

FRANKLIN COUNTY, FLORIDA
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ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2024

FRANKLIN COUNTY, FLORIDA

THIS REPORT CONTAINS THE FOLLOWING SECTIONS

Franklin County, Florida (Government-wide) Basic Financial Statements, Auditor's Report, Reports on Internal Control and Compliance of Federal Awards and State Financial Assistance

Clerk of the Circuit Court's Financial Statements, Auditor's Report, Reports on Internal Control and Compliance and Management Letter

Property Appraiser's Financial Statements, Auditor's Report, Reports on Internal Control and Compliance and Management Letter

Sheriff's Financial Statements, Auditor's Report, Reports on Internal Control and Compliance and Management Letter

Supervisor of Elections' Financial Statements, Auditor's Report, Reports on Internal Control and Compliance and Management Letter

Tax Collector's Financial Statements, Auditor's Report, Reports on Internal Control and Compliance and Management Letter

**Annual Financial Report
and Other Financial Information**



Franklin County, Florida

**Year Ended September 30, 2024
with Independent Auditor's Report**

**FRANKLIN COUNTY, FLORIDA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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**FRANKLIN COUNTY, FLORIDA
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Introductory Section

FRANKLIN COUNTY, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2024

BOARD OF COUNTY COMMISSIONERS

Ricky Jones	District 1
Cheryl K. Sanders	District 2
Anthony Croom, Jr.	District 3
Ottice D. Amison	District 4
Jessica Varnes Ward	District 5

CLERK OF THE COURTS

Michele Maxwell

SHERIFF

A. J. “Tony” Smith

TAX COLLECTOR

Richard Watson

PROPERTY APPRAISER

Rhonda Skipper

SUPERVISOR OF ELECTIONS

Heather Riley

Financial Section

LANIGAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS
www.lanigancpa.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Commissioners of the
Board of County Commissioners and Constitutional Officers
Franklin County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2024, and the related notes to the financial statements, which collectively comprise Franklin County, Florida's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the George E. Weems Memorial Hospital ("Hospital"), which represent one hundred percent, of the assets, net position, and revenues of the business-type activities (component unit). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Franklin County, Florida, and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Emphasis of Matters

As described in Note 22 to the financial statements, beginning net position and fund balances were restated. Our opinion is not modified with respect to this matter.

As discussed in Note 23 to the financial statements, the Tax Collector identified apparent unauthorized disbursements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Franklin County, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Franklin County, Florida's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Franklin County, Florida's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, other postemployment benefit schedule, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County, Florida's basic financial statements. The combining nonmajor fund financial statements and fiduciary financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, Rules of the Auditor General, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund and fiduciary financial statements, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information listed above 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 dated September 10, 2025, on our consideration of 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 solely 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 the effectiveness of 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.

Lanigan & Associates, PC

Tallahassee, Florida
September 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the Board of County Commissioners of Franklin County (the "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 the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the County's financial statements.

The information presented in this financial statement is perhaps best understood when it is considered in the broader perspective of the environment in which the County operates.

General Information

Franklin County was established in 1832 and is in northwest Florida on the Gulf of Mexico. With an area of 545 square miles, 2020 Federal Census data shows Franklin County has a population of approximately 12,000. Franklin County is governed by a Board of County Commissioners.

The Board of County Commissioners (the "Board") is the legislative and policy making body of the County. Each of the five commissioners is elected from a separate district. Annually, the Board elects a chairman that serves as the presiding officer. Elections are held every two years for staggered four-year terms.

Franklin County provides a broad range of services, including law enforcement; fire protection; emergency medical services; maintenance of streets, highways, bridges and traffic signals; parks; library; and certain other community and human services.

Financial Highlights

- ❖ The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2024, by \$126,256,928. Of this amount, \$115,266,214 represents net investment in capital assets; \$27,704,179 is restricted for specific purposes (restricted net position); and the remaining portion represents unrestricted net position of (\$16,713,465).
- ❖ The County's total net position increased by \$13,444,476 or 11.92% from September 30, 2023, to September 30, 2024.
- ❖ As of September 30, 2024 and 2023, the County's governmental funds reported combined ending fund balances of \$42,516,697 and, \$36,311,216 respectively.
- ❖ As of September 30, 2024, the County's general fund (primary operating fund) reported a total fund balance of \$15,036,882, an increase of \$704,560 from the prior year (fund balance).

MANAGEMENT'S DISCUSSION AND ANALYSIS

- ❖ For the year ended September 30, 2024, the County's capital assets, net of accumulated depreciation, increased by \$5,866,464 which represents an increase of 5.28% for the year.
- ❖ The County's loans (notes from direct borrowing) decreased by (\$542,304) in fiscal year 2024. The County's percentage of loans compared to net position decreased from 1.71% to 1.10%. The other components of long-term debt are discussed in further detail later in this report.

Non-Financial Highlights

American Rescue Plan

Franklin County received a total allocation of \$2,355,139 from the American Rescue Plan. The county's spending plan addressed various unfunded infrastructure needs such as exterior joint sealant of the County Courthouse, acquisition of additional office space for administration and the Supervisor of Elections office, beach parking improvements and the imaging of public records. The exterior joint sealant and waterproofing work at the historic County Courthouse will be completed in the upcoming fiscal year and is the last American Rescue Plan project to be completed.

Capital Improvement Projects

There are multiple state and federal grant funded improvement projects underway at the County Airport in Apalachicola. The ongoing projects include the Triumph RESTORE program funded replacement of the airport's fuel farm (completed at the end of 2024), airport runway obstruction removal, rehabilitation of the airfield pavement aprons and stormwater improvements.

The Florida Department of Transportation's Small County Road Assistance Program (SCRAP) provided \$2,042,929 in design and construction funding to widen and resurface CR67 from the Crooked Creek Bridge to State Forest Road 166. This project began in 2022, however, after completion of design and permitting, all construction bids initially exceeded the grant award. The project then went through a secondary design review and revision; and was successfully bid and completed in October of 2024. The county also completed the FDOT grant funded design plans for Phase IV of the Widening and Resurfacing of CR67 for the final roadway segment from SFR 172 to the Liberty County Line. Construction is expected to begin in 2025 and upon completion, the entire Franklin County segment of CR67 will be widened and resurfaced.

Through funding assistance provided by the Florida Fish and Wildlife Conservation Commission's Boating Improvement Program, in 2020 the County completed the grant funded design work to replace the existing single-lane boat ramp at the west end of Old Ferry Dock Road with two twenty-foot-wide ramps with a loading dock. which was completed at the end of 2020. The county received the permits for the project in 2023 and upon receipt, received the \$1.4 million dollar construction award agreement through the FBIP. The ramp project is currently under construction and will be completed in 2025. The county also has a \$70,000 design grant in progress for the design of a breakwater for the SGI Boat Ramp.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The RESTORE Act

Franklin County is to receive 12 million dollars over 15 years as part of pot three (Gulf Consortium) of the RESTORE settlement from the Deepwater Horizon oil spill. “Florida’s 23 Gulf Coast Counties formed the Consortium to meet requirements of the RESTORE Act to develop a State Expenditure Plan for economic and environmental recovery of the Gulf coast in Florida following the Deepwater Horizon oil spill. The RESTORE Act was passed by the Congress on June 29, 2012, and signed into law on July 6, 2012, by the President.” There are three proposed projects included in the State Expenditure Plan for the county’s Consortium Funds – Dredging of the Eastpoint and 2 Mile Channels, Construction of a new EOC, and Bay Restoration. In 2023, the county completed the dredge projects and in 2024 began efforts to design and permit a new EOC located on State Road 65 in Eastpoint. In addition to the Gulf Consortium Funds for the new EOC, several Federal grants have been awarded for construction once the federal environmental review is complete at the site.

Discretionary Sales Surtax

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 are split between capital outlay and operating expenses for the local Weems Memorial Hospital. On September 30, 2024, the balance available in the Health Care Trust Fund for capital improvements is \$10,553,114.

Gross Taxable Value of Property

The 2023 gross taxable value of property in Franklin County saw an increase of 14.64% over the prior year. The County’s 2023 gross taxable value as certified by the Franklin County Property Appraiser increased by approximately \$388 million dollars from the 2022 certified value. The millage rate remained unchanged at 5.4707 mills in fiscal year 2024 with budgeted property tax proceeds of \$16,628,246. The budgeted proceeds were \$2,123,459 more than the budgeted proceeds in fiscal year 2023. The total budgeted positions in the 2024 fiscal year were 189, still less than 2007's budgeted position count of 191. The county implemented years three and four in fiscal year 2024 of a five year pay and classification plan to address concerns with wage compression and to slowly increase wages to meet the \$15 per hour minimum which goes into effect in 2026.

Overview of the Financial Statements

Management’s discussion and analysis serves as an introduction to the basic financial statements of the County. The basic financial statements consist of three components:

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

In addition, this report presents certain required supplementary information.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information related to the overall financial condition of the County similarly to those of a private-sector business. These statements combine and consolidate the governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations. They include a *Statement of Net Position* 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 Position* provides information about the County's financial position, its assets, and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the County.
- ❖ The *Statement of Activities* presents information showing how the County's net position changed during the 2024 fiscal year. All changes in net position 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 position is an indication of whether the financial health of the County is improving or deteriorating.

These two financial statements present the functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type 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. The business-type activities of the County include the hospital.

Over time, changes in the net position of the County 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

funds rather than fund types. This contrasts with the entity-wide perspective contained in the government-wide statements. All the County's funds may be classified in the broad category of *governmental funds*, *proprietary funds*, and *fiduciary (agency) funds* as discussed below.

- ❖ *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 resource 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 view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds 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 County 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, sidewalks, traffic signals, and underground pipes not associated with a utility, etc.) are not reported nor depreciated in governmental fund financial statements. GASB Statement No. 34 requires these assets be valued and reported in the governmental column of the government-wide statements. Additionally, the government must elect to either (a) depreciate the assets over the estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government elects the asset management (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 costs of maintenance in lieu of depreciation. The County has elected to depreciate its infrastructure assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows exceeded liabilities and deferred inflows (governmental and business-type activities) by \$126,256,928 at the close of the fiscal year ended September 30, 2024, and \$112,812,452 on September 30, 2023.

	<u>NET POSITION</u>					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$ 46,953,744	\$ 41,523,447	\$ 4,650,796	\$ 3,946,371	\$ 51,604,540	\$ 45,469,818
Capital assets	112,705,821	106,085,266	4,190,283	4,944,374	116,896,104	111,029,640
Total assets	159,659,565	147,608,713	8,841,079	8,890,745	168,500,644	156,499,458
DEFERRED OUTFLOWS						
OF RESOURCES	6,389,129	4,828,632	-	-	6,389,129	4,828,632
LIABILITIES						
Current liabilities	4,237,263	4,930,602	1,518,055	1,110,419	5,755,318	6,041,021
Non-current liabilities	28,448,462	28,153,683	1,686,243	1,484,740	30,134,705	29,638,423
Total liabilities	32,685,725	33,084,285	3,204,298	2,595,159	35,890,023	35,679,444
DEFERRED INFLOWS						
OF RESOURCES	12,742,822	12,836,194	-	-	12,742,822	12,836,194
NET POSITION						
Net investment in capital assets	111,265,312	104,073,085	4,000,902	4,639,177	115,266,214	108,712,262
Restricted	27,704,179	21,968,732	-	-	27,704,179	21,968,732
Unrestricted	(18,349,344)	(19,524,951)	1,635,879	1,656,409	(16,713,465)	(17,868,542)
Total net position	\$ 120,620,147	\$ 106,516,866	\$ 5,636,781	\$ 6,295,586	\$ 126,256,928	\$ 112,812,452

Note: The prior year balances were restated (See Note 22).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities

The following schedule summarizes revenues and expenses for years ended September 30, 2024, and 2023.

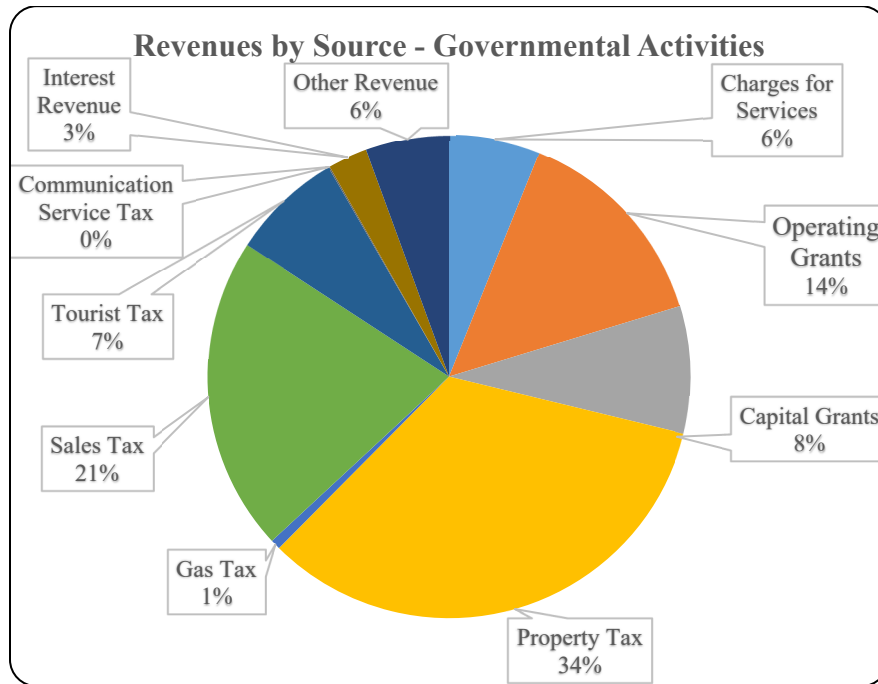
<u>CHANGES IN NET POSITION</u>						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 2,916,728	\$ 2,862,065	\$ 10,122,626	\$ 7,935,269	\$ 13,039,354	\$ 10,797,334
Operating grants	6,799,525	3,129,591	142,501	693,934	6,942,026	3,823,525
Capital grants	4,080,466	5,637,846	-	-	4,080,466	5,637,846
General revenues:						
Property taxes	16,124,445	14,017,012	-	-	16,124,445	14,017,012
Other taxes	14,055,081	12,833,320	-	-	14,055,081	12,833,320
Investment earnings	1,268,361	688,594	64,815	19,244	1,333,176	707,838
Other	2,676,686	1,394,235	31,616	170,775	2,708,302	1,565,010
Total revenues	47,921,292	40,562,663	10,361,558	8,819,222	58,282,850	49,381,885
Expenses:						
General government	6,064,705	5,720,546	-	-	6,064,705	5,720,546
Public safety	10,976,282	11,267,248	-	-	10,976,282	11,267,248
Physical environment	3,008,575	2,360,935	-	-	3,008,575	2,360,935
Transportation	6,305,731	5,647,217	-	-	6,305,731	5,647,217
Economic environment	1,509,158	2,559,744	-	-	1,509,158	2,559,744
Human services	1,181,010	1,768,531	-	-	1,181,010	1,768,531
Culture/recreation	1,645,273	1,465,524	-	-	1,645,273	1,465,524
Court related	911,588	959,184	-	-	911,588	959,184
Interest on long-term debt	89,110	70,593	-	-	89,110	70,593
Business-type	-	-	13,146,942	11,553,707	13,146,942	11,553,707
Total expenses	31,691,432	31,819,522	13,146,942	11,553,707	44,838,374	43,373,229
Change in net position before transfers	16,229,860	8,743,141	(2,785,384)	(2,734,485)	13,444,476	6,008,656
Transfers	(2,126,579)	(2,616,869)	2,126,579	2,616,869	-	-
Change in net position	14,103,281	6,126,272	(658,805)	(117,616)	13,444,476	6,008,656
Net position - beginning, restated	106,516,866	100,390,594	6,295,586	6,413,202	112,812,452	106,803,796
Net position - ending	<u>\$ 120,620,147</u>	<u>\$ 106,516,866</u>	<u>\$ 5,636,781</u>	<u>\$ 6,295,586</u>	<u>\$ 126,256,928</u>	<u>\$ 112,812,452</u>

Note: The prior year balances were restated (See Note 22).

MANAGEMENT'S DISCUSSION AND ANALYSIS

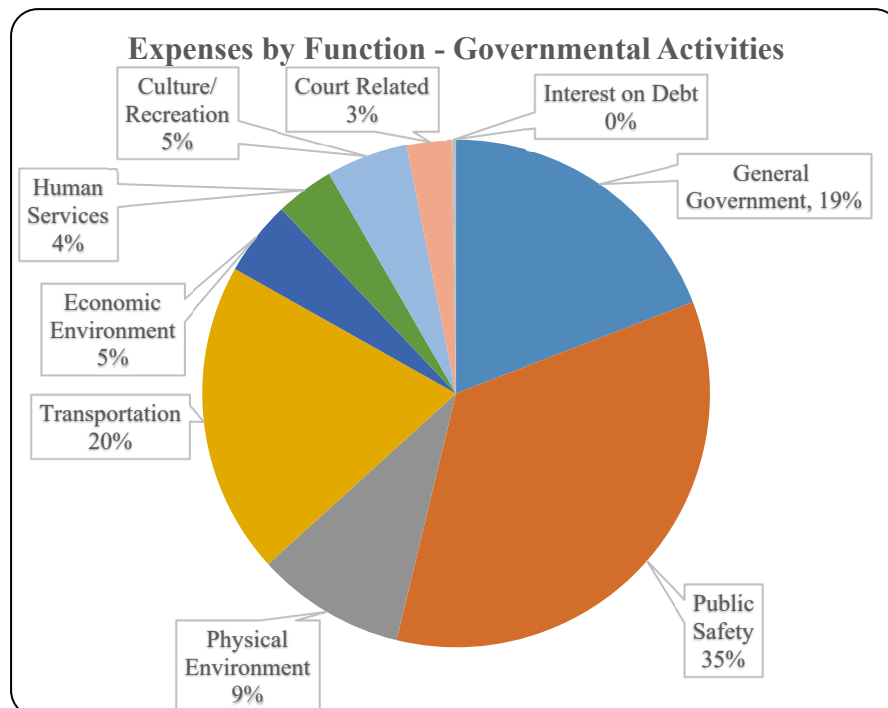
❖ Governmental Activities Revenues by Source

The following graph depicts the County's total governmental activities revenue by source for the fiscal year ending September 30, 2024.



❖ Governmental Activities Expenses by Functions

The following graph depicts the County's total governmental activities expenses by function for the fiscal year ending September 30, 2024.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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 Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds is to provide information on near-term inflows, outflow, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as useful measure of a government's net resources, available for spending, at the end of the current and prior fiscal year. As of September 30, 2024, Franklin County governmental funds reported combined fund balances of \$42,516,697 an increase of \$6,205,481 when compared to prior year combined fund balances. The governmental funds had nonspendable fund balances of \$20,767. The restricted fund balance was \$27,704,179 and consists of monies whose expenditure is externally constrained by grantors, creditors, binding law or enabling legislation. Of the remaining \$14,791,751 in fund balance, \$114,753 is classified as assigned and \$14,676,998 is recorded as unassigned.

Major Governmental Funds

The general fund, healthcare trust fund, tourist development fund, airport fund, housing initiative partnership fund, and local option gas tax fund 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 funds included in the County's general fund that are held and accounted for individually but are presented with the balance of the Board of County Commissioner's operating funds.
- ❖ The healthcare trust fund accounts for the local option discretionary sales tax that funds operations at the local hospital.
- ❖ The tourist development fund are revenues generated from a 3% local option tourist development tax. The tax is a charge which is collected on all leases or rentals of any living quarters or accommodations with a term of less than six months. Funds are used to promote tourism in the County.
- ❖ The airport fund accounts for activity relating to the County's airport.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- ❖ The housing initiative partnership fund is used to account for grant funds to aid in producing and preserving affordable homeownership and multifamily housing.
- ❖ The local option gas tax fund is used to account for the gas tax proceeds.

