(412,294)	(412,212)	82
Other financing sources (uses)				
Transfers in	412,294	412,294	412,294	—
Loan proceeds	—	—	—	—
Transfers to BOCC	—	—	(82)	(82)
Total other financing Sources (uses)	412,294	412,294	412,212	(82)
Net change in fund balances	—	—	—	—
Fund balances - beginning	—	—	—	—
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance – budget to actual – general fund is an integral part of this schedule.

**FRANKLIN COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2021

Budgetary Information:

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Supervisor of Elections follows these procedures in establishing the budgetary data reflected in the financial statements:

- e) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
- f) Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.
- g) Formal budgetary integration is employed as a management control device during the year. The legal level of budgetary control is the fund level.
- h) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Heather Riley
Franklin County Supervisor of Elections
Franklin County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the general fund of the Franklin County Supervisor of Elections (the Office) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Office' special-purpose financial statements, and have issued our report thereon dated June 15, 2022, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Office's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Offices' internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Offices' special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Apalachicola, Florida
June 15, 2022

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INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Honorable Heather Riley
Franklin County Supervisor of Elections
Franklin County, Florida

Report on the Financial Statements

We have audited the financial statements of the Franklin County Supervisor of Elections (the Office), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 15, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 15, 2022, should be considered in conjunction with this management letter.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Office is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. There are no component units of the Office to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Office, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Vance CPA LLC

Apalachicola, Florida
June 15, 2022

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INDEPENDENT AUDITORS' EXAMINATION REPORT

To the Honorable Heather Riley
Franklin County Supervisor of Elections
Franklin County, Florida

We have examined the Franklin County Supervisor of Elections' (the Office) compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2021.

Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the Office's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

Vance CPA LLC

Apalachicola, Florida
June 15, 2022

Vance CPA LLC

**FRANKLIN COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2021

There are no comments which require management's written response.