Major Proprietary Funds

The County uses an enterprise fund to account for the fiscal activities relating to the Hospital.

Budget Variances in Major Funds

The following budget variances occurred in the major funds during the year ended September 30, 2024.

- ❖ Tax revenue of the general fund shows a negative budget variance of \$508,112. The County budget shows 100% of anticipated revenues with “less 5% of estimated revenues” as a deduction. Additionally, taxpayers can take advantage of as much as 4% reduction in taxes by paying in the month of November.
- ❖ Intergovernmental revenue (federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes) is \$1,052,925 more than budgeted in the general fund. State shared revenues came in higher than expected during the year.
- ❖ Interest revenue for the healthcare trust fund is \$259,710 more than budgeted. Interest came in higher than expected.
- ❖ Tax revenue for the tourist development fund is \$261,422 more than budgeted. Tourist development taxes came in higher than expected.
- ❖ The airport fund shows a negative budget variance of \$1,480,304 under intergovernmental revenue and a negative budget variance of \$371,999 under other. The airport grant federal, state, and private expenditures were lower than anticipated.
- ❖ The Housing Initiative Partnership fund shows a negative budget variance of \$874,675 under intergovernmental revenue. Housing Initiative Partnership program expenses were lower than anticipated.
- ❖ The Local Option Gas Tax fund shows a negative budget variance of \$392,470 under intergovernmental revenue. Road paving funds from state grants were lower than anticipated.

Other variances disclosed on the major fund budget and actual statements and not noted herein are within expected ranges. It should be noted that budget expenditure variances shown on the individual major funds are favorable in total.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets

The County's financial statements present capital assets in two categories: those assets subject to depreciation, such as buildings, infrastructure, and equipment; and those not subject to depreciation, such as land and construction in progress. At September 30, 2024, the County had \$116,896,104 invested in a variety of capital assets, as reflected in the following schedule, which represents a net increase (additions less retirements and depreciation) of \$5,866,464, or 5.28%, from the end of last year.

CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 7,572,510	\$ 7,511,934	\$ 13,400	\$ 13,400	\$ 7,585,910	\$ 7,525,334
Buildings and improvements	16,312,902	16,004,951	2,411,536	2,491,222	18,724,438	18,496,173
Machinery and equipment	10,620,853	7,792,141	1,515,724	1,217,800	12,136,577	9,009,941
Infrastructure	72,253,988	71,750,103	-	-	72,253,988	71,750,103
Right-of-use asset	51,338	80,674	205,104	320,718	256,442	401,392
Construction in progress	5,894,230	2,945,463	44,519	901,234	5,938,749	3,846,697
Total	<u>\$112,705,821</u>	<u>\$106,085,266</u>	<u>\$ 4,190,283</u>	<u>\$ 4,944,374</u>	<u>\$116,896,104</u>	<u>\$111,029,640</u>

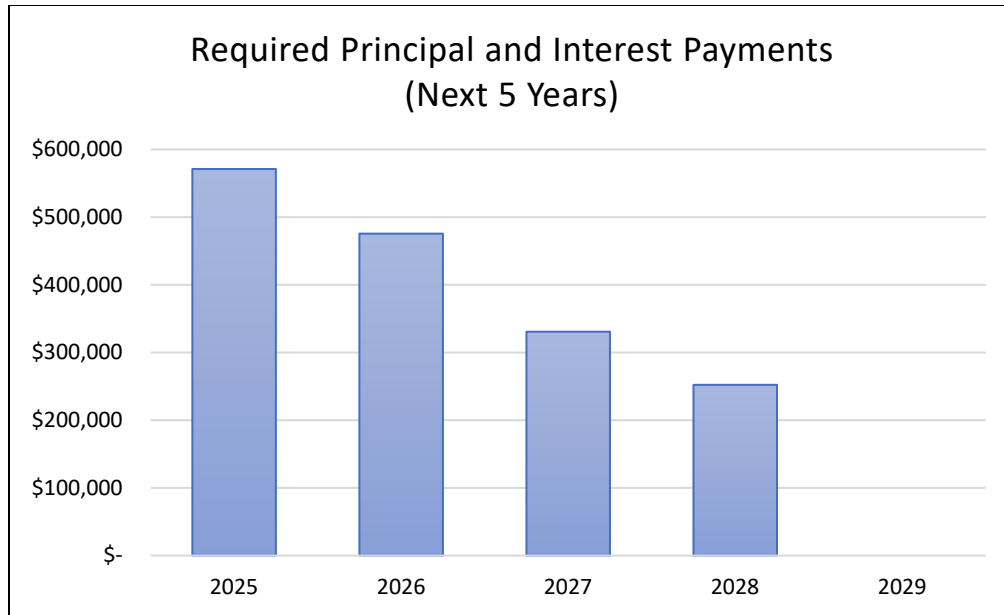
Below is a summary of the large projects that are still in progress at the end of the current fiscal year (many of these projects will take longer than one fiscal year to complete), large capital asset purchases during the year, and long-term debt status update.

- ❖ In December of 2023, the County entered into a rolling lease/purchase agreement for (2) 2024 Mack GR64B Dump Trucks at \$151,556 each.
- ❖ In 2019, the county financed a new 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 \$358,088 at September 30, 2024.
- ❖ 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 loan was paid in full during fiscal year 2024.
- ❖ In 2023, Franklin County obtained a \$300,000 line of credit for its beach park facilities. The annual debt service payments for the beach park facilities are funded by the Tourist Development sales tax proceeds. The line of credit was paid in full during fiscal year 2024.
- ❖ In 2023, Franklin County financed a new John Deere Wheel Loader for the landfill. The balance at September 30, 2024, was \$154,371.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Obligations

The following graph depicts future principal and interest payments required to be paid by the County on outstanding debt as of September 30, 2024.



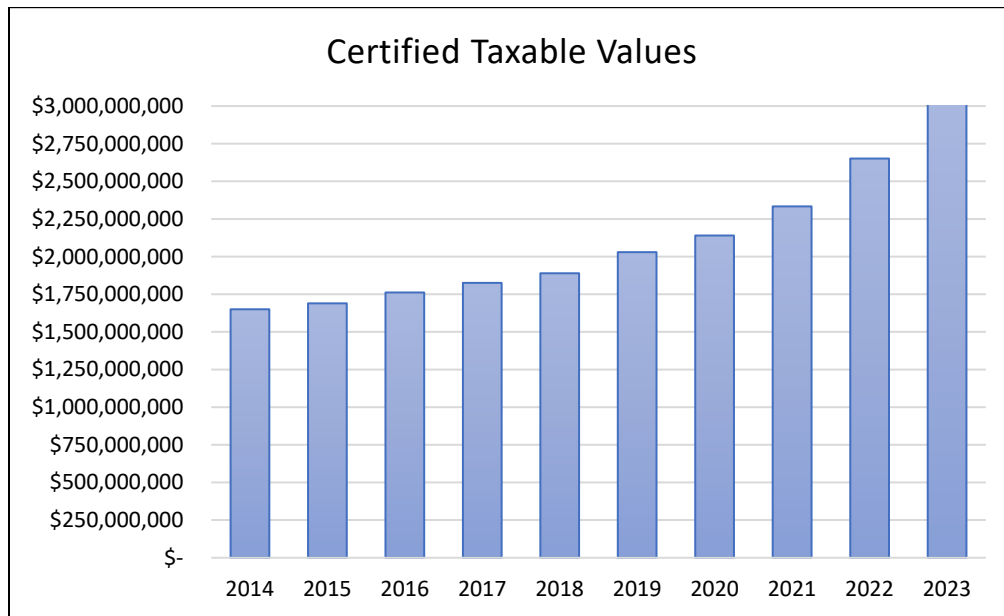
MANAGEMENT’S DISCUSSION AND ANALYSIS

Significant Economic Factors

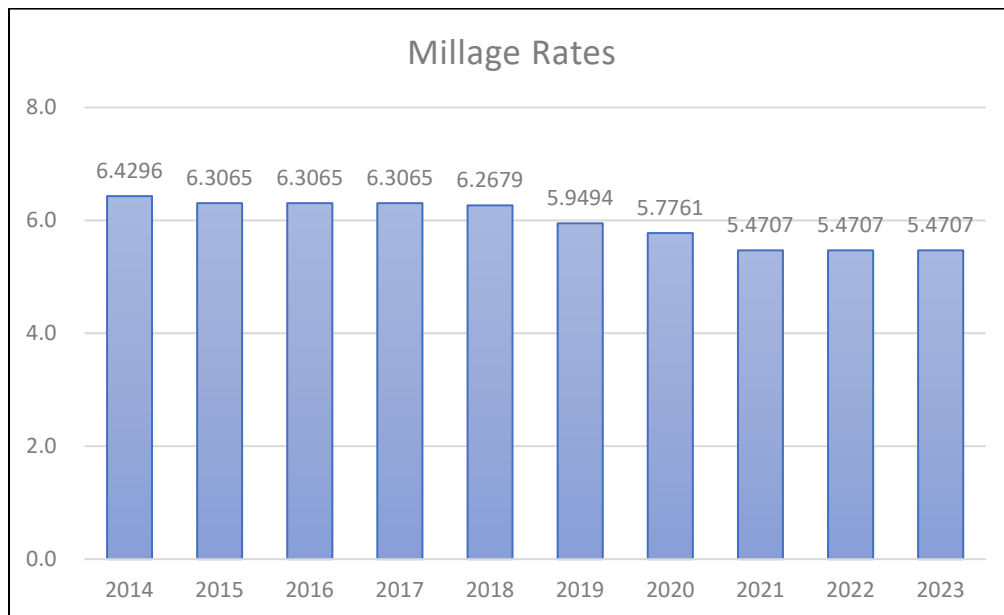
Taxable Value of Property and Millage Rates

For the year ended September 30, 2024, Franklin County calculated an estimate of \$16,628,246 for property taxes based on the certified taxable value of property of \$3,039,509,920.

Certified Taxable Value by Tax Year



Millage Rates by Tax Year



MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This report is designed to provide citizens, taxpayers, investors, and creditors 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:

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

BASIC FINANCIAL STATEMENTS

FRANKLIN COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 34,993,272	\$ 2,902,456	\$ 37,895,728
Patient accounts receivable, net of estimated uncollectibles of \$1,269,624 in 2024	-	1,189,021	1,189,021
Accounts and other receivables	192,287	436,346	628,633
Notes receivable	199,784	-	199,784
Internal balances	26,961	(26,961)	-
Due from other governmental units	11,518,288	-	11,518,288
Prepaid items	23,152	69,164	92,316
Supplies inventory	-	80,770	80,770
Capital assets:			
Nondepreciable	13,466,740	57,919	13,524,659
Depreciable (net)	99,239,081	4,132,364	103,371,445
Total assets	159,659,565	8,841,079	168,500,644
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	4,549,977	-	4,549,977
Other postemployment benefit liability related	1,839,152	-	1,839,152
Total deferred outflows of resources	6,389,129	-	6,389,129
LIABILITIES			
Accounts payable and accrued liabilities	1,670,216	1,167,849	2,838,065
Due to other governmental units	265,335	-	265,335
Unearned revenue	2,301,712	350,206	2,651,918
Non-current liabilities:			
Due within one year	658,144	611,274	1,269,418
Due in more than one year	27,790,318	1,074,969	28,865,287
Total liabilities	32,685,725	3,204,298	35,890,023
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,889,743	-	1,889,743
Other postemployment benefit liability related	10,853,079	-	10,853,079
Total deferred inflows of resources	12,742,822	-	12,742,822
NET POSITION			
Net investment in capital assets	111,265,312	4,000,902	115,266,214
Restricted	27,704,179	-	27,704,179
Unrestricted	(18,349,344)	1,635,879	(16,713,465)
Total net position	\$ 120,620,147	\$ 5,636,781	\$ 126,256,928

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 6,064,705	\$ 1,355,836	\$ 1,535,154	\$ 131,920	\$ (3,041,795)	\$ -	\$ (3,041,795)
Public safety	10,976,282	-	1,043,504	1,918,307	(8,014,471)	-	(8,014,471)
Physical environment	3,008,575	1,115,089	820,698	-	(1,072,788)	-	(1,072,788)
Transportation	6,305,731	-	2,459,965	1,745,678	(2,100,088)	-	(2,100,088)
Economic environment	1,509,158	-	167,495	-	(1,341,663)	-	(1,341,663)
Human services	1,181,010	335	98,515	-	(1,082,160)	-	(1,082,160)
Culture and recreation	1,645,273	13,527	150,209	284,561	(1,196,976)	-	(1,196,976)
Court related	911,588	431,941	523,985	-	44,338	-	44,338
Interest on debt	89,110	-	-	-	(89,110)	-	(89,110)
Total governmental activities	31,691,432	2,916,728	6,799,525	4,080,466	(17,894,713)	-	(17,894,713)
Business-type activities:							
Hospital	13,146,942	10,122,626	142,501	-	-	(2,881,815)	(2,881,815)
Total primary government	<u>\$ 44,838,374</u>	<u>\$ 13,039,354</u>	<u>\$ 6,942,026</u>	<u>\$ 4,080,466</u>	<u>(17,894,713)</u>	<u>(2,881,815)</u>	<u>(20,776,528)</u>
GENERAL REVENUES:							
Property tax					16,124,445	-	16,124,445
Local option sales tax					3,509,772	-	3,509,772
Communication service tax					44,860	-	44,860
Sales tax and other shared revenues					6,610,052	-	6,610,052
Tourist tax					3,574,766	-	3,574,766
Local option gas tax					315,631	-	315,631
Interest revenue					1,268,361	64,815	1,333,176
Other revenue					2,826,472	31,616	2,858,088
Reversion to State of Florida					(149,786)	-	(149,786)
Transfers					(2,126,579)	2,126,579	-
Total general revenues					<u>31,997,994</u>	<u>2,223,010</u>	<u>34,221,004</u>
Change in net position					14,103,281	(658,805)	13,444,476
Net position, beginning of year, as previously reported					107,665,406	6,295,586	113,960,992
Restatement for correction of an error					(1,148,540)	-	(1,148,540)
Net position, beginning of year, as restated					<u>106,516,866</u>	<u>6,295,586</u>	<u>112,812,452</u>
Net position, end of year					<u>\$ 120,620,147</u>	<u>\$ 5,636,781</u>	<u>\$ 126,256,928</u>

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General	Healthcare Trust Fund	Tourist Development Fund	(Formerly Nonmajor) Airport
ASSETS				
Cash and cash equivalents	\$ 8,475,549	\$ 10,553,114	\$ 6,169,362	\$ 151,447
Accounts receivable	38,389	-	800	24,935
Notes receivable	-	-	-	-
Due from other funds	4,249,969	510,779	-	52
Due from other governmental units	3,044,832	947,636	1,078,691	1,823,751
Prepaid items	12,549	-	2,385	-
Total assets	<u>\$ 15,821,288</u>	<u>\$ 12,011,529</u>	<u>\$ 7,251,238</u>	<u>\$ 2,000,185</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 597,910	\$ 6,250	\$ 145,088	\$ 394,760
Due to other funds	20,936	483,818	70,310	1,232,668
Due to other governmental units	49,894	-	-	-
Unearned revenue	115,666	9,813	-	39,856
Total liabilities	<u>784,406</u>	<u>499,881</u>	<u>215,398</u>	<u>1,667,284</u>
Deferred inflows of resources				
Grant related	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	12,549	-	-	-
Restricted	347,335	11,511,648	7,035,840	332,901
Assigned	-	-	-	-
Unassigned	14,676,998	-	-	-
Total fund balances	<u>15,036,882</u>	<u>11,511,648</u>	<u>7,035,840</u>	<u>332,901</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,821,288</u>	<u>\$ 12,011,529</u>	<u>\$ 7,251,238</u>	<u>\$ 2,000,185</u>

FRANKLIN COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Housing Initiative Partnership	Local Option Gas Tax	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,449,419	\$ 529,674	\$ 7,664,707	\$ 34,993,272
Accounts receivable	-	2,501	125,662	192,287
Notes receivable	199,784	-	-	199,784
Due from other funds	-	-	23,067	4,783,867
Due from other governmental units	-	4,122,895	500,483	11,518,288
Prepaid items	-	-	8,218	23,152
Total assets	\$ 1,649,203	\$ 4,655,070	\$ 8,322,137	\$ 51,710,650
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 19,250	\$ 272,544	\$ 234,414	\$ 1,670,216
Due to other funds	-	2,392,463	556,711	4,756,906
Due to other governmental units	-	-	215,441	265,335
Unearned revenue	1,216,799	-	919,578	2,301,712
Total liabilities	1,236,049	2,665,007	1,926,144	8,994,169
Deferred inflows of resources				
Grant related	199,784	-	-	199,784
Fund balances				
Nonspendable	-	-	8,218	20,767
Restricted	213,370	1,990,063	6,273,022	27,704,179
Assigned	-	-	114,753	114,753
Unassigned	-	-	-	14,676,998
Total fund balances	213,370	1,990,063	6,395,993	42,516,697
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,649,203	\$ 4,655,070	\$ 8,322,137	\$ 51,710,650

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Total fund balances of governmental funds	\$ 42,516,697
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Amounts reported for governmental activities in the statement of net position are different because:

Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the governmental funds.	199,784
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$201,210,298 and the accumulated depreciation is \$88,504,477.	112,705,821
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Deferred outflows and inflows of resources are not available in the current period and, therefore, are not reported in the governmental funds.

Deferred outflows and inflows of resources at year-end consist of:

Deferred outflows related to pensions	4,549,977	
Deferred inflows related to pensions	(1,889,743)	
Deferred outflows related to other postemployment benefit liability	1,839,152	
Deferred inflows related to other postemployment benefit liability	<u>(10,853,079)</u>	
		(6,353,693)

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in government funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year-end consist of:

Long-term notes	(1,388,454)	
Lease liability	(52,055)	
Landfill closing costs	(5,553,418)	
Compensated absences	(927,484)	
Other postemployment benefit liability	(4,820,836)	
Net pension liability	<u>(15,706,215)</u>	
		<u>(28,448,462)</u>

Total net position of governmental activities	<u>\$ 120,620,147</u>
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FRANKLIN COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General	Healthcare Trust Fund	Tourist Development Fund	(Formerly Nonmajor) Airport
REVENUES				
Taxes	\$ 16,169,305	\$ 3,509,772	\$ 3,574,766	\$ -
Licenses and permits	560,259	-	-	-
Intergovernmental	9,592,064	-	-	557,880
Charges for services	370,209	-	-	-
Fines and forfeitures	24,347	-	-	-
Interest revenue	352,400	413,049	189,298	1,992
Other	380,757	-	-	2,278,709
Total revenues	27,449,341	3,922,821	3,764,064	2,838,581
EXPENDITURES				
Current				
General government	5,562,702	-	-	-
Public safety	10,362,586	-	-	-
Physical environment	2,057,102	-	-	-
Transportation	30,086	-	-	782,102
Economic environment	80,050	-	1,418,823	-
Human services	737,718	30,127	-	-
Culture and recreation	1,397,658	-	-	-
Court related	177,314	-	-	-
Debt service				
Principal	749,090	-	140,000	-
Interest	50,403	-	3,804	-
Capital outlay	4,412,835	91,445	267,024	2,005,876
Total expenditures	25,617,544	121,572	1,829,651	2,787,978
Excess (deficiency) of revenues over (under) expenditures	1,831,797	3,801,249	1,934,413	50,603
OTHER FINANCING SOURCES (USES)				
Transfers in	388,094	512,559	-	-
Transfers (out)	(1,933,127)	(1,874,886)	(233,308)	-
Proceeds from debt financing	417,796	-	-	-
Reversion to State of Florida	-	-	-	-
Total other financing sources (uses)	(1,127,237)	(1,362,327)	(233,308)	-
Net changes in fund balances	704,560	2,438,922	1,701,105	50,603
Fund balances, beginning of year, as previously reported	14,332,322	9,562,245	5,334,735	-
Restatement for correction of an error	-	(489,519)	-	-
Adjustment - change between major and nonmajor funds	-	-	-	282,298
Fund balances, beginning of year, as adjusted and restated	14,332,322	9,072,726	5,334,735	282,298
Fund balances, end of year	\$ 15,036,882	\$ 11,511,648	\$ 7,035,840	\$ 332,901

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Housing Initiative Partnership	Local Option Gas Tax	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	\$ -	\$ 299,706	\$ 15,925	\$ 23,569,474
Licenses and permits	-	-	493,252	1,053,511
Intergovernmental	3,500	3,601,302	3,735,297	17,490,043
Charges for services	-	-	1,372,191	1,742,400
Fines and forfeitures	-	-	96,470	120,817
Interest revenue	18,808	39,991	252,823	1,268,361
Other	101,596	10,004	433,889	3,204,955
Total revenues	123,904	3,951,003	6,399,847	48,449,561
EXPENDITURES				
Current				
General government	-	-	-	5,562,702
Public safety	-	-	784,468	11,147,054
Physical environment	-	-	757,775	2,814,877
Transportation	-	32,876	1,847,679	2,692,743
Economic environment	8,842	-	-	1,507,715
Human services	-	-	324,273	1,092,118
Culture and recreation	-	-	-	1,397,658
Court related	-	-	745,407	922,721
Debt service				
Principal	-	-	403,490	1,292,580
Interest	-	-	34,903	89,110
Capital outlay	-	3,731,352	1,660,813	12,169,345
Total expenditures	8,842	3,764,228	6,558,808	40,688,623
Excess (deficiency) of revenues over (under) expenditures	115,062	186,775	(158,961)	7,760,938
OTHER FINANCING SOURCES (USES)				
Transfers in	-	334,068	835,807	2,070,528
Transfers (out)	-	-	(155,786)	(4,197,107)
Proceeds from debt financing	-	-	303,112	720,908
Reversion to State of Florida	-	-	(149,786)	(149,786)
Total other financing sources (uses)	-	334,068	833,347	(1,555,457)
Net changes in fund balances	115,062	520,843	674,386	6,205,481
Fund balances, beginning of year, as previously reported	98,308	1,469,220	6,003,905	36,800,735
Restatement for correction of an error	-	-	-	(489,519)
Adjustment - change between major and nonmajor funds	-	-	(282,298)	-
Fund balances, beginning of year, as adjusted and restated	98,308	1,469,220	5,721,607	36,311,216
Fund balances, end of year	\$ 213,370	\$ 1,990,063	\$ 6,395,993	\$ 42,516,697

See accompanying notes to 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, 2024

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

Net changes in fund balances - total governmental funds	\$ 6,205,481
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Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases (\$12,169,345) exceeds depreciation (\$5,252,152) in the current period.	6,917,193
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(296,638)
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Under the modified accrual basis of accounting used in governmental funds, revenue is recognized as payments are made on notes receivable, however, at the government-wide level, they are not recognized in the statement of activities.	(81,845)
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The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts of the items that make up these differences in the treatment of long-term debt and related items are:

Proceeds from the issuance of long-term debt		(720,908)	
Principal repayments:			
Notes payable		1,263,212	
Lease liabilities		29,368	
		571,672	571,672

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

This adjustment is as follows:

Net pension liability and related deferred inflows and outflows		62,681	
Other postemployment benefit liability and related deferred inflows and outflows		1,272,951	
Bad debt expense		-	
Landfill closing costs		(511,596)	
Compensated absences		(36,618)	
		787,418	787,418

Change in net position of governmental activities	\$ 14,103,281
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FRANKLIN COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	<u>Hospital</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,902,456
Patient accounts receivable, net of estimated uncollectibles of \$1,269,624 in 2024	1,189,021
Due from other funds	483,818
Other receivables	436,346
Prepaid items	69,164
Supplies inventory	<u>80,770</u>
Total current assets	<u>5,161,575</u>
Non-current assets	
Capital assets	
Land	13,400
Construction in progress	44,519
Right-of-use lease assets, net	68,484
Right-of-use subscription assets, net	136,620
Depreciable capital assets, net	<u>3,927,260</u>
Total non-current assets	<u>4,190,283</u>
Total assets	<u>9,351,858</u>
LIABILITIES	
Current liabilities	
Current portion of lease liability	37,867
Current portion of subscription liability	60,720
Accounts payable and accrued expenses	1,167,849
Due to other funds	510,779
Unearned revenue	350,206
Current portion of estimated third party settlements	295,978
Compensated absences	<u>216,709</u>
Total current liabilities	<u>2,640,108</u>
Non-current liabilities	
Lease liability, less current portion	14,894
Subscription liability, less current portion	75,900
Estimated third-party settlements, less current portion	<u>984,175</u>
Total non-current liabilities	<u>1,074,969</u>
Total liabilities	<u>3,715,077</u>
NET POSITION	
Net investment in capital assets	4,000,902
Unrestricted	<u>1,635,879</u>
Total net position	<u><u>\$ 5,636,781</u></u>

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Hospital</u>
Operating revenues	
Net patient service revenue before provision for uncollectible accounts	\$ 11,560,157
Provision for uncollectible accounts	<u>(1,924,520)</u>
Net patient service revenue	9,635,637
Other operating revenue	<u>486,989</u>
Total operating revenues	<u>10,122,626</u>
Operating expenses	
Salaries, wages, and benefits	6,544,787
Other contract services	3,287,731
Supplies	1,253,139
Depreciation and amortization	853,579
Repairs and maintenance	329,989
Insurance	301,512
Other current expenses	198,305
Utilities	181,596
Licenses, permits, and fees	60,616
Communications	68,963
Lease and rental	59,562
Other patient care related costs	<u>5,166</u>
Total operating expenses	<u>13,144,945</u>
Operating (loss)	<u>(3,022,319)</u>
Nonoperating revenues (expenses)	
Interest income	64,815
Grants and contributions	142,501
Other income (expense)	31,616
Interest expense	<u>(1,997)</u>
Total nonoperating revenues (expenses)	<u>236,935</u>
(Loss) before transfers	(2,785,384)
Transfers	
Transfers in	2,639,138
Transfers out	<u>(512,559)</u>
Total transfers	<u>2,126,579</u>
Change in net position	(658,805)
Total net position, beginning of year	<u>6,295,586</u>
Total net position, end of year	<u><u>\$ 5,636,781</u></u>

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Hospital</u>
Cash flows from operating activities	
Receipts from and on behalf of patients	\$ 9,921,113
Payments to suppliers and others	(5,715,431)
Payments to and on behalf of leased employees	(6,522,414)
Other receipts (payments), net	<u>486,989</u>
Net cash (used in) operating activities	<u>(1,829,743)</u>
Cash flows from noncapital financing activities	
Other receipts (payments), net	31,616
Net change in due from other funds	(100,949)
Noncapital related transfers in	<u>2,734,966</u>
Net cash provided by noncapital financing activities	<u>2,665,633</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	(81,755)
Capital related grants and transfers in	492,707
Principal paid on lease liabilities	(37,215)
Principal paid on subscription liabilities	(78,601)
Interest paid	(1,997)
Depreciation adjustments	<u>(17,733)</u>
Net cash provided by capital and related financing activities	<u>275,406</u>
Cash flows from investing activities	
Interest income	<u>64,815</u>
Net cash provided by investing activities	<u>64,815</u>
Net increase in cash and cash equivalents	1,176,111
Cash and cash equivalents, beginning of year	<u>1,726,345</u>
Cash and cash equivalents, end of year	<u>\$ 2,902,456</u>
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:	
Operating (loss)	\$ (3,022,319)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities	
Depreciation and amortization	853,579
Provision for bad debts	1,924,520
Changes in operating assets and liabilities	
Patient accounts receivable	(2,069,855)
Supplies inventory	7,576
Prepaid items	11,767
Other receivables	(66,644)
Accounts payable and accrued expenses	57,433
Compensated absences	21,341
Estimated third-party settlements	<u>452,859</u>
Total adjustments	<u>1,192,576</u>
Net cash (used in) operating activities	<u>\$ (1,829,743)</u>
Noncash Investing, Capital and Financing Activities	
Disposal of abandoned projects (CIP)	\$ 48,890
Transfer out to County recorded as a payable	\$ 512,559

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2024

ASSETS

Cash and cash equivalents	<u>\$ 1,564,628</u>
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LIABILITIES

Due to other funds	50,818
Due to other governments	511,898
Due to other county agencies	<u>328,963</u>

Total liabilities	<u>891,679</u>
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NET POSITION

Restricted	<u>672,949</u>
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Total net position	<u><u>\$ 672,949</u></u>
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FRANKLIN COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

ADDITIONS	<u>\$ 45,067,254</u>
DEDUCTIONS	
Deductions	45,015,400
Apparent unauthorized transactions	<u>116,169</u>
Total deductions	<u>45,131,569</u>
Net increase (decrease) in fiduciary net position	(64,315)
Net position, beginning of year	<u>737,264</u>
Net position, end of year	<u><u>\$ 672,949</u></u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Franklin County, Florida (the “County”) have been prepared in accordance with U.S. generally accepted accounting principles (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.

A. Reporting Entity

The County, located in Northwest Florida, is a political subdivision of the State of Florida and provides services to approximately 12,000 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 (the “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.

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the financial reporting entity consists of the primary government (composed of the Board of County Commissioners and Constitutional Officers) and the County’s component units, for which the primary government is 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 outlined in GASB Statement No. 14 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 the primary government’s ability to impose its will on the potential component unit’s fiscal dependency on the primary government. Based upon the application of these criteria, the Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital required inclusion as a component unit within the County’s financial statements.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Hospital Fund of Franklin County, Florida, is listed as an independent district by the Department of Economic Opportunity's Special District Accountability program under Section 218.39, Florida Statutes. The Hospital Fund is included in the County's reporting entity as a blended component unit due to the significance of the operational and financial relationships with the County.

Although it is a legally separate agency, financial support has been pledged and its financial and operational policies may be significantly influenced by the County. The Hospital Fund Board is appointed by the Board of County Commissioners. The Hospital Fund is accounted for as if it is a part of the County's operations and reported as a County Enterprise Fund.

Complete financial statements of the Hospital Fund component unit can be obtained as follows:

George E. Weems Memorial Hospital
135 Avenue G
Apalachicola, Florida 32320

The County was established by the constitution of the State of Florida, Article VIII, Section 1 (e).

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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 certain legally separate component units, if any, for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports six major governmental funds:

- General Fund – The general fund is the County’s primary operating fund. It is used to account for all resources traditionally associated with governmental activities except those required to be accounted for in other funds.
- Healthcare Trust Fund – This fund is used to account for the sales tax proceeds restricted for use at the county hospital.
- Tourist Development Fund – This fund is used to account for tourist development tax proceeds.
- Airport – To account for activity relating to the County’s airport.
- Housing Initiative Partnership – To account for activity relating to the program’s revenues and expenses.
- Local Option Gas Tax Fund – This fund is used to account for the gas tax proceeds.

The County reports one type of proprietary major fund, the hospital fund, which is used to account for balances and activities of the George E. Weems Memorial Hospital.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are available when they are collectible 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 current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. 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.

D. 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 from those estimates.

Estimates that are particularly susceptible to significant change in the near term are related to the determination of the Hospital's allowances for uncollectible accounts and contractual adjustments and estimated third-party payor settlements. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

E. Enterprise Activities

For enterprise activities, the County applies all applicable GASB pronouncements.

F. Budgets and Budgetary Accounting

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the County's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Board.

The budgetary information presented for the general fund and any major governmental funds is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Cash Equivalents and Investments

Cash and cash equivalents include all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. Investments are reported at fair value. Additional cash and cash equivalents and investment information and fair values are presented in Note 2.

H. Accounts and Notes Receivable

The County's accounts and notes receivable, other than hospital accounts receivable as described below, are deemed to be entirely collectible. Therefore, an allowance for uncollectible accounts receivable has not been recorded.

Patient accounts receivable are reduced by estimated contractual and other adjustments and estimated uncollectible accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowances for third-party contractual and other adjustments and bad debt. Management reviews data about these major payor sources of revenue on a monthly basis in evaluating the sufficiency of the allowances. On a continuing basis, management analyzes delinquent receivables and writes them off against the allowance when deemed uncollectible. No interest is charged on patient accounts receivable balances.

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for contractual adjustments and, if necessary, a provision for bad debts (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with uninsured patients (also known as 'self-pay'), which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The Hospital has not materially altered its accounts receivable and revenue recognition policies during fiscal year 2024 and did not have significant write-offs from third-party payors related to collectability in fiscal year 2024.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Due from (to) Other Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances” when applicable.

J. Supplies Inventory

Supply inventories are stated at the lower of cost or net realizable value, determined using the first-in, first-out method. When evidence exists that the net realizable value of inventories is lower than its cost, the difference is recognized as a loss in the statement of revenues, expenses, and changes in net position in the period in which it occurs.

Pharmaceutical inventories are subject to a capitalization threshold, resulting in the expensing of insignificant drugs during the year.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Machinery and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are recorded as capital assets. Buildings, roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost when purchased or constructed 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 cost of normal maintenance and repairs that does not add to the value of an asset or materially extend its useful life is expensed as incurred.

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

Buildings	50 years
Improvements	50 years
Machinery and equipment	5-20 years
Infrastructure	15-25 years
Right-of-use assets	Lease term

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during the construction period is not capitalized.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Leases

The County is a lessee for various lease agreements and recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial individual value of \$15,000 or more. At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made at or before the lease commencement date, plus initial direct costs. Subsequently, the lease asset is amortized in accordance with principal amounts attributed over the term of the lease liability.

Key estimates and judgements related to leases include how the County determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Subscription-Based Information Technology Arrangements

Under GASB No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, all contracts allowing for the County to use another entity's information technology software alone or in combination with tangible capital assets (the underlying IT assets) for a period greater than 12 months are recorded as both a right-of-use (ROU) asset and a subscription liability. The liability is measured using the present value of total expected payments over the subscription term, discounted for the interest rate (whether explicit or implicit). Scheduled payments thereafter are allocated between the discount amortization to interest expense and the principal payment in the reduction of the outstanding liability. The ROU asset should be measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Amortization of the ROU subscription asset flows through amortization expense monthly using the straight-line basis over the life of the subscription.

The County uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and term options that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets, reported with capital assets, and subscription liabilities, are reported on the statements of net position.

N. Long-Term Obligations

In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt issuance costs are reported as other financing sources (uses) in the period incurred.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Pension Liability

In the government-wide statements, the net pension liability represents the County's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This liability represents a share of the present value of projected benefit payments to be provided through cost-sharing plans, less the amount of the cost-sharing plans' fiduciary net position. The County participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS) defined benefit plan administered by the Florida Division of Retirement. The County allocated the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense to the funds and functions/activities based on their respective contribution made to the pension plans for that fiscal year.

P. Other Postemployment Benefits

The County has recorded a liability in the government-wide statements for postemployment benefits other than pensions ("OPEB"). The financial reporting requirements for governments whose employees are provided with OPEB, include the recognition and measurement of liabilities, deferred outflows of resources, deferred inflows of resources, and expenses.

Q. Deferred Outflows/Inflows of Resources

The statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The County also has items related to its retirement plan and OPEB plan which are reported in the government-wide statement of net position as deferred outflows of resources and deferred inflows of resources. Certain changes in the net pension liability and net OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence.

Experience gains or losses result from actuarial studies which adjust the net pension/OPEB liability (asset) for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension/OPEB liability (asset) are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The net difference between projected and actual earnings on pension/OPEB plan investments is deferred and amortized against pension expense over a five-year period.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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. This is accounted for pursuant to GASB Statement No.16, *Accounting for Compensated Absences*.

S. 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 2024 tax year millage rate assessed by the County was 5.4707 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.

All property is assessed according to its fair market value on 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.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews, and investigations.

The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potentially significant wrongdoing. However, compliance with such laws and regulations is subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid program, and in recent years there has been an increase in regulatory initiatives at the state and federal levels including the Recovery Audit Contractor (“RAC”) and Medicaid Integrity Contractor (“MIC”) programs, among others. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The RAC’s have authority to pursue ‘improper’ (in their judgment) payments with a three year look back from the date the claim was paid.

U. Charity Care

The Hospital provides care without charge, or at a reduced charge, to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify pursuant to this policy, these charges are not reported as revenue. The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy was approximately \$392,000 for the year ended September 30, 2024, and estimated costs and expenses incurred to provide charity care totaled approximately \$251,000. The estimated costs and expenses incurred to provide charity care were determined by applying the Hospital’s cost to charge ratio from its latest filed Medicare cost report to its charges foregone for charity care, at established rates.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Recently Issued and Implemented Accounting Pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each type of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The County adopted GASB 100 for the year ended September 30, 2024.

W. Subsequent Events

The County evaluated subsequent events through September 10, 2025, the date which the financial statements were available to be issued. The County identified the following items requiring disclosure.

See Note 13: Medicaid Subsidies and Assessments for DSH related matters.

Subsequent to September 30, 2024, \$571,397 owed to Tallahassee Memorial Hospital from the Hospital was paid. This amount was funded by the County, resulting in a transfer in for fiscal year 2025.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits Policies

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

Investments Policies

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

- The Local Government Surplus Funds Trust Fund (State Board of Administration) 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 state-certified qualified public depositories as defined in s. 280.02.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

- Direct obligations of the United States Treasury.
- Federal agencies and instrumentalities.
- 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 full 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.

Florida Statutes provide that funds awaiting clearing may be invested. Pursuant to an agreement with a local financial institution, cash on deposit, including the County's float, was invested overnight in United States Treasury Obligations per the repurchase agreement.

Investments consist of amounts placed with the State Board of Administration for participation in the Local Government Surplus Trust Fund (Florida PRIME) created by Florida Statutes, Section 218.405.

Florida PRIME meets the criteria in GASB 79 to measure all of its investments at amortized cost enabling it to maintain a constant Net Asset Value (NAV) of \$1.00 per share. As of September 30, 2024, Florida PRIME had no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Custodial Credit Risk of Deposits

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.

Interest Rate Risk

At September 30, 2024, the County did not hold any investments other than those disclosed below that were considered to be an interest rate risk. The dollar weighted average days to maturity for Florida PRIME was 39 days as of September 30, 2024.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risks

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as a credit risk because the County investments are not evidenced by specific, identifiable investment securities. As of September 30, 2024, Florida PRIME is rated by Standard and Poor's and has a current rating of AAAm.

Custodial Risk

At September 30, 2024, the County held deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2024, the County did not hold any investments that were considered to be a concentration of credit risk.

At September 30, 2024, the County's cash and investments consisted of the following:

	<u>Current</u>	<u>0-5 Years</u>	<u>5-10 Years</u>	<u>Total Carrying Amount</u>
Cash including money market fund	\$ 32,115,145	\$ -	\$ -	\$ 32,115,145
Local Government Surplus Funds Trust Fund (Florida PRIME)	<u>5,780,583</u>	<u>-</u>	<u>-</u>	<u>5,780,583</u>
Total	<u><u>\$ 37,895,728</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 37,895,728</u></u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3: PATIENT ACCOUNTS RECEIVABLE

The Hospital is located in Apalachicola, Florida. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2024, was:

Medicare	\$ 482,015
Medicaid	234,904
Other third-party payers	1,575,983
Patients	<u>1,220,467</u>
 Total patient accounts receivable	 3,513,369
 Less allowance for contractual and other adjustments	 (1,054,724)
Less allowance for uncollectible accounts	<u>(1,269,624)</u>
 Patient accounts receivable, net	 <u><u>\$ 1,189,021</u></u>

NOTE 4: NOTES RECEIVABLE

The County holds various notes with start dates ranging from August 1994 through April 2010 related to its State Housing Initiatives Partnership Program whereby the County made loans ranging from \$5,000 to \$98,046. The majority of the loans are to be repaid over a thirty-year period and have annual interest rates of 1%.

At September 30, 2024, notes receivable consisted of the following:

	Balance, September 30, 2023	Additions	Deductions	Balance, September 30, 2024
SHIP	<u>\$ 281,629</u>	<u>\$ -</u>	<u>\$ (81,845)</u>	<u>\$ 199,784</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5: INTERFUND TRANSACTIONS

During the course of normal operations, numerous transactions occur between funds, such as expenditures or transfers of resources to provide services, service debt, or construct assets. The interfund transactions are eliminated in the government-wide financial statement totals.

As of September 30, 2024, the County maintained the following interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Tourist Development Fund	\$ 70,310
	Airport	1,232,549
	Local Option Gas Tax	2,392,463
	Other nonmajor funds	554,647
Healthcare Trust Fund	Enterprise - Hospital	510,779
Airport	General fund	52
Other nonmajor funds	General fund	20,884
	Airport	119
	Other nonmajor funds	2,064
Enterprise - Hospital	Healthcare Trust Fund	483,818
		<u>\$ 5,267,685</u>

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.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Operating transfers between funds were as follows for the year ended September 30, 2024:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General fund	Tourist Development Fund	\$ 233,308
	Other nonmajor funds	154,786
Healthcare Trust Fund	Enterprise - Hospital	512,559
Local Option Gas Tax	General fund	334,068
Other nonmajor funds	General fund	834,807
	Other nonmajor funds	1,000
Enterprise - Hospital	General fund	764,252
	Healthcare Trust Fund	1,874,886
		\$ 4,709,666

The transfers above were for budgeted operations.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6: CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended September 30, 2024, was as follows:

	Beginning Balance (Restated)	Additions	Reductions	Adjustments*	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 7,511,934	\$ 60,576	\$ -	\$ -	\$ 7,572,510
Construction in progress	2,945,463	4,722,774	-	(1,774,007)	5,894,230
Total capital assets not being depreciated	10,457,397	4,783,350	-	(1,774,007)	13,466,740
Capital assets being depreciated:					
Buildings	16,392,726	1,129,549	-	5,237	17,527,512
Improvements other than buildings	12,164,165	-	-	-	12,164,165
Machinery and equipment	21,310,153	3,813,536	(410,905)	-	24,712,784
Infrastructure	128,935,322	2,442,910	-	1,768,770	133,147,002
Right-of-use asset	192,095	-	-	-	192,095
Total capital assets being depreciated	178,994,461	7,385,995	(410,905)	1,774,007	187,743,558
Less accumulated depreciation for:					
Buildings	(7,189,730)	(488,095)	-	-	(7,677,825)
Improvements other than buildings	(5,362,210)	(338,740)	-	-	(5,700,950)
Machinery and equipment	(13,518,012)	(688,186)	114,267	-	(14,091,931)
Infrastructure	(57,185,219)	(3,707,795)	-	-	(60,893,014)
Right-of-use asset	(111,421)	(29,336)	-	-	(140,757)
Total accumulated depreciation	(83,366,592)	(5,252,152)	114,267	-	(88,504,477)
Total capital assets being depreciated, net	95,627,869	2,133,843	(296,638)	1,774,007	99,239,081
Total governmental activities, capital assets, net	\$ 106,085,266	\$ 6,917,193	\$ (296,638)	\$ -	\$ 112,705,821

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

Governmental activities:	
General government	\$ 315,383
Court related	54,963
Public safety	552,977
Physical environment	232,234
Economic environment	3,856
Transportation	3,690,803
Human services	113,496
Culture and recreation	288,440
Total depreciation expense - governmental activities	<u>\$ 5,252,152</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6: CAPITAL ASSETS (CONTINUED)

Capital asset activity for business-type activities for the fiscal year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Adjustments*	Ending Balance
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 13,400	\$ -	\$ -	\$ -	\$ 13,400
Construction in progress	901,234	-	(48,890)	(807,825)	44,519
Total capital assets not being depreciated	914,634	-	(48,890)	(807,825)	57,919
Capital assets being depreciated:					
Buildings	3,132,987	-	-	-	3,132,987
Equipment and furniture	3,998,251	81,755	-	807,825	4,887,831
Right-of-use asset - equipment	569,655	-	-	-	569,655
Right-of-use asset - SBITA	464,529	-	-	-	464,529
Total capital assets being depreciated	8,165,422	81,755	-	807,825	9,055,002
Less accumulated depreciation for:					
Buildings	(641,765)	(79,686)	-	-	(721,451)
Equipment and furniture	(2,780,451)	(591,656)	-	-	(3,372,107)
Right-of-use asset - equipment	(464,158)	(37,013)	-	-	(501,171)
Right-of-use asset - SBITA	(249,308)	(78,601)	-	-	(327,909)
Total accumulated depreciation	(4,135,682)	(786,956)	-	-	(4,922,638)
Total capital assets being depreciated, net	4,029,740	(705,201)	-	807,825	4,132,364
Total business-type activities, capital assets, net	\$ 4,944,374	\$ (705,201)	\$ (48,890)	\$ -	\$ 4,190,283

Depreciation expense for the business-type activities for the year ended September 30, 2024, which includes amortization of right-of-use (ROU) assets, was \$853,579. Depreciation expense for fiscal year 2024 includes a charge of \$48,623 related to CIP projects that were abandoned. Additionally, depreciation expense was increased by approximately \$18,000 related to changes in estimates of useful lives of related assets. These two figures are not reflected in the tables shown above.

In fiscal year 2023, the Hospital acquired grant funded assets in the amount of approximately \$588,000. These assets were capitalized in “construction in progress”, and recorded as income in “grants and contributions” on the statement of revenues, expenses and changes in net position for 2023. In fiscal year 2024 these assets were placed in service.

**Adjustments reflect capital assets moved from construction in progress into service during the fiscal year or transfers between funds.*

NOTE 7: LONG-TERM DEBT

Under the GASB 34 reporting model, long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All long-term liabilities for the Board of County Commissioners are reported in the government-wide statement of net position. The following sections address specific long-term liabilities which are included in the government-wide presentation:

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 7: LONG-TERM DEBT (CONTINUED)

Auto and Equipment Loans – The County regularly purchases vehicles and other equipment through loans and lease finance options. The total due on the lease finance agreements and loans as of September 30, 2024, was \$266,307 and \$1,118,075, respectively. These loans include interest rates ranging from 2.65% to 8.80% and maturities ranging from 2025 to 2028.

Franklin Boulevard Lots – In 2019, the County obtained a loan in the amount of \$500,000 to purchase 11 commercial district lots. The loan matured in July 2024 and has interest charged at an annual rate of 4.5%. The loan was paid in full during 2024.

Line of Credit – In 2023, the County obtained a \$300,000 line of credit for its beach park facilities. Interest is charged at 6.75% due monthly, and all outstanding principal and interest due September 20, 2024. The line of credit was paid in full during 2024.

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Auto and equipment loans	\$ 1,693,358	\$ 720,908	\$ (1,029,884)	\$ 1,384,382	\$ 438,933
Credit card	5,284	-	(1,212)	4,072	4,072
Franklin Boulevard lots	92,116	-	(92,116)	-	-
Line of credit	140,000	-	(140,000)	-	-
Lease liability	81,423	-	(29,368)	52,055	29,642
Long-term landfill closure and postclosure liability	5,041,822	511,596	-	5,553,418	-
Other postemployment benefits	4,340,315	480,521	-	4,820,836	-
Net pension liability	15,868,499	-	(162,284)	15,706,215	-
Liability for compensated absences*	890,866	36,618	-	927,484	185,497
Total governmental activities long-term liabilities	<u>\$28,153,683</u>	<u>\$ 1,749,643</u>	<u>\$ (1,454,864)</u>	<u>\$28,448,462</u>	<u>\$ 658,144</u>

**The change in the compensated absences liability is presented as a net change.*

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 7: LONG-TERM DEBT (CONTINUED)

DEBT SERVICE REQUIREMENTS

The scheduled payments of principal and interest on long-term debt, including lease liabilities, for the year ending September 30, are as follows:

Year	Principal	Interest	Total
2025	\$ 472,647	\$ 63,910	\$ 536,557
2026	400,017	43,136	443,153
2027	315,606	24,009	339,615
2028	252,239	10,446	262,685
	<u>\$ 1,440,509</u>	<u>\$ 141,501</u>	<u>\$ 1,582,010</u>

Long-term liabilities related to business-type activities as of and for the year ended September 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Subscription liability	\$ 215,221	\$ -	\$ (78,601)	\$ 136,620	\$ 60,720
Lease liability	89,976	-	(37,215)	52,761	37,867
Compensated absences	<u>195,368</u>	<u>315,897</u>	<u>(294,556)</u>	<u>216,709</u>	<u>216,709</u>
Total business-type activities					
long-term liabilities	<u>\$ 500,565</u>	<u>\$ 315,897</u>	<u>\$ (410,372)</u>	<u>\$ 406,090</u>	<u>\$ 315,296</u>

See Note 8: Leases for scheduled payments of principal and interest for business-type activities.

NOTE 8: LEASES

Operating Lease Obligations – Governmental Activities

Capital Assets

The County, as a lessee, has entered into a lease agreement for office space. The total of the County's lease assets for the year ended September 30, 2024, was recorded at a cost of \$192,095, less accumulated amortization of \$140,757.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 8: LEASES (CONTINUED)

<u>Asset Class</u>	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>
Buildings	<u>\$ 192,095</u>	<u>\$ (140,757)</u>

Principal and Interest Requirements to Maturity

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 29,642	\$ 358	\$ 30,000
2026	<u>22,413</u>	<u>87</u>	<u>22,500</u>
Total	<u>\$ 52,055</u>	<u>\$ 445</u>	<u>\$ 52,500</u>

Leases – Business-Type Activities

The Hospital has entered into lease agreements to obtain the right-to-use to various specialized medical equipment and office equipment. The leases range from 24 to 60 months, often with one year renewal periods.

As of September 30, 2024, lease liabilities were \$52,761. The Hospital is required to make monthly principal and interest payments on the leases totaling approximately \$8,000. The leases have interest rates of approximately 3.25%.

The following is a schedule of minimum future lease payments from lease agreements as of September 30. Future interest payments are not material.

<u>Fiscal Year</u>	<u>Principal Payments</u>
2025	\$ 37,867
2026	<u>14,894</u>
Total	<u>\$ 52,761</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 8: LEASES (CONTINUED)

Subscription-Based Information Technology Arrangements – Business-Type Activities

The right-of-use assets and related subscription liabilities largely involve the following:

- Licensing and remote hosting agreements with global suppliers of health information technology solutions which provide software/applications, managed/shared services, and remote hosting services. The contracts end in fiscal year 2027.

As of September 30, 2024, the balance of the subscription liability was \$136,620. The Hospital is required to make monthly principal and interest payments totaling approximately \$11,000. The subscriptions do not have stated interest rates. The Hospital used an estimate of its incremental borrowing rate, 3.25%.

The following is a schedule of minimum future payments from subscription agreements. Future interest amounts on these subscription agreements are not material.

<u>Fiscal Year</u>	<u>Principal Payments</u>
2025	\$ 60,720
2026	60,720
2027	<u>15,180</u>
Total	<u>\$ 136,620</u>

NOTE 9: EMPLOYEE BENEFITS

FLORIDA RETIREMENT SYSTEM

General Information – All of the County’s employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“FRS Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Department of Management Services, Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications.

FRS PLAN

Plan Description – The FRS Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided – Benefits under the FRS Plan are computed on the basis of age, average final compensation, and service credit. For FRS Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers’ class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

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

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, **2023** through June 30, 2024, and from July 1, 2024, through September 30, 2024, respectively, were as follows: Regular—13.57% and 13.63%; Special Risk Administrative Support—39.82% and 39.82%; Special Risk—32.67% and 32.79%; Senior Management Service—34.52% and 34.52%; Elected Officers’—58.68% and 58.68%; and DROP participants—21.13% and 21.13%. These employer contribution rates include the 2.00% and 2.00% HIS Plan subsidy for the period October 1, **2023**, through June 30, 2024, and July 1, 2024, through September 30, 2024, respectively.

The County’s contributions, including employee contributions, to the FRS Plan totaled \$1,839,140 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2024, the County reported a liability of \$12,377,418 for its proportionate share of the FRS Plan’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The County’s proportionate share of the net pension liability was based on the County’s 2023-24 fiscal year contributions relative to the 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the County's proportionate share was 0.03199 percent.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

For the fiscal year ended September 30, 2024, the County recognized pension (benefit) of (\$36,840). In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,250,451	\$ -
Change of assumptions	1,696,438	-
Net difference between projected and actual earnings on FRS Plan investments	-	(822,668)
Changes in proportion and differences between County FRS Plan contributions and proportionate share of contributions	798,638	(567,190)
County FRS Plan contributions subsequent to the measurement date	468,645	-
Total	<u>\$ 4,214,172</u>	<u>\$ (1,389,858)</u>

The deferred outflows of resources related to the FRS Plan, totaling \$468,645 resulting from County contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Plan will be recognized in pension expense as follows:

Reporting period ending September 30,	FRS Expense
2025	\$ (208,665)
2026	2,266,831
2027	165,249
2028	7,816
2029	124,438
Total	<u>\$ 2,355,669</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

Actuarial Assumptions – The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality assumptions for the FRS Pension Plan were based on the PUB-2010 base table, projected generationally with Scale MP-2021.

The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023.

The long-term expected rate of return remained 6.70%.

The long-term expected rate of return on FRS Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate (property)	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
Total	<u>100.00%</u>			
Assumed inflation - mean			2.4%	1.5%

(1) As outlined in the Pension Plan's investment policy

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability was 6.70%. The FRS Plan’s 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 calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the County’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the County’s proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

FRS Net Pension Liability		
1%	Current	1%
Decrease	Discount Rate	Increase
5.70%	6.70%	7.70%
<u>\$ 21,771,444</u>	<u>\$ 12,377,418</u>	<u>\$ 4,507,928</u>

FRS Plan Fiduciary Net Position – Detailed information regarding the FRS Plan’s fiduciary net position is available in the separately issued FRS Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

HIS PLAN

Plan Description – The 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 September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution for the period October 1, **2023**, through June 30, 2024, was 2.00%, and the period July 1, 2024, through September 30, 2024 was 2.00%. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The County's contributions to the HIS Plan totaled \$191,558 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2024, the County reported a liability of \$3,328,797 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The County's proportionate share of the net pension liability was based on the County's 2023-24 fiscal year contributions relative to the 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the County's proportionate share was 0.02219 percent.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

For the fiscal year ended September 30, 2024, the County recognized pension (benefit) of (\$25,841). In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,142	\$ (6,392)
Change of assumptions	58,912	(394,087)
Net difference between projected and actual earnings on HIS Plan investments	-	(1,204)
Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions	195,922	(98,202)
County HIS Plan contributions subsequent to the measurement date	<u>48,829</u>	<u>-</u>
Total	<u>\$ 335,805</u>	<u>\$ (499,885)</u>

The deferred outflows of resources related to the HIS Plan, totaling \$48,829 resulting from County contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported 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 September 30,	HIS Expense
2025	\$ (34,541)
2026	(42,619)
2027	(62,084)
2028	(43,408)
2029	(23,652)
Thereafter	<u>(6,605)</u>
Total	<u>\$ (212,909)</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

Actuarial Assumptions – The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Municipal bond rate	3.93%, net of pension plan investment

The most recent experience study for the HIS Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023.

The municipal rate used to determine total pension liability was increased from 3.65% to 3.93%.

All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.

The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.

The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

Discount Rate – The discount rate used to measure the total pension liability was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 3.93%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
2.93%	3.93%	4.93%
\$ 3,789,408	\$ 3,328,797	\$ 2,946,416

HIS Plan Fiduciary Net Position – Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued Florida Retirement System Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

INVESTMENT PLAN

The SBA administers the defined contribution plan officially titled the FRS 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. County 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 Officers, etc.), as the FRS 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 the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members.

Allocations to the investment member's accounts during the 2023-24 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 11.30%, Special Risk Administrative Support class 12.95%, Special Risk class 19.00%, Senior Management Service class 12.67% and County Elected Officers class 16.34%.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2024, 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 County.

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 options. Disability coverage is provided; the member may either transfer the account balance to the pension plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

NOTE 10: 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) 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 228 total active and retired employees eligible to receive these benefits. No stand-alone report is issued for this plan.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

On March 17, 2017, the County adopted the Transitional Sunset provision where the County will contribute 50% towards the cost of an eligible retiree's health insurance premium up to a maximum of 50% of the cost of the monthly insurance premium paid on behalf of active employees for eligible retirees with retirement dates from October 1, 2022, through September 30, 2047 (Retirees in the next 6-30 Years). This premium subsidy will cease when the retiree becomes eligible for Medicare. Any employee hired after October 1, 2017, shall not be eligible for the subsidy.

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 the full costs (total premium) for medical coverage for individual coverage and 100% of the full cost for dependent coverage.

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 no contributions toward the annual OPEB cost. A Schedule of Employer Contributions can be found in the required supplementary information immediately following the notes.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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:

Actuarial Valuation Date	September 30, 2024
Measurement Date	September 30, 2024
Actuarial Cost Method	Entry age
Discount Rate	3.81%
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	3.50%
Healthcare Cost Trend Rate	6.10% 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, 2023 to September 30, 2024:

Total OPEB liability at October 1, 2023	\$ 4,340,315
Changes for the fiscal year	
Service cost	239,306
Interest	182,419
Effect of economic gain or (losses)	1,171,388
Assumption changes	(871,156)
Benefit payments	(241,436)
	<hr/>
Net changes in total OPEB liability	480,521
	<hr/>
Total OPEB liability at September 30, 2024	\$ 4,820,836

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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.

OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase
2.81%	3.81%	4.81%
<u>\$ 5,363,910</u>	<u>\$ 4,820,836</u>	<u>\$ 4,358,420</u>

Comparison of total OPEB liability using alternative healthcare cost trend rates.

OPEB Liability		
1% Decrease	Current Trend Rate	1% Increase
<u>\$ 4,242,653</u>	<u>\$ 4,820,836</u>	<u>\$ 5,530,956</u>

OPEB Expense and Deferred Outflows (Inflows) of Resources

At September 30, 2024, the County reported deferred outflows and deferred inflows of resources related to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance at October 1, 2023	\$ 896,871	\$ (11,664,270)
Recognition of liability gains or losses	(100,982)	695,976
Recognition of assumption changes or inputs	(128,125)	986,371
Effect of liability gains or (losses)	1,171,388	-
Effect of assumption changes or inputs	-	(871,156)
Balance at September 30, 2024	<u>\$ 1,839,152</u>	<u>\$ (10,853,079)</u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

Year Ended September 30,	Total
2025	\$ (1,453,240)
2026	(1,453,240)
2027	(1,420,731)
2028	(1,290,703)
2029	(1,290,705)
Thereafter	<u>(2,105,308)</u>
Total	<u>\$ (9,013,927)</u>

NOTE 11: LANDFILL CLOSURE AND POSTCLOSURE

State and federal laws and regulations require the County to place a final cover on its landfill sites when it ceases accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. Currently, the County monitors one closed landfill. 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 County. 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.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$5,553,418 balance reported as landfill closure and postclosure care liability at September 30, 2024, represents the cumulative amount reported to date based on the use of 81% of the Class I and Class III landfill estimated capacity. Total estimated costs are projected at \$5,005,159 for closure and \$1,817,612 for postclosure care at current prices. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Board is required by state and federal laws to make annual contributions to an escrow account to finance a minimum of all closure costs. At September 30, 2024, the Board held deposits with a fair value of \$4,329,590 for these purposes that are reported as restricted assets on the balance sheet. The Board expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care costs are determined to be required, these costs may need to be covered by charges to future landfill users or from future tax revenue.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 12: NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare – Inpatient and substantially all outpatient services related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for certain services at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid contractor. The inpatient rates are established by the Agency for Health Care Administration (“AHCA”) for which the Hospital is a provider. Outpatient services are reimbursed based on a per diem amount established by utilization on a semi-annual basis.

Other – The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

A summary of gross revenue from patient services provided under contracts with third-party payors follows:

<u>For the year ended September 30,</u>	<u>2024</u>
Medicare	24%
Medicaid	2%
Blue Cross	9%
Commercial/HMO/PPO	52%

The composition of net patient service revenue was as follows:

<u>For the year ended September 30,</u>	<u>2024</u>
Gross patient service revenue	\$ 16,346,230
Less provision for contractual and other adjustments	(4,786,073)
Less provision for uncollectible accounts	<u>(1,924,520)</u>
Net patient service revenue	<u><u>\$ 9,635,637</u></u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 13: MEDICAID SUBSIDIES AND ASSESSMENTS

The Agency for Health Care Administration (“AHCA”) is the entity designated by the State of Florida to administer its Medicaid program. AHCA and the State of Florida have established various programs that provide additional payments from the state to qualifying Florida hospitals that service a disproportionate share of Medicaid, underinsured, uninsured, and low-income patients. Notably, these programs include Medicaid disproportionate share (“DSH”) and the low-income pool (“LIP”). The Hospital generally qualifies as a DSH and LIP provider and receives payments based on formulas established by AHCA. The possibility exists that the formulas may continue to change, pending federal and/or state legislation.

The net amount of DSH and LIP payments recognized in net patient service revenue (included in contractual deductions) was approximately \$1,921,000 (before recognition of the LIP payback discussed below) for fiscal year 2024. DSH and LIP payments receivable of approximately \$330,000 as of September 30, 2024, are included in other receivables on the accompanying statements of net position.

These program payments, in connection with other payments received from the State of Florida for providing health services to Medicaid, uninsured and underinsured people of the State of Florida, are subject to audit, and payments received in excess of costs may be required to be refunded to the State of Florida.

In February of 2024, the Hospital received a demand letter from AHCA totaling \$335,674 related to calculated overpayments of LIP for state fiscal years ended June 30, 2014 – June 30, 2018. This issue was pursuant to a settlement agreement between CMS and AHCA, signed on September 28, 2023.

As a result of that settlement agreement, the share of alleged LIP overpayments representing the federal financial participation (FFP) are to be repaid from AHCA to CMS. In turn, AHCA has demanded these monies back from the participating, affected hospitals.

The Hospital closely coordinated and communicated with AHCA in determining the potential total exposure as of September 30, 2023. In addition to the demand letter noted above, AHCA will soon send additional demand letters for state fiscal years ended June 30, 2019, and June 30, 2020. The Hospital estimated the repayment for state fiscal years 2019 and 2020, using the third party examination results letters received (LIP paid in excess of costs), multiplied by the estimated FFP.

The Hospital recorded \$335,674 of current liabilities, which were netted against current receivables in “estimated third party settlements” on the accompanying statement of net position. Additionally, the Hospital recorded \$984,175 of noncurrent liabilities, included in “estimated third party settlements”, long-term portion.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 13: MEDICAID SUBSIDIES AND ASSESSMENTS (CONTINUED)

For state fiscal years ending after June 30, 2020, an exposure exists related to any potential LIP overpayments. The third- party examinations of the LIP program are conducted three years in arrears, and, as such, the actual overpayments, if any, will not be known until such examinations are completed. The Hospital used the best information available, including the CMS / AHCA settlement agreement, third party examination results through state fiscal year 2020, and other information to calculate a most likely exposure, included in the non-current liability discussed above.

During fiscal year 2024, no payments were made on the LIP liabilities discussed above, and the balances at September 30, 2024 remain as \$335,674 of current liabilities, presented in “estimated third party settlements” on the accompanying statement of net position, net of receivables associated with Medicare cost reports, and \$984,175 of noncurrent liabilities, included in “estimated third party settlements”, long-term portion.

The Hospital anticipates payments will begin on the initial \$335,674 demand in fiscal year 2025. The ultimate timing and resolution of the remaining portion (classified as noncurrent) is unclear.

It is possible that this matter is not limited only to LIP. After September 30, 2024, other hospitals throughout the State of Florida received demands for repayments related to DSH, which appeared to begin with State fiscal year 2020. As of the date these financials were available for release, the Hospital’s management has not received a DSH demand letter, and, accordingly, the Hospital’s management has determined that neither the likelihood of a potential liability nor the amount of any such liability can be reasonably estimated as of September 30, 2024. No amounts are recorded on the accompanying financial statements related to any potential liabilities associated with DSH recoveries from previous fiscal years.

These matters are complex and fluid. It is possible that additional information may arise in the future, such as a future settlement agreement between CMS and AHCA that could result in additional repayments from the Hospital to AHCA, and such amounts could be significant to the financial statements. Likewise, it is possible that negotiations between CMS and AHCA may result in lower liabilities than were originally estimated and recorded by the Hospital.

During fiscal year 2024, net patient service revenue increased by approximately \$58,000, due to changes in estimates for outstanding and filed cost reports, and it is reasonably possible that these estimates could further materially change in the near term.

Section 395.701 of the Florida Statutes imposes an annual assessment on all hospitals operating in the State of Florida. The assessment is currently calculated as 1.5% of annual net operating revenues for inpatient services; 1% of annual net operating revenues for outpatient services; and .4% of annual gross operating expenses (per AHCA’s definition). The assessments are due on a quarterly basis to AHCA and are used, among other purposes, to obtain federal financial participation for medical assistance payments to providers on behalf of Medicaid recipients, which serve to increase payments to Medicaid provider hospitals throughout the state.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 13: MEDICAID SUBSIDIES AND ASSESSMENTS (CONTINUED)

Approximately \$146,000 of expenses related to these assessments are included in operating expenses on the accompanying statements of revenues, expenses, and changes in net position for fiscal year 2024. Estimated assessments payable totaling approximately \$188,000 as of September 30, 2024, are included in estimated third-party payor settlements on the accompanying statements of net position.

NOTE 14: MEDICAL MALPRACTICE INSURANCE

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. U.S. GAAP requires a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

In addition, other claims may be asserted arising from services provided to patients in the past. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance, if any. It is reasonably possible that this estimate could change materially in the near term.

NOTE 15: GRANTS

The County participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2024, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

NOTE 16: NET POSITION/FUND BALANCE CLASSIFICATION

Net position represents the difference between total assets and liabilities and are categorized as follows:

Government-Wide Statement of Net Position

- Net investment in capital assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 16: NET POSITION/FUND BALANCE CLASSIFICATION (CONTINUED)

- Restricted: Net position, the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by enabling legislation. Nonexpendable amounts are required to remain intact under such constraints.
- Unrestricted: Remaining net position not considered “invested in capital assets, net of related debt” or “restricted.”

Governmental Fund Financial Statements

Governmental funds report fund balances as either spendable or non-spendable. Spendable fund balances are further classified as restricted, committed, assigned, or unassigned depending upon the extent to which there are external or internal constraints on the spending of these fund balances.

- Non-spendable fund balance: Amounts that are not in spendable form or that are legally or contractually required to be maintained intact. Items that are not spendable also include inventories, prepaid amounts and long-term portions of loans and notes receivable, as well as property held for resale.
- Restricted fund balance: Amounts that can be spent only for specific purposes through restrictions placed upon them by external resource providers such as creditors, grantors, or contributors; or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance: Amounts that can be spent only for specific purposes determined by the County’s highest decision-making authority, the Board of County Commissioners. Commitments may be modified or removed only by the Board of County Commissioners through the same formal action that created the original commitment.
- Assigned fund balance: Amounts that are intended to be spent for specific purposes as determined by the Board of County Commissioners, but that are neither restricted nor committed to the specific purpose.
- Unassigned fund balance: Unassigned fund balance is the residual classification for the County’s general fund. Amounts in this classification are spendable but have not been deemed restricted, committed, or assigned. Unassigned fund balance may also include negative balances for any governmental fund whose expenditures have exceeded the amounts restricted, committed, or assigned for those specific purposes.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 16: NET POSITION/FUND BALANCE CLASSIFICATION (CONTINUED)

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.

A detailed schedule of fund balances at September 30, 2024, is as follows:

Nonspendable:	
General fund	\$ 12,549
911 trust	7,753
Mosquito Control	<u>465</u>
Total nonspendable fund balance	<u>20,767</u>
Restricted:	
General fund	347,335
Healthcare trust fund	11,511,648
Tourist development fund	7,035,840
Housing initiatives partnership	213,370
Airport Fund	332,901
County road and bridge	332,439
911 trust	791,134
Landfill fund	4,662,125
Clerk modernization trust	225,921
Sheriff special revenue	86,339
Law enforcement educational trust	72,845
Law enforcement trust	3,239
Boating improvement	98,980
Local option gas tax	<u>1,990,063</u>
Total restricted fund balance	<u>27,704,179</u>
Assigned:	
Mosquito control	<u>114,753</u>
Unassigned:	
General fund	<u>14,676,998</u>
Total fund balance	<u><u>\$ 42,516,697</u></u>

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 17: RISK MANAGEMENT

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.

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.

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.

The Hospital purchases medical malpractice under claims-made policies. Under these policies, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 18: UNCERTAINTIES

Current Healthcare Environment

The Hospital monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact the Hospital in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care. Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payor industry

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on the Hospital's financial position and operating results.

NOTE 19: COMMITMENTS AND CONTINGENCIES

Contracts

The Hospital has various contracts with healthcare service providers. These contracts allow the various providers to perform their services at the Hospital under the terms of each agreement.

Litigation

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's legal counsel that the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the County.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 19: COMMITMENTS AND CONTINGENCIES (CONTINUED)

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Supplemental Medicaid Reimbursements

The Hospital receives reimbursements from various programs in relation to the Medicaid uninsured and underinsured patients they serve. Funding received in excess of costs to provide these services is subject to audit and payments received in excess of costs may be required to be refunded to the State of Florida.

Contingencies

The Hospital may be subject to some financial risk associated with potential violations of certain healthcare laws. The potential amount of exposure to the Hospital as a result of this matter cannot be estimated at this time, but it is not expected to be material.

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Current Healthcare Environment

Revenue from the Medicare and Medicaid programs accounted for approximately 24 percent and 2 percent, respectively, of the Hospital's net patient revenue for the year ended 2024. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NOTE 20: LOCAL OPTION GAS TAX

The County adopted a six-cent per gallon local option gas tax on fuel sold in the County. The proceeds of this tax are being spent on road construction and road maintenance. The tax generates approximately \$250,000 in annual revenue.

FRANKLIN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 21: EMPLOYEE LEASING

On July 5, 2021, the Hospital entered into an agreement with DecisionHR (formerly Modern Business Associates, Inc.), to provide employees for the Hospital. Under the agreement, DecisionHR is the employer of all persons working at the Hospital and is reimbursed by the Hospital for all wages and management fees associated with the lease. Employee leasing costs totaled \$5,490,845, for the year ended September 30, 2024.

NOTE 22: RESTATEMENT OF NET POSITION/FUND BALANCE

For the fiscal year ended September 30, 2024, the County has determined that a restatement to beginning net position and fund balance of the County is necessary 1) to correct the capital asset balances due to prior year duplicate assets recorded between the County and the Hospital; 2) to correct a timing difference between the transfers into the Healthcare Trust Fund and transfers out of the Hospital. Below is a summary of the adjustments:

	<u>Government-Wide</u> <u>Governmental</u> <u>Activities</u>
Net position, beginning of year, as previously reported	\$ 107,665,406
Adjustment to correct Healthcare Trust Fund transfers	(489,519)
Adjustment to correct capital asset balances	<u>(659,021)</u>
Net position, beginning of year, as restated	<u>\$ 106,516,866</u>
	<u>Healthcare</u> <u>Trust Fund</u>
Fund balance, beginning of year, as previously reported	\$ 9,562,245
Adjustment to correct Healthcare Trust Fund transfers	<u>(489,519)</u>
Fund balance, beginning of year, as restated	<u>\$ 9,072,726</u>

NOTE 23: APPARENT UNAUTHORIZED DISBURSEMENTS

During the fiscal year ended September 30, 2024, the Tax Collector identified unauthorized disbursements totaling approximately \$116,169, which have been reported in these financial statements as “Apparent Unauthorized Disbursements”. While investigating this matter, management also determined that approximately \$90,774 of unauthorized disbursements occurred in prior fiscal years, and approximately \$13,437 occurred subsequent to year-end in fiscal year 2025.

REQUIRED SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020	2018
Total OPEB liability						
Service cost	\$ 239,306	\$ 137,282	\$ 191,523	\$ 377,559	\$ 833,224	\$ 882,052
Interest	182,419	173,417	325,569	351,160	604,841	525,108
Differences between actual and expected experience	-	-	-	-	-	-
Effect of economic gain or (losses)	1,171,388	-	(7,116,256)	-	(50,770)	-
Assumption changes	(871,156)	(30,073)	(3,499,290)	1,281,246	(4,058,312)	(1,592,861)
Benefit payments	(241,436)	(231,493)	(299,333)	(288,000)	(288,000)	(352,978)
Net change in total OPEB liability	480,521	49,133	(10,397,787)	1,721,965	(2,959,017)	(538,679)
Total OPEB liability, beginning of year	4,340,315	4,291,182	14,688,969	12,967,004	15,926,021	16,464,700
Total OPEB liability, end of year	<u>\$ 4,820,836</u>	<u>\$ 4,340,315</u>	<u>\$ 4,291,182</u>	<u>\$ 14,688,969</u>	<u>\$ 12,967,004</u>	<u>\$ 15,926,021</u>
Franklin County's covered-employee payroll	N/A	N/A	N/A	\$ 7,155,463	\$ 7,177,335	\$ 6,628,676
Total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	205.28%	180.67%	240.26%

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

*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.

SCHEDULE OF FRANKLIN COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020
Franklin County's proportion of the net pension liability	0.031995638%	0.031099162%	0.030386594%	0.029121590%	0.031298925%
Franklin County's proportionate share of the net pension liability	\$ 12,377,418	\$ 12,392,032	\$ 11,306,255	\$ 2,199,805	\$ 13,565,415
Franklin County's covered-employee payroll	9,963,730	8,957,304	8,464,325	7,440,414	7,147,225
Franklin County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	124.22%	138.35%	133.58%	29.57%	189.80%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	84.30%
	2019	2018	2017	2016	2015
Franklin County's proportion of the net pension liability	0.033285343%	0.335879050%	0.348897700%	0.035702040%	0.053894033%
Franklin County's proportionate share of the net pension liability	\$ 11,463,009	\$ 10,116,851	\$ 10,320,160	\$ 9,014,793	\$ 6,961,137
Franklin County's covered-employee payroll	7,177,335	6,547,976	6,628,676	6,504,034	6,373,330
Franklin County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	159.71%	154.50%	155.69%	138.60%	109.22%
Plan fiduciary net position as a percentage of the total pension liability	85.16%	154.50%	83.89%	84.88%	92.00%

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

*Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the measurement period ending June 30, 2024.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FRANKLIN COUNTY'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020
Contractually required contribution	\$ 1,839,140	\$ 1,581,447	\$ 1,652,574	\$ 1,219,778	\$ 1,106,353
Contributions in relation to the contractually required contribution	(1,839,140)	(1,581,447)	(1,652,574)	(1,219,778)	(1,106,353)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Franklin County's covered-employee payroll	\$ 9,963,730	\$ 8,957,304	\$ 8,464,325	\$ 7,440,414	\$ 7,147,225
Contributions as a percentage of covered-employee payroll	18.46%	17.66%	19.52%	16.39%	15.48%
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,090,412	\$ 1,204,537	\$ 1,144,081	\$ 1,099,477	\$ 267,413
Contributions in relation to the contractually required contribution	(1,090,412)	(1,204,537)	(1,144,081)	(1,099,477)	(267,413)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Franklin County's covered-employee payroll	\$ 7,177,335	\$ 6,547,976	\$ 6,628,676	\$ 6,504,034	\$ 6,373,330
Contributions as a percentage of covered-employee payroll	15.19%	18.40%	17.26%	16.90%	4.20%

*The amounts presented for each fiscal year were determined as of June 30, except for the covered payroll, which was determined as of September 30.

*Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the measurement period ending June 30, 2024.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FRANKLIN COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020
Franklin County's proportion of the net pension liability	0.022190537%	0.021890273%	0.022397613%	0.020849016%	0.020373401%
Franklin County's proportionate share of the net pension liability	\$ 3,328,797	\$ 3,476,467	\$ 2,372,265	\$ 2,557,445	\$ 2,487,559
Franklin County's covered-employee payroll	9,963,730	8,957,304	8,464,325	7,440,414	7,147,225
Franklin County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.41%	38.81%	28.03%	34.37%	34.80%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	2.15%
	2019	2018	2017	2016	2015
Franklin County's proportion of the net pension liability	0.021328500%	0.020588662%	0.020661452%	0.020633701%	0.021258895%
Franklin County's proportionate share of the net pension liability	\$ 2,386,447	\$ 2,179,127	\$ 2,209,218	\$ 2,404,772	\$ 4,117,722
Franklin County's covered-employee payroll	7,177,335	6,547,976	6,628,676	6,504,034	6,373,330
Franklin County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.25%	33.28%	33.33%	36.97%	64.61%
Plan fiduciary net position as a percentage of the total pension liability	2.10%	1.64%	0.97%	0.97%	0.50%

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

*Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the measurement period ending June 30, 2024.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FRANKLIN COUNTY'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020
Contractually required contribution	\$ 191,558	\$ 154,772	\$ 169,892	\$ 134,743	\$ 128,164
Contributions in relation to the contractually required contribution	(191,558)	(154,772)	(169,892)	(134,743)	(128,164)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Franklin County's covered-employee payroll	\$ 9,963,730	\$ 8,957,304	\$ 8,464,325	\$ 7,440,414	\$ 7,147,225
Contributions as a percentage of covered-employee payroll	1.92%	1.73%	2.01%	1.81%	1.79%
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 126,317	\$ 139,537	\$ 137,061	\$ 133,367	\$ 33,450
Contributions in relation to the contractually required contribution	(126,317)	(139,537)	(137,061)	(133,367)	(33,450)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Franklin County's covered-employee payroll	\$ 7,177,335	\$ 6,547,976	\$ 6,628,676	\$ 6,504,034	\$ 6,373,330
Contributions as a percentage of covered-employee payroll	1.76%	2.13%	2.07%	2.05%	0.52%

*The amounts presented for each fiscal year were determined as of June 30, except for the covered payroll, which was determined as of September 30.

*Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the measurement period ending June 30, 2024.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 16,677,417	\$ 16,677,417	\$ 16,169,305	\$ (508,112)
Licenses and permits	557,979	557,979	560,259	2,280
Intergovernmental	5,477,413	8,539,139	9,592,064	1,052,925
Charges for services	342,100	353,204	370,209	17,005
Fines and forfeitures	8,000	8,000	24,347	16,347
Interest revenue	160,661	160,661	352,400	191,739
Other	258,998	332,420	380,757	48,337
Total revenues	23,482,568	26,628,820	27,449,341	820,521
EXPENDITURES				
Current				
General government	6,216,165	6,470,961	5,562,702	908,259
Public safety	11,639,428	13,664,626	10,362,586	3,302,040
Physical environment	2,282,030	2,282,030	2,057,102	224,928
Transportation	379,611	409,697	30,086	379,611
Economic environment	86,699	86,699	80,050	6,649
Human services	751,647	766,147	737,718	28,429
Culture and recreation	3,171,974	3,254,196	1,397,658	1,856,538
Court related	523,027	523,027	177,314	345,713
Debt service				
Principal	92,116	92,116	749,090	(656,974)
Interest	2,516	2,516	50,403	(47,887)
Capital outlay	1,698,283	2,633,195	4,412,835	(1,779,640)
Total expenditures	26,843,496	30,185,210	25,617,544	4,567,666
Excess (deficiency) of revenues over (under) expenditures	(3,360,928)	(3,556,390)	1,831,797	5,388,187
OTHER FINANCING SOURCES (USES)				
Transfers in	345,144	345,144	388,094	42,950
Transfers (out)	(1,933,127)	(1,933,127)	(1,933,127)	-
Proceeds from debt financing	-	-	417,796	417,796
Total other financing sources (uses)	(1,587,983)	(1,587,983)	(1,127,237)	460,746
Net changes in fund balances	(4,948,911)	(5,144,373)	704,560	5,848,933
Fund balances, beginning of year	14,332,322	14,332,322	14,332,322	-
Fund balances, end of year	\$ 9,383,411	\$ 9,187,949	\$ 15,036,882	\$ 5,848,933

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
HEALTHCARE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 3,389,237	\$ 3,389,237	\$ 3,509,772	\$ 120,535
Interest revenue	153,339	153,339	413,049	259,710
Total revenues	3,542,576	3,542,576	3,922,821	380,245
EXPENDITURES				
Current				
Human services	-	-	30,127	(30,127)
Capital outlay	-	119,792	91,445	28,347
Total expenditures	-	119,792	121,572	(1,780)
Excess (deficiency) of revenues over (under) expenditures	3,542,576	3,422,784	3,801,249	378,465
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	512,559	512,559
Transfers (out)	(13,103,653)	(12,983,861)	(1,874,886)	11,108,975
Total other financing sources	(13,103,653)	(12,983,861)	(1,362,327)	11,621,534
Net changes in fund balances	(9,561,077)	(9,561,077)	2,438,922	11,999,999
Fund balances, beginning of year, as previously reported	9,562,245	9,562,245	9,562,245	-
Restatement for correction of an error	-	-	(489,519)	(489,519)
Fund balances - beginning of year, as restated	9,072,726	9,072,726	9,072,726	-
Fund balances, end of year	\$ 1,168	\$ 1,168	\$ 11,511,648	\$ 11,510,480

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
TOURIST DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 3,313,344	\$ 3,313,344	\$ 3,574,766	\$ 261,422
Interest revenue	90,000	90,000	189,298	99,298
Total revenues	3,403,344	3,403,344	3,764,064	360,720
EXPENDITURES				
Current				
Economic environment	1,826,812	1,880,883	1,418,823	462,060
Debt service				
Principal	-	140,000	140,000	-
Interest	-	3,804	3,804	-
Capital outlay	4,694,387	4,189,866	267,024	3,922,842
Total expenditures	6,521,199	6,214,553	1,829,651	4,384,902
Excess (deficiency) of revenues over (under) expenditures	(3,117,855)	(2,811,209)	1,934,413	4,745,622
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(99,000)	(405,646)	(233,308)	172,338
Net changes in fund balances	(3,216,855)	(3,216,855)	1,701,105	4,917,960
Fund balances, beginning of year	5,334,735	5,334,735	5,334,735	-
Fund balances, end of year	\$ 2,117,880	\$ 2,117,880	\$ 7,035,840	\$ 4,917,960

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 1,616,550	\$ 2,038,184	\$ 557,880	\$ (1,480,304)
Interest revenue	1,061	1,061	1,992	931
Other	2,650,708	2,650,708	2,278,709	(371,999)
Total revenues	4,268,319	4,689,953	2,838,581	(1,851,372)
EXPENDITURES				
Current				
Transportation	325,020	746,654	782,102	(35,448)
Capital outlay	3,922,184	3,922,184	2,005,876	1,916,308
Total expenditures	4,247,204	4,668,838	2,787,978	1,880,860
Excess (deficiency) of revenues over (under) expenditures	21,115	21,115	50,603	29,488
Net changes in fund balances	21,115	21,115	50,603	29,488
Fund balances, beginning of year	282,298	282,298	282,298	-
Fund balances, end of year	\$ 303,413	\$ 303,413	\$ 332,901	\$ 29,488

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
HOUSING INITIATIVE PARTNERSHIP
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budgeted Amounts</u>			Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 878,175	\$ 878,175	\$ 3,500	\$ (874,675)
Interest revenue	6,700	6,700	18,808	12,108
Other	20,000	20,000	101,596	81,596
Total revenues	904,875	904,875	123,904	(780,971)
EXPENDITURES				
Current				
Economic environment	1,005,594	1,005,594	8,842	996,752
Excess (deficiency) of revenues over (under) expenditures	(100,719)	(100,719)	115,062	215,781
Net changes in fund balances	(100,719)	(100,719)	115,062	215,781
Fund balances, beginning of year	98,308	98,308	98,308	-
Fund balances, end of year	<u>\$ (2,411)</u>	<u>\$ (2,411)</u>	<u>\$ 213,370</u>	<u>\$ 215,781</u>

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
LOCAL OPTION GAS TAX
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 324,581	\$ 324,581	\$ 299,706	\$ (24,875)
Intergovernmental	3,643,077	3,993,772	3,601,302	(392,470)
Interest revenue	23,040	23,040	39,991	16,951
Other	10,004	10,004	10,004	-
Total revenues	4,000,702	4,351,397	3,951,003	(400,394)
EXPENDITURES				
Current				
Transportation	323,091	323,091	32,876	290,215
Capital outlay	5,476,093	5,826,788	3,731,352	2,095,436
Total expenditures	5,799,184	6,149,879	3,764,228	2,385,651
Excess (deficiency) of revenues over (under) expenditures	(1,798,482)	(1,798,482)	186,775	1,985,257
OTHER FINANCING SOURCES (USES)				
Transfers in	334,068	334,068	334,068	-
Net changes in fund balances	(1,464,414)	(1,464,414)	520,843	1,985,257
Fund balances, beginning of year	1,469,220	1,469,220	1,469,220	-
Fund balances, end of year	\$ 4,806	\$ 4,806	\$ 1,990,063	\$ 1,985,257

See accompanying notes to financial statements.

SUPPLEMENTAL INFORMATION

FRANKLIN COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Special Revenue Funds			
	County Road and Bridge	911 Trust	Fire Protection	(Formerly Nonmajor) Airport
ASSETS				
Cash and cash equivalents	\$ 522,427	\$ 763,283	\$ 285,039	\$ -
Accounts receivable	67	12,792	-	-
Due from other funds	15,528	-	-	-
Due from other governmental units	298,031	62,522	3,855	-
Prepaid items	-	7,753	-	-
Total assets	\$ 836,053	\$ 846,350	\$ 288,894	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 57,326	\$ 9,458	\$ 109,628	\$ -
Due to other funds	446,288	38,005	29,951	-
Due to other governmental units	-	-	430	-
Unearned revenue	-	-	148,885	-
Total liabilities	503,614	47,463	288,894	-
Fund balances				
Nonspendable	-	7,753	-	-
Restricted	332,439	791,134	-	-
Assigned	-	-	-	-
Total fund balances	332,439	798,887	-	-
Total liabilities and fund balances	\$ 836,053	\$ 846,350	\$ 288,894	\$ -

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2024

	Special Revenue Funds			
	Mosquito Control	Clerk Fine and Forfeitures	Clerk Modernization Trust	Sheriff Special Revenue
ASSETS				
Cash and cash equivalents	\$ 117,270	\$ 204,503	\$ 225,353	\$ 86,339
Accounts receivable	-	-	-	-
Due from other funds	261	6,778	186	-
Due from other governmental units	-	28,427	4,240	-
Prepaid items	465	-	-	-
Total assets	<u>\$ 117,996</u>	<u>\$ 239,708</u>	<u>\$ 229,779</u>	<u>\$ 86,339</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 900	\$ 19,221	\$ 3,858	\$ -
Due to other funds	1,878	5,476	-	-
Due to other governmental units	-	215,011	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>2,778</u>	<u>239,708</u>	<u>3,858</u>	<u>-</u>
Fund balances				
Nonspendable	465	-	-	-
Restricted	-	-	225,921	86,339
Assigned	114,753	-	-	-
Total fund balances	<u>115,218</u>	<u>-</u>	<u>225,921</u>	<u>86,339</u>
Total liabilities and fund balances	<u>\$ 117,996</u>	<u>\$ 239,708</u>	<u>\$ 229,779</u>	<u>\$ 86,339</u>

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2024

	Special Revenue Funds			
	Law Enforcement Educational Trust	Law Enforcement Trust	Landfill Fund	Boating Improvement
ASSETS				
Cash and cash equivalents	\$ 72,423	\$ 3,239	\$ 4,612,116	\$ 32,192
Accounts receivable	-	-	85,261	2,372
Due from other funds	-	-	314	-
Due from other governmental units	422	-	-	102,986
Prepaid items	-	-	-	-
Total assets	<u>\$ 72,845</u>	<u>\$ 3,239</u>	<u>\$ 4,697,691</u>	<u>\$ 137,550</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 30,566	\$ 3,457
Due to other funds	-	-	-	35,113
Due to other governmental units	-	-	-	-
Unearned revenue	-	-	5,000	-
Total liabilities	<u>-</u>	<u>-</u>	<u>35,566</u>	<u>38,570</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted	72,845	3,239	4,662,125	98,980
Assigned	-	-	-	-
Total fund balances	<u>72,845</u>	<u>3,239</u>	<u>4,662,125</u>	<u>98,980</u>
Total liabilities and fund balances	<u>\$ 72,845</u>	<u>\$ 3,239</u>	<u>\$ 4,697,691</u>	<u>\$ 137,550</u>

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2024

	American Recovery Plan	Total
ASSETS		
Cash and cash equivalents	\$ 740,523	\$ 7,664,707
Accounts receivable	25,170	125,662
Due from other funds	-	23,067
Due from other governmental units	-	500,483
Prepaid items	-	8,218
Total assets	<u>\$ 765,693</u>	<u>\$ 8,322,137</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ 234,414
Due to other funds	-	556,711
Due to other governmental units	-	215,441
Unearned revenue	765,693	919,578
Total liabilities	<u>765,693</u>	<u>1,926,144</u>
Fund balances		
Nonspendable	-	8,218
Restricted	-	6,273,022
Assigned	-	114,753
Total fund balances	<u>-</u>	<u>6,395,993</u>
Total liabilities and fund balances	<u>\$ 765,693</u>	<u>\$ 8,322,137</u>

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue Funds			
	County Road and Bridge	911 Trust	Fire Protection	(Formerly Nonmajor) Airport
REVENUES				
Taxes	\$ 15,925	\$ -	\$ -	\$ -
Licenses and permits	-	-	493,252	-
Intergovernmental	1,493,072	324,554	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest revenue	26,278	27,325	633	-
Other	283,111	-	-	-
Total revenues	1,818,386	351,879	493,885	-
EXPENDITURES				
Current				
Public safety	-	136,692	493,885	-
Physical environment	-	-	-	-
Transportation	1,847,679	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Court related	-	-	-	-
Debt service				
Principal	300,682	-	-	-
Interest	22,430	-	-	-
Capital outlay	327,319	-	-	-
Total expenditures	2,498,110	136,692	493,885	-
Excess (deficiency) of revenues over (under) expenditures	(679,724)	215,187	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	509,639	-	-	-
Transfers (out)	(85,558)	(54,386)	-	-
Proceeds from debt financing	303,112	-	-	-
Reversion to State of Florida	-	-	-	-
Total other financing sources (uses)	727,193	(54,386)	-	-
Net changes in fund balances	47,469	160,801	-	-
Fund balances, beginning of year, as previously reported	284,970	638,086	-	282,298
Adjustment - change between major and nonmajor funds	-	-	-	(282,298)
Fund balances, beginning of year, as adjusted	284,970	638,086	-	-
Fund balances, end of year	\$ 332,439	\$ 798,887	\$ -	\$ -

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue Funds			
	Mosquito Control	Clerk Fine and Forfeitures	Clerk Modernization Trust	Sheriff Special Revenue
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	37,749	540,193	-	-
Charges for services	-	208,989	47,978	-
Fines and forfeitures	-	96,470	-	-
Interest revenue	8,780	545	2,451	-
Other	-	-	-	150,778
Total revenues	46,529	846,197	50,429	150,778
EXPENDITURES				
Current				
Public safety	-	-	-	100,934
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	324,273	-	-	-
Court related	-	696,411	48,996	-
Debt service				
Principal	-	-	-	13,067
Interest	-	-	-	749
Capital outlay	-	-	9,464	-
Total expenditures	324,273	696,411	58,460	114,750
Excess (deficiency) of revenues over (under) expenditures	(277,744)	149,786	(8,031)	36,028
OTHER FINANCING SOURCES (USES)				
Transfers in	326,168	-	-	-
Transfers (out)	(15,842)	-	-	-
Proceeds from debt financing	-	-	-	-
Reversion to State of Florida	-	(149,786)	-	-
Total other financing sources (uses)	310,326	(149,786)	-	-
Net changes in fund balances	32,582	-	(8,031)	36,028
Fund balances, beginning of year, as previously reported	82,636	-	233,952	50,311
Adjustment - change between major and nonmajor funds	-	-	-	-
Fund balances, beginning of year, as adjusted	82,636	-	233,952	50,311
Fund balances, end of year	\$ 115,218	\$ -	\$ 225,921	\$ 86,339

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue Funds			
	Law Enforcement Educational Trust	Law Enforcement Trust	Landfill Fund	Boating Improvement
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	72,077
Charges for services	4,960	-	1,110,264	-
Fines and forfeitures	-	-	-	-
Interest revenue	347	28	186,239	197
Other	-	-	-	-
Total revenues	5,307	28	1,296,503	72,274
EXPENDITURES				
Current				
Public safety	-	-	-	-
Physical environment	-	-	757,775	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Court related	-	-	-	-
Debt service				
Principal	-	-	89,741	-
Interest	-	-	11,724	-
Capital outlay	-	-	48,365	60,970
Total expenditures	-	-	907,605	60,970
Excess (deficiency) of revenues over (under) expenditures	5,307	28	388,898	11,304
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Proceeds from debt financing	-	-	-	-
Reversion to State of Florida	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	5,307	28	388,898	11,304
Fund balances, beginning of year, as previously reported	67,538	3,211	4,273,227	87,676
Adjustment - change between major and nonmajor funds	-	-	-	-
Fund balances, beginning of year, as adjusted	67,538	3,211	4,273,227	87,676
Fund balances, end of year	\$ 72,845	\$ 3,239	\$ 4,662,125	\$ 98,980

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	American Recovery Plan	Total
REVENUES		
Taxes	\$ -	\$ 15,925
Licenses and permits	-	493,252
Intergovernmental	1,267,652	3,735,297
Charges for services	-	1,372,191
Fines and forfeitures	-	96,470
Interest revenue	-	252,823
Other	-	433,889
Total revenues	1,267,652	6,399,847
EXPENDITURES		
Current		
Public safety	52,957	784,468
Physical environment	-	757,775
Transportation	-	1,847,679
Economic environment	-	-
Human services	-	324,273
Court related	-	745,407
Debt service		
Principal	-	403,490
Interest	-	34,903
Capital outlay	1,214,695	1,660,813
Total expenditures	1,267,652	6,558,808
Excess (deficiency) of revenues over (under) expenditures	-	(158,961)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	835,807
Transfers (out)	-	(155,786)
Proceeds from debt financing	-	303,112
Reversion to State of Florida	-	(149,786)
Total other financing sources (uses)	-	833,347
Net changes in fund balances	-	674,386
Fund balances, beginning of year, as previously reported	-	6,003,905
Adjustment - change between major and nonmajor funds	-	(282,298)
Fund balances, beginning of year, as adjusted	-	5,721,607
Fund balances, end of year	\$ -	\$ 6,395,993

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2024

	Clerk of the Circuit Court	Sheriff	Tax Collector	Custodial Funds Total
ASSETS				
Cash and cash equivalents	\$ 561,443	\$ 37,409	\$ 965,776	\$ 1,564,628
LIABILITIES				
Due to other funds	50,818	-	-	50,818
Due to other governments	24,278	-	487,620	511,898
Due to other county agencies	-	-	328,963	328,963
Total liabilities	75,096	-	816,583	891,679
NET POSITION				
Restricted	486,347	37,409	149,193	672,949
Total net position	\$ 486,347	\$ 37,409	\$ 149,193	\$ 672,949

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Clerk of the Circuit Court	Sheriff	Tax Collector	Custodial Funds Total
ADDITIONS	\$ 4,782,036	\$ 199,183	\$ 40,086,035	\$ 45,067,254
DEDUCTIONS				
Deductions	4,928,507	205,431	39,881,462	45,015,400
Apparent unauthorized transactions	-	-	116,169	116,169
Total deductions	4,928,507	205,431	39,997,631	45,131,569
Net increase (decrease) in fiduciary net position	(146,471)	(6,248)	88,404	(64,315)
Net position, beginning of year	632,818	43,657	60,789	737,264
Net position, end of year	\$ 486,347	\$ 37,409	\$ 149,193	\$ 672,949

COMPLIANCE SECTION

LANIGAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS
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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**

The Honorable Chairman and Commissioners
The Board of County Commissioners and Constitutional Officers
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 (*Government Auditing Standards*), 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, 2024, and the related notes to the financial statements, which collectively comprise Franklin County, Florida's basic financial statements, and have issued our report thereon dated September 10, 2025.

Report on 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) as a basis for designing 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 Franklin County, Florida'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 were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, 2024-006, 2024-007, and 2024-008 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2024-009.

Franklin County, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Franklin County, Florida's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Franklin County, Florida's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Franklin County, Florida's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County, Florida's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lanigan & Associates, PC

Tallahassee, Florida
September 10, 2025

LANIGAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS
www.lanigancpa.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
UNIFORM GUIDANCE AND REQUIRED BY CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

The Honorable Board of County Commissioners
The Board of County Commissioners and Constitutional Officers
Franklin County, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Franklin County, Florida's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *State of Florida's Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on each of Franklin County, Florida's major federal programs and state projects for the year ended September 30, 2024. Franklin County, Florida's major federal programs and state projects 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 10.550, Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, 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 program and state project. 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 and state projects.

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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General 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 and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, 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, and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Franklin County'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-009. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on Franklin County, Florida's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Franklin County, Florida's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 or state project 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 or state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-008 to be a material weakness.

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 or state project 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 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.

Government Auditing Standards requires the auditor to perform limited procedures on Franklin County, Florida's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Franklin County, Florida's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Lanigan & Associates, PC

Tallahassee, Florida

September 10, 2025

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal/State Agency Pass-through Entity Federal Program/State Project	Federal Assistance Listing or CFSA No.	Contract Grant No.	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Housing and Urban Development</u>			
Pass through Florida Department of Commerce Community Development Block Grants	14.228	23DB-H01	\$ 541,789
<u>U.S. Department of the Interior</u>			
Payments in Lieu of Taxes	15.226	2024 PILT	59,600
Secure Rural Schools and Community Self-Determination Fish and Wildlife Cluster	15.234	N/A	14,992
Sport Fish Restoration	15.605	F23AF02952-00	20,228
National Wildlife Refuge Fund	15.659	Refuge Revenue Sharing Act Funds	153,980
Total U.S. Department of the Interior			248,800
<u>U.S. Department of Justice</u>			
Pass through Office of the Attorney General		VOCA-C-2023-Franklin County Sheriff's Office-00169	39,297
Crime Victim Assistance	16.575		
Pass through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2022-DTSFA-D2-013	39,348
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BC261	50,270
Edward Byrne Memorial Justice Assistance Grant Program	16.738	8C272	160,495
Edward Byrne Memorial Justice Assistance Grant Program	16.738	R7236	13,495
Total U.S. Department of Justice			302,905
<u>U.S. Department of Transportation</u>			
Pass through Federal Aviation Administration			
Airport Improvement Program	20.106	3-12-001-014-2023	379,469
Pass through Florida Department of Transportation			
Highway Planning and Construction	20.205	42985445801 G1M95	5,831
Highway Planning and Construction	20.205	42985446801 G1M95	35,206
Total U.S. Department of Transportation			420,506
<u>U.S. Department of the Treasury</u>			
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	RDCGR090518	52,349
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	American Rescue Plan Allocation	1,292,822
Local Assistance and Tribal Consistency Fund	21.032	RDCGR090145	131,920
Total U.S. Department of the Treasury			1,477,091
<u>U.S. Department of Health and Human Services</u>			
Pass through Florida Department of Revenue			
Child Support Services	93.563	CST-19	541
Child Support Services	93.563	COC19	60,766
Total U.S. Department of Health and Human Services			61,307

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

U.S. Department of Homeland Security

Pass through Florida Division of Emergency Management			
Disaster Grant - Public Assistance	97.036	PA-00-02-29-02-041	\$ 34,953
Disaster Grant - Public Assistance	97.036	Z0834 (PW-01260)	2,775
Emergency Management Performance Grant	97.042	G0486	53,922
Total U.S. Department Homeland Security			<u>91,650</u>
Total Expenditures of Federal Awards			<u>\$ 3,144,048</u>

STATE FINANCIAL ASSISTANCE

Executive Office of the Governor

Division of Emergency Management			
Emergency Management Programs	31.063	A0404	\$ 100,107
Emergency Management Programs	31.063	A0482	4,687
Total Executive Office of the Governor			<u>104,794</u>

Florida Department of Environmental Protection

Beach Management Funding Assistance Program	37.003	22FR1	133,702
Small County Consolidated Grants	37.012	SC407	90,646
Florida Recreation Development Assistance Program	37.017	A3029	190,150
Florida Recreation Development Assistance Program	37.017	A3033	13,981
Restoration Deepwater Horizon Oil Spill	37.081	OGC111	2,212
Total Florida Department of Environmental Protection			<u>430,691</u>

Florida Department of Commerce

Growth Management Implementation	40.024	P0499	50,000
Division of Housing and Community Development	40.038	DL012	75,629
Total Florida Department of Commerce			<u>125,629</u>

Florida Housing Finance Corporation

State Housing Initiatives Partnership Program (SHIP)	40.901	Funding Thru SFY2223	<u>3,500</u>
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Florida Department of Agriculture

Mosquito Control	42.003	FDACS # 030508	<u>37,749</u>
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Florida Department of Financial Services

Local Government Fire Service Grants	43.009	FM898	<u>418,363</u>
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Florida Department of State

State Aid to Libraries	45.030	24-ST-94	72,216
Acquisition, Restoration of Historic Properties	45.032	23.h.sc.200.029	57,765
Total Florida Department of State			<u>129,981</u>

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Florida Department of Transportation

Florida Highway Beautification Grant Program	55.003	45051017401 G2536	\$ 46,461
Aviation Grant Programs	55.004	41604789401 G2L11	78,550
Aviation Grant Programs	55.004	41604779401 G2194	19,328
Aviation Grant Programs	55.004	44856129401 G2R39	42,163
Aviation Grant Programs	55.004	42561369401 G2R11	38,370
County Incentive Grant Program	55.008	44987813401 G2A96	5,460
Small County Outreach Program	55.009	44988015401 G2H13	1,414,877
Small County Outreach Program	55.009	44861013401 G2F47	3,625
Small County Road Assistance Program	55.016	45177013401 G2G15	139,007
Small County Road Assistance Program	55.016	44064435401 G2Q69	210,404
Small County Road Assistance Program	55.016	44064425401 G1Z87	1,827,929
Total Florida Department of Transportation			<u>3,826,174</u>

Florida Department of Health

Grants and Aids to Local Governments and Nonstate Entities - Fixed Capital Outlay Rural Hospitals from General Revenue Fund	N/A	General Appropriations 474A	<u>44,519</u>
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Florida Department of Law Enforcement

Criminal Justice Data Transparency	71.044	2022-DTSFA-D2-01	17,500
Law Enforcement Salary Assistance for Fiscally Constrained Counties	71.067	5V007	404,342
Law Enforcement Salary Assistance for Fiscally Constrained Counties	71.067	ME007	134,780
Total Florida Department of Law Enforcement			<u>556,622</u>

Florida Department of Management Services

Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	23-04-22	23,520
E911 State Grant Program	72.002	S17-21-02-57	48,284
DMS-23/24-030 Franklin County First Responder Two-Way Radio Replacement	72.010	DMS-23/24-030	1,499,944
Total Florida Department of Management Services			<u>1,571,748</u>

Florida Fish and Wildlife Conservation Commission

Florida Boating Improvement Program	77.006	FWC Agreement #21115	5,394
Florida Boating Improvement Program	77.006	FWC Agreement #21107	34,000
Total Florida Fish and Wildlife Conservation Commission			<u>39,394</u>

Total Expenditures of State Financial Assistance			<u>\$ 7,289,164</u>
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FRANKLIN COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Financial Reporting Entity

The Franklin County, Florida (the "County") reporting entity is defined in Note 1 of the County's Basic Financial Statements.

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal award and state financial assistance activity of Franklin County, Florida, under programs of the federal and state government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Franklin County, Florida, it is not intended to and does not present the balance sheet, changes in fund balances, or cash flows of Franklin County, Florida.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Franklin County, Florida, has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Federal Awards

Internal Control over Major Federal Programs:	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Identification of major federal programs:	
Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

SECTION I - SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

State Projects

Internal Control over Major State Projects:	
Material weakness(es) identified?	<u> X </u> Yes <u> </u> No
Significant deficiency(ies) identified?	<u> </u> Yes <u> X </u> None Reported
Type of auditor's report issued on compliance for major state projects:	<u> Unmodified </u>
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, Rules of the Auditor General?	<u> X </u> Yes <u> </u> No
Identification of major state projects:	
CSFA Numbers	Name of State Project
43.009	Local Government Fire Service Grants
55.009	Small County Outreach Program
55.016	Small County Road Assistance Program
72.010	DMS-23/24-030 Franklin County First Responder Two-Way Radio Replacement
Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$750,000 </u>

**FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

SECTION II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS

2024–001: Accrual Basis Accounting (Partial Repeat of 2023–001) – 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 accounts payable and accrued expenses, net position, and estimated third-party payor settlements.

Cause: While we noted substantial improvements were made to the accounting functions in fiscal year 2024, internal processes and controls were not sufficient (either non-existent or ineffective) to detect certain misstatements of the financial statements. Management and accounting staff turnover in recent years was a contributing factor.

Effect: Material audit adjustments were required to properly state the accounts.

Recommendation: Management should focus on strengthening internal controls surrounding financial reporting and the proper presentation of financial statements in accordance with GAAP, including implementing a formal review process for account reconciliations.

Views of Responsible Officials and Planned Corrective Actions: Management is establishing a ledger close timeline that's more in line with industry standards. Journal entries will require proper sign offs. The accountant under the supervision of CFO/AMS Financial Services will reconcile cash and other balance sheet accounts monthly. Internal Control Files and updated Policies/Procedures are being reviewed for the hospital. Alliant Management has standard IC files & policies that will be deployed to the hospital and considered for implementation and ratification.

2024–002: Accounting and Finance Staffing / Segregation of Duties (Repeat of 2023–002) - Hospital

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with U.S. GAAP. Such responsibility includes hiring and retaining effective and experienced staff to conduct such activities. Additionally, internal controls should be in place to ensure that proper segregation of duties are implemented by the Hospital, in order to mitigate material misstatement or other reporting errors, and to ensure that assets are safeguarded against loss.

**FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

SECTION II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024–002: Accounting and Finance Staffing / Segregation of Duties (Repeat of 2023–002) – Hospital (Continued)

Condition: Accounting and finance staffing is currently limited at the Hospital, increasing the possibility that misstatements may occur that are not identified. Processes and controls in place were not sufficient to maintain effective internal control over financial reporting, which contributed to the other findings described in this schedule. Additionally, limited resources and financial and administrative staffing requires staff to serve multiple roles and prevents optimal segregation of duties. We noted that management did not have a formal process for reviewing journal entries or account reconciliations in place for the majority of the year. It was also noted that one user has access rights for processing and submitting payroll within the Hospital’s GL and payroll software applications. A lack of segregation of duties can result in intentional or unintentional errors that could be made and not detected.

Cause: Limited staffing resulted in a lack of optimal segregation of duties.

Effect: The effect of this finding is reflected in the effects of findings 2024 – 001 and 2024 – 003.

Recommendation: The Hospital should 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. We also recommend that the Hospital implement a process to periodically review user access and strengthen segregation of duties within payroll. Finally, we recommend that the Hospital evaluate existing controls and improve segregation of duties, to the extent possible with existing resources and staffing.

Views of Responsible Officials and Planned Corrective Actions: Management will continue to work with the Alliant Financial Services team to aid in the strengthening of internal controls. Due to staffing constraints, hospital is not able to separate all duties. Additionally, management will continue to support the training and advancement opportunities of current staff.

2024–003: Information Technology (Repeat of 2023-003) – Hospital

Criteria: Information technology application controls should be implemented by the Hospital, in order to mitigate destruction of data or improper changes to data, including the recording of unauthorized or nonexistent transactions or inaccurate recording of transactions.

**FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

SECTION II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-003: Information Technology – Hospital (Continued)

Condition: We noted that management did not have a formal IT risk assessment process to help properly evaluate and identify threats and vulnerabilities, and appropriately address any identified threats and vulnerabilities, for fiscal year 2024; however, in early fiscal year 2025 a formal IT risk assessment was in progress. It was also noted that processes and controls were not sufficient enough to properly and timely disable user accounts for terminated employees, within three of the Hospital’s accounting software applications.

Cause: The limited resources available to the Hospital, combined with limited internal IT staffing, required the Hospital to outsource the IT function to third-party vendors. These factors resulted in the lack of a formal IT risk assessment and less than optimal IT processes and controls.

Effect: A lack of regular formal IT risk assessments can lead to risk of financial loss, disruption or damage to the reputation of the Hospital from unplanned failure of its information technology systems, whether due to outside forces such as cyber-attacks, or other incidents such as human error or hardware failure. Failing to properly and timely terminate user access for terminated employees could result in intentional or unintentional errors that could be made and not detected.

Recommendation: We recommend the Hospital implement a process for annual formal IT risk assessments, to help identify and address threats and vulnerabilities. We also recommend that the Hospital strengthen its controls to review and disable terminated user accounts properly and timely, within its software applications.

Views of Responsible Officials and Planned Corrective Actions: Management has started a formal IT risk assessment with CommHIT that includes a detailed scope of services. Management has instituted a process where the Director of HR must communicate to IT any terminations on the date of termination, so the IT department can immediately terminate their access to the enterprise.

2024-004: Material Audit Adjustments - Tax Collector (Repeat of 2023-004)

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition: Multiple accounts and financial statement line items required adjustment or reclassification in order for the financial statements to be presented in accordance with U.S. GAAP. Such adjustments included proper presentation of cash, accounts payable, fund balance, net position, additions, deductions, and expenses.

**FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

SECTION II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-004: Material Audit Adjustments - Tax Collector (Repeat of 2023-004) (Continued)

Cause: Internal processes and controls were not sufficient (either non-existent or ineffective) to detect certain misstatements of the financial statements.

Effect: Day-to-day accounting information is not reliable.

Recommendation: Management should focus on strengthening internal controls surrounding financial reporting and the proper presentation of financial statements in accordance with U.S. GAAP, including implementing a formal review process of account reconciliations.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding and recommendations. The Franklin County Tax Collector will make the appropriate adjustments and reclassification in all account payables funds and balances. So that these adjustments will show proper presentation of cash, accounts payable, fund balance, net position, additions, deductions and expenses. Proactive Monitoring: All accounts are actively monitored, with daily reconciliation performed by staff. The Franklin County Tax Collector recognizes the trust placed in us to safeguard public funds. Our vision is simple but powerful: To provide service to our citizens in a manner that demonstrates Transparency and Accountability - Every day, in Every way.

2024-005: Material Audit Adjustments – Sheriff (Repeat of 2023-005)

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition: Multiple accounts and financial statement line items required adjustment or reclassification in order for the financial statements to be presented in accordance with U.S. GAAP. Such adjustments included proper presentation of cash, accounts payable, payroll liabilities, and revenues.

Cause: Internal processes and controls were not sufficient (either non-existent or ineffective) to detect certain misstatements of the financial statements.

Effect: Day-to-day accounting information is not reliable.

Recommendation: Management should focus on strengthening internal controls surrounding financial reporting and the proper presentation of financial statements in accordance with U.S. GAAP, including implementing a formal review process of account reconciliations.

**FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

SECTION II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-005: Material Audit Adjustments – Sheriff (Repeat of 2023-005) (Continued)

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding and recommendations. We understand that our internal control system should be designed to ensure the accuracy of our financial statements. Additionally, auditors should not have to propose journal entries for these statements in order to comply with generally accepted accounting principles (GAAP). However, as a small agency with only one person in the finance department, we believe that the costs of hiring additional resources to implement an effective internal control system will, in the near future, outweigh the benefits. To address this, the Finance Officer will review financial reports and submit them to a third party for review on a quarterly basis for adjustments.

2024-006: Misappropriation of Assets & Segregation of Duties – Tax Collector

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 responsibilities include establishing internal controls to ensure that proper segregation of duties are implemented by the Tax Collector's office in order to mitigate material misstatement or other reporting errors, and to ensure that assets are safeguarded against misappropriation.

Condition: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes ideal segregation of duties. One employee had the ability to initiate and authorize improper disbursements in the amount of \$116,169.

Cause: Budget constraints and improper segregation of duties.

Effect: The failure to maintain separation of these functions subjects the Tax Collector to the risk that material misstatements due to error or fraud may occur and not be detected by employees in a timely manner during the performance of their assigned tasks.

Recommendation: We recommend that in the absence of the ability to hire additional employees, alternative procedures, including additional oversight with regard to certain functions, be performed regularly to mitigate the risk caused by this deficiency in internal controls.

**FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

SECTION II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-006: Misappropriation of Assets & Segregation of Duties – Tax Collector (Continued)

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding and recommendations. The Franklin County Tax Collector will focus on strengthening internal controls by proactive monitoring: All accounts are actively monitored, with daily reconciliation performed by staff members who do not sign checks. Segregation of Duties: The individual reconciling daily accounts does not have check-signing authority. Controlled Access: Only three authorized staff members have access to accounting and payroll systems, as well as secured check stock. Verification: Every check is locked daily, signatures are verified, and QuickBooks entries are reviewed regularly. Independent Oversight: Each account is reconciled monthly by authorized staff and verified by leadership.

2024-007: Bank Reconciliations – Tax Collector

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting and presenting financial statements in accordance with generally accepted accounting principles. Such responsibilities include performing monthly bank reconciliations timely to ensure that all transactions affecting the cash account are properly recorded in the financial statements and that any errors are identified and corrected on a timely basis.

Condition: It was noted during the audit that bank reconciliations for the taxes and tag funds had not been performed monthly or at year end.

Cause/Effect: Failure to reconcile the differences on monthly bank reconciliations can lead to errors in the financial records that may not be detected and/or corrected. In this case, uncorrected reconciling errors caused the financial statements to be materially misstated prior to audit adjusting entries.

Recommendation: Monitoring is an important part of maintaining a strong control environment and we recommend that bank accounts be reconciled and reviewed monthly. Any unusual items should be promptly investigated and adjusted with adequate explanations.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding and recommendations. The Franklin County Tax Collector recognizes the importance of monthly bank reconciliations, and we are aware the prior Tax Collector and Administration did not reconcile the Tax & Tag Account. We are currently up to date on all account reconciliations from the prior Administration and ours. Correction action has been taken to deposit fund within 24 hours of collection. Daily reconciliation and deposit verification logs have been implemented to date.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

SECTION III - FEDERAL AWARD AND STATE PROJECT FINDINGS AND QUESTIONED COSTS

2024-008: Inaccurate Schedule of Expenditures of State Financial Assistance

Criteria: In accordance with Chapter 69I-5.003, Florida Administrative Code, State Financial Assistance, the auditee must prepare a Schedule of Expenditures of State Financial Assistance for the period covered by the auditee's financial statements. The Schedule of Expenditures of State Financial Assistance must be prepared in accordance with the requirements of Chapter 69I-5.003, Florida Administrative Code, State Financial Assistance, which includes reporting total state financial assistance expended for each state project during the audit period.

Condition: During our audit of the Schedule of Expenditures of State Financial Assistance, we noted that the expenditures were not reported for the DMS-23/24-030 Franklin County First Responder Two-Way Radio Replacement grant. This resulted in an incomplete and inaccurate presentation of total state expenditures for the fiscal year.

Cause: Management oversight by the office of the grant recipient.

Effect: Failure to report all state expenditures incurred during the reporting period resulted in a material understatement of total state awards expended. This may impact the determination of major programs, the risk assessment process, and state oversight. Additionally, it results in noncompliance with state regulations governing Schedule of Expenditures of State Financial Assistance preparation.

Recommendation: We recommend that management implement procedures to ensure the Schedule of Expenditures of State Financial Assistance includes all state expenditures incurred during the reporting period. This should include reconciling the Schedule of Expenditures of State Financial Assistance amounts to the underlying accounting records and grant activity, as well as training responsible personnel on the Florida Single Audit Act requirements for Schedule of Expenditures of State Financial Assistance reporting.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding and recommendations. The Finance Officer is responsible for maintaining a log of grants. This particular grant was initially intended for FCBOCC but was subsequently awarded to FCSO. Unfortunately, this change led to an oversight on the part of the Finance Officer, who failed to add the grant to the log. Furthermore, the grant was managed by someone other than the Finance Officer. This was corrected immediately upon discovery. To rectify this issue from occurring in the future, the Finance Officer will thoroughly review all deposits to ensure that no grant activities have been overlooked.

**FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

SECTION III - FEDERAL AWARD AND STATE PROJECT FINDINGS AND QUESTIONED COSTS (CONTINUED)

2024-009: Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

Information on Federal Program: United States Department of the Treasury. Federal Assistance Listing Number 21.027 – Coronavirus State and Local Fiscal Recovery Funds.

Compliance Requirements: Allowable Costs/Cost Principles

Criteria: Per 2 CFR § 200.403(g), costs must be adequately documented. Under 2 CFR § 200.403(a) and § 200.405(a), only costs that are necessary, reasonable, and allocable to the federal program may be charged.

Condition: The County overpaid the vendor by \$25,170. The full amount of the invoice, including the overpayment, was charged to the federal award. The overpayment was not identified during the normal processing and payment of the invoice.

Cause: The overpayment was due to an oversight during invoice processing.

Effect: Federal funds were used to pay an amount not allocable to the program, resulting in \$25,170 of unallowable costs charged to the federal award.

Questioned Costs: \$25,170 in Coronavirus State and Local Fiscal Recovery Funds.

Context: We randomly selected tested fifteen (15) expenditures charged to the SLFRF program in the amount of \$1,241,980 from a population of \$1,292,822 and found one (1) instance of noncompliance totaling \$25,170.

Recommendation: We recommend that the entity seek reimbursement for the \$25,170 overpayment and make appropriate adjustments to the Schedule of Expenditures of Federal Awards (SEFA) and the accounting records, as needed. Management should ensure final payment amounts are fully supported by invoice documentation.

Views of Responsible Officials and Planned Corrective Actions: We agree with the findings and recommendations. This was an isolated incident whereas the payment amount was mistakenly pulled from the wrong line on a contractor's pay application. This overpayment was missed in the subject fiscal year as the program was still active. Once the overpayment was identified, the county sought reimbursement from the vendor for the overpayment and has since received the funds. The reimbursement will be included as program revenues in the next audit report. The County will reconcile contract values as each pay application is processed in lieu of awaiting program/project closeout in the future.

**FRANKLIN COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

SCHEDULE OF PRIOR AUDIT FINANCIAL STATEMENT FINDINGS

2023-001: Accrual Basis Accounting - Hospital

Repeated

2023-002: Accounting and Financing Staffing - Hospital

Repeated

2023-003: Information Technology - Hospital

Repeated

2023-004: Material Audit Adjustments - Tax Collector

Repeated

2023-005: Material Audit Adjustments - Sheriff

Repeated

FEDERAL AWARD PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

None noted.

STATE PROJECT PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

None noted.

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**INDEPENDENT AUDITOR'S
MANAGEMENT LETTER**

Honorable Board of County Commissioners and Constitutional Officers
Franklin County, Florida

Report on the Financial Statements

We have audited the financial statements of Franklin County, Florida, as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated September 10, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; 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 Questioned Costs; and Independent Accountant's Reports 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 and schedule, which are dated September 10, 2025, 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 financial audit report. The status of each finding made in the preceding annual financial audit report is noted below.

Honorable Board of County Commissioners and Constitutional Officers
County-Wide Management Letter
September 10, 2025

Finding No.	Original Finding No.	Description	Status
2024-001	2023-001	Accrual Basis Accounting - Hospital	Not Cleared
2024-002	2023-002	Accounting & Finance Staffing - Hospital	Not Cleared
2024-003	2023-003	Information Technology - Hospital	Not Cleared
2024-004	2023-004	Material Audit Adjustments - Tax Collector	Not Cleared
2024-005	2023-005	Material Audit Adjustments – Sheriff	Not Cleared
2024-010	2023-006	Implementation of Account Numbers	Not Cleared
	2023-007	Tax Collector – Year End	Cleared
2024-011	2023-008	Accounting Records – Supervisor of Elections	Not Cleared
	2023-009	Credit Card – Supervisor of Elections	Cleared
2024-012	2023-010	Bank Reconciliations – Sheriff	Not Cleared

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. This information is disclosed in Note 1 of the notes to financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Franklin County, Florida, has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Franklin County, Florida. It is management's responsibility to monitor Franklin County, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

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 make the following recommendations:

1. 2024-010: Implementation of Account Numbers (Repeat of 2023-006)

We recommend the Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections implement account numbers in accordance with the Uniform Accounting System Manual published by the Department of Financial Services Bureau of Financial Reporting as required by Section 218.33, Florida Statutes (F.S.), which states “Each local governmental entity shall follow uniform accounting practices and procedures as promulgated by rule of the department to assure the use of proper accounting and fiscal management by such units. Such rule shall include a uniform classification of accounts.”

Management Response:

Sheriff – We agree with the finding and recommendations. The Sheriff's Office has made progress in updating and restructuring our chart of accounts. We acknowledge that there are still a few that need to be revised. The chart of accounts will be reviewed and updated to meet standards.

Supervisor of Elections – We will review the recommendation with our auditor and make the necessary changes.

Tax Collector – We agree with the finding and recommendations. The Franklin County Tax Collector will implement account numbers in accordance with the Uniform Accounting System Manual published by the Department of Financial Services Bureau of Financial Reporting as required by Section 218.33, Florida Statutes (F.S.), which states "Each local governmental entity shall follow uniform accounting practices and procedures as promulgated by rule of the department to assure the use of proper accounting and fiscal management by such units. Such rule shall include a uniform classification of accounts."

2. 2024-011: Accounting Records – Supervisor of Elections (Repeat of 2023-008)

We recommend the Supervisor of Elections ensure accounting records are maintained in accordance with accounting principles generally accepted in the United States of America. We recommend the balances of accounts payable and other liability accounts be reviewed at least monthly.

Management Response: We will review the recommendation with our auditor and make the necessary changes.

3. 2024-012: Bank Reconciliations – Sheriff (Repeat of 2023-0010)

We recommend all Sheriff bank reconciliations be performed as of the end of the month. We noted several instances where bank reconciliations were not performed at year-end.

Management Response: We agree with the finding and recommendations. Four individuals are responsible for preparing bank reconciliations. All personnel will be trained to ensure that

bank statements are reconciled within a reasonable time frame. All reconciliations for the year-end must be completed by the end of the following month and submitted to the Finance Officer for review and verification.

4. See accompanying schedule of findings and questioned costs for additional recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within Franklin County, Florida's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. George E. Weems Memorial Hospital is an independent special district component unit within the audited financial statements of the County.

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 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, Federal and other granting agencies, the Board of County Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Lanigan & Associates, PC

Tallahassee, Florida
September 10, 2025

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REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE WITH SECTIONS 365.172(10) AND 365.173(2)(d), FLORIDA STATUTES

The Honorable Chairman and Commissioners of the
Board of County Commissioners
Franklin County, Florida

Report on Compliance

We have examined the Franklin County, Florida, Board of County Commissioner's (the "Board") compliance with Sections 365.172(10) and 365.173(2)(d), Florida Statutes, regarding E911 funding as required by Section 10.556(10)(b), Rules of the Auditor General, during the year ended September 30, 2024. Management is responsible for the Board's compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

Scope

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 Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, 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. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Board's compliance with the specified requirements.

Opinion

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

Lanigan & Associates, PC

Tallahassee, Florida
September 10, 2025

LANIGAN & ASSOCIATES, P.C.

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REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

The Honorable Chairman and Commissioners of the
Board of County Commissioners
Franklin County, Florida

Report on Compliance

We have examined the Franklin County, Florida, Board of County Commissioner's (the "Board") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2024. Management is responsible for the Board's compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

Scope

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 Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, 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. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Board's compliance with the specified requirements.

Opinion

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

Lanigan & Associates, PC

Tallahassee, Florida
September 10, 2025

**Special Purpose
Financial Statements**

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



**Year Ended September 30, 2024
with Independent Auditor's Report**

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

Special Purpose Financial Statements

Year Ended September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Franklin County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Clerk and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Franklin County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida as of September 30, 2024, and 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 these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Clerk's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Clerk's basic financial statements. The combining fiduciary statements ("supplementary information"), as listed in the table of contents, is presented for purposes of additional analysis and is 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 basic financial statements. The 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 the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary 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 dated June 30, 2025, on our consideration of the Clerk'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 solely 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 the effectiveness of 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 Clerk's internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida

June 30, 2025

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	Major Funds			Total
	General	Fines and Forfeitures Fund	Modernization Trust Fund	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 179,182	\$ 204,503	\$ 225,353	\$ 609,038
Due from other funds	5,454	6,778	186	12,418
Due from other governments	19,767	28,427	4,240	52,434
Other assets	2,804	-	-	2,804
Total assets	<u>\$ 207,207</u>	<u>\$ 239,708</u>	<u>\$ 229,779</u>	<u>\$ 676,694</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 15,841	\$ 19,221	\$ 3,858	\$ 38,920
Due to other funds	69,952	5,476	-	75,428
Due to other governments	-	215,011	-	215,011
Total liabilities	<u>85,793</u>	<u>239,708</u>	<u>3,858</u>	<u>329,359</u>
Fund balance:				
Restricted	<u>121,414</u>	<u>-</u>	<u>225,921</u>	<u>347,335</u>
Total liabilities and fund balance	<u>\$ 207,207</u>	<u>\$ 239,708</u>	<u>\$ 229,779</u>	<u>\$ 676,694</u>

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Major Funds			Total
	General	Fines and Forfeitures Fund	Modernization Trust Fund	Governmental Funds
REVENUES				
Intergovernmental	\$ 60,766	\$ 540,193	\$ -	\$ 600,959
Charges for services	105,849	208,989	47,978	362,816
Fines and forfeitures	-	96,470	-	96,470
Interest revenue	1,529	545	2,451	4,525
Other	3,202	-	-	3,202
Total revenues	171,346	846,197	50,429	1,067,972
EXPENDITURES				
Current				
General government	531,199	-	-	531,199
Court related	56,890	691,512	48,996	797,398
Capital Outlay	10,633	4,899	9,464	24,996
Total expenditures	598,722	696,411	58,460	1,353,593
Excess (deficiency) of revenues over (under) expenditures	(427,376)	149,786	(8,031)	(285,621)
OTHER FINANCING SOURCES (USES)				
Transfers in	510,178	-	-	510,178
Transfers (Out)	(61,549)	-	-	(61,549)
Reversion to State of Florida	-	(149,786)	-	(149,786)
Total other financing sources (uses)	448,629	(149,786)	-	298,843
Net changes in fund balances	21,253	-	(8,031)	13,222
Fund balances - beginning	100,161	-	233,952	334,113
Fund balances - ending	\$ 121,414	\$ -	\$ 225,921	\$ 347,335

See accompanying notes to financial statements.

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 57,000	\$ 57,000	\$ 60,766	\$ 3,766
Charges for services	110,500	110,500	105,849	(4,651)
Interest revenue	1,100	1,100	1,529	429
Other	725	725	3,202	2,477
Total revenues	<u>169,325</u>	<u>169,325</u>	<u>171,346</u>	<u>2,021</u>
EXPENDITURES				
Current				
General government	595,668	595,668	531,199	64,469
Court related	152,061	152,061	56,890	95,171
Capital Outlay	123,114	123,114	10,633	112,481
Total expenditures	<u>870,843</u>	<u>870,843</u>	<u>598,722</u>	<u>272,121</u>
Excess (deficiency) of revenues over (under) expenditures				
	<u>(701,518)</u>	<u>(701,518)</u>	<u>(427,376)</u>	<u>274,142</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	601,518	601,518	510,178	(91,340)
Transfers (Out)	-	-	(61,549)	(61,549)
Total other financing sources (uses)	<u>601,518</u>	<u>601,518</u>	<u>448,629</u>	<u>(152,889)</u>
Net changes in fund balances				
	<u>(100,000)</u>	<u>(100,000)</u>	<u>21,253</u>	<u>121,253</u>
Fund balances - beginning				
	<u>100,000</u>	<u>100,000</u>	<u>100,161</u>	<u>161</u>
Fund balances - ending				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,414</u>	<u>\$ 121,414</u>

See accompanying notes to financial statements.

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FINES AND FORFEITURES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 509,311	\$ 516,296	\$ 540,193	\$ 23,897
Charges for services	133,388	133,388	208,989	75,601
Fines and forfeitures	68,931	68,931	96,470	27,539
Interest revenue	672	672	545	(127)
Total revenues	<u>712,302</u>	<u>719,287</u>	<u>846,197</u>	<u>126,910</u>
EXPENDITURES				
Current				
Court related	712,302	719,287	691,512	27,775
Capital Outlay	-	-	4,899	(4,899)
Total expenditures	<u>712,302</u>	<u>719,287</u>	<u>696,411</u>	<u>22,876</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>149,786</u>	<u>149,786</u>
OTHER FINANCING (USES)				
Reversion to State of Florida	<u>-</u>	<u>-</u>	<u>(149,786)</u>	<u>(149,786)</u>
Net changes in fund balances	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
MODERNIZATION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ 40,860	\$ 40,860	\$ 47,978	\$ 7,118
Interest revenue	2,000	2,000	2,451	451
Total revenues	42,860	42,860	50,429	7,569
EXPENDITURES				
Current				
General government	163,959	163,959	-	163,959
Court related	90,901	90,901	48,996	41,905
Capital Outlay	-	-	9,464	(9,464)
Total expenditures	254,860	254,860	58,460	196,400
Excess (deficiency) of revenues over (under) expenditures	(212,000)	(212,000)	(8,031)	203,969
Net changes in fund balances	(212,000)	(212,000)	(8,031)	203,969
Fund balances - beginning	233,952	233,952	233,952	-
Fund balances - ending	\$ 21,952	\$ 21,952	\$ 225,921	\$ 203,969

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2024**

ASSETS

Cash and cash equivalents	<u>\$ 561,443</u>
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LIABILITIES

Due to other funds	50,818
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Due to other governments	<u>24,278</u>
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Total liabilities	<u>75,096</u>
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NET POSITION

Restricted	<u><u>\$ 486,347</u></u>
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**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

ADDITIONS	\$4,782,036
DEDUCTIONS	<u>4,928,507</u>
Net increase in fiduciary net position	(146,471)
Net position - beginning	<u>632,818</u>
Net position - ending	<u><u>\$ 486,347</u></u>

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1: *Summary of Significant Accounting Policies*

The accounting policies of the Franklin County, Florida, Clerk of the Circuit Court (the “Clerk”) conform with generally accepted accounting principles (GAAP), as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these special purpose financial statements.

Reporting Entity

Franklin County, Florida (the “County”) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the “Board”). The Clerk is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d).

The Clerk is a part of the primary government of the County. The Clerk is responsible for the administration and operation of the Clerk’s office, and the Clerk’s financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County.

The Clerk funds non-court operations as a Budget Officer and a Fee Officer pursuant to Florida Statutes, Chapters 28, 129, and 218, respectively. As a Budget Officer, the operations of the Clerk are funded by the County general fund. The receipts from the County general fund are recorded as other financing sources on the Clerk’s general fund financial statements. Any excess of revenues and other financing sources received over expenditures of the general fund are remitted to the County general fund at year-end. The court-related operations of the Clerk are funded from fees and charges authorized under Chapter 2013-44, Laws of Florida and are reported in the court fund. Such provisions may be amended at any time by further action from the Florida Legislature. At year-end, any excess of revenues over court-related expenditures of the court fund are remitted to the State of Florida pursuant to Florida Statute 28.37.

Basis of Presentation

The Clerk’s financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Clerk of Courts has not presented the government-wide financial statements, reconciliations to the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s county-wide financial statements.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Basis of Presentation (Continued)

The financial transactions of the Clerk are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Clerk reports the following major governmental funds:

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 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, other governments, and/or other funds.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available, spendable resources” during a period. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Measurement Focus/Basis of Accounting (Continued)

For this purpose, the government considered revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

The custodial funds are accounted for using an economic resource measurement focus and accrual basis of accounting requiring a resource flow statement. Liabilities are recognized when an event occurs that compels the Clerk to disburse fiduciary resources, which is when a demand for resources has been made or when no further action, approval, or condition is required to be taken or not by the beneficiary to release the assets.

Budget and Budgetary Accounting

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 prepares the budget 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) 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.

Cash and Cash Equivalents

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

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Capital Assets

Capital assets purchased in the governmental fund type are recorded as expenditures (capital outlay) at the time of purchase. Assets acquired by the Clerk are reported as capital assets in the statement of net assets as part of the basic financial statement for Franklin County. The Clerk maintains custodial responsibility for the capital assets used by their office.

Liability for 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.

Related Organizations – Common Expenses

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Clerk. These expenses relating to the Clerk's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities
- Property insurance

Fund Balance Reporting

The Clerk has implemented the provisions of Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned:

- **Non-Spendable:** This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Clerk does not have any non-spendable funds.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Fund Balance Reporting (Continued)

- **Restricted:** This component of fund balances consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed:** This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy, ordinance, or resolution) of the Clerk's governing authority.
- **Assigned:** This component of fund balance consists of amounts that are constrained by a less-than formal action of the Clerk's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Clerk has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned:** This classification is used for fund balances within the general fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Clerk's policy to use committed resources first, then assigned, and then unassigned as needed.

Distribution of Excess Revenues

Florida Statutes require that the Clerk distribute any excess of revenues over expenditures within the general fund to the board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying special-purpose financial statements as "other financing uses."

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the accompanying financial statements and notes. Actual results could differ from estimates.

Subsequent Events

The Clerk of the Court evaluated subsequent events through June 30, 2025, the date which the financial statements were available to be issued. The Clerk of the Court did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2: *Cash and Cash Equivalents*

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.

NOTE 3: *Inter-fund Transactions*

During the course of normal operations, numerous transactions occur between funds, such as expenditures or transfers of resources to provide services, service debt, or construct assets. The inter-fund transactions are not eliminated, and no interest is charged on such advances.

Inter-fund receivable and payable balances at September 30, 2024, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Clerk Operating	Clerk Fines and Forfeitures Fund	\$ 5,193
	Board of County Commissioners	261
Clerk Fines and Forfeitures Fund	Clerk Operating	6,778
Clerk Modernization Trust Fund	Clerk Fines and Forfeitures Fund	105
	Board of County Commissioners	81
Board of County Commissioners	Clerk Operating	63,174
	Clerk Fines and Forfeitures Fund	<u>178</u>
Total		<u><u>\$ 75,770</u></u>

Operating transfers between funds during the year were as follows:

<u>Transfers in</u>	<u>Transfers Out</u>	<u>Amount</u>
Clerk Operating	Board of County Commissioners	\$ 510,178
Board of County Commissioners	Clerk Operating	<u>61,549</u>
Total		<u><u>\$ 571,727</u></u>

NOTE 4: *Long-Term Liabilities*

Under the GASB 34 reporting model, long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All long-term liabilities for the Clerk are reported in the government-wide Statement of Net Position. The compensated absences of the Clerk are accounted for in the Statement of Net Position as follows:

	<u>Balance</u> <u>October 01, 2023</u>	<u>Additions*</u>	<u>Balance</u> <u>September 30, 2024</u>
Compensated absences	\$ 63,689	\$ 5,267	\$ 68,956

**The change in compensated absences liability is presented as a net change.*

NOTE 5: *Retirement*

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

For financial reporting purposes, the Clerk is deemed to be part of the primary government of the County. A liability related to the Clerk's proportionate share of FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of the County for the fiscal year ended September 30, 2024.

NOTE 6: *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 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

SUPPLEMENTARY INFORMATION

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2024**

	General Trust	Child Support	Registry of Court	Total Custodial Funds
ASSETS				
Cash and cash equivalents	\$ 75,421	\$ 428	\$ 485,594	\$ 561,443
LIABILITIES				
Due to other funds	50,782	36	-	50,818
Due to other governments	24,230	48	-	24,278
Total liabilities	75,012	84	-	75,096
NET POSITION				
Restricted	\$ 409	\$ 344	\$ 485,594	\$ 486,347

**FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	General Trust	Child Support	Registry of Court	Total Custodial Funds
ADDITIONS	\$4,145,468	\$ 8,374	\$ 628,194	\$ 4,782,036
DEDUCTIONS	4,145,251	8,374	774,882	4,928,507
Net increase (decrease) in fiduciary net position	217	-	(146,688)	(146,471)
Net position - beginning	192	344	632,282	632,818
Net position - ending	<u>\$ 409</u>	<u>\$ 344</u>	<u>\$ 485,594</u>	<u>\$ 486,347</u>

INTERNAL CONTROL AND COMPLIANCE SECTION

September 30, 2024

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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*

The Honorable Michele Maxwell
Clerk of the Circuit Court
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 (*Government Auditing Standards*), the financial statements of each major fund and the aggregate remaining fund information of Franklin County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated June 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk'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 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 Clerk'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 Clerk's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lanigan & Associates, PC

Tallahassee, Florida
June 30, 2025

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**INDEPENDENT AUDITOR'S
MANAGEMENT LETTER**

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

Report on the Financial Statements

We have audited the financial statements of Franklin County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2024, and have issued our report dated June 30, 2025.

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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Account's Reports 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 and schedule, which are dated June 30, 2025, 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. In connection with the preceding annual financial audit report, there were no significant findings or recommendations.

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. This information is disclosed in Note 1 of the notes to the financial statements. There are no component units related to the Clerk.

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 Board of County Commissioners, the Clerk, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Lanigan & Associates, PC

Tallahassee, Florida
June 30, 2025

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REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES, ARTICLE V REQUIREMENTS AND DEPOSITORY REQUIREMENTS OF SECTIONS 218.415, 28.35, 28.36 AND 61.181, FLORIDA STATUTES

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

Report on Compliance

We have examined the Franklin County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, Article V requirements of Sections 28.35 and 28.36, Florida Statutes, and depository requirements for alimony transactions, support, maintenance and support payments of Section 61.181, Florida Statutes, for the year ended September 30, 2024. Management is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

Scope

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 Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, 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. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

Opinion

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

Lanigan & Associates, PC

Tallahassee, Florida
June 30, 2025

**Special Purpose
Financial Statements**

**Franklin County, Florida
Property Appraiser**



**Year Ended September 30, 2024
with Independent Auditor's Report**

**Franklin County, Florida
Property Appraiser**

Special Purpose Financial Statements

Year Ended September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Honorable Terry Tipton, Jr., CFA
Property Appraiser
Franklin County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the General fund of the Franklin County, Florida, Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General fund of the Property Appraiser as of September 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Property Appraiser and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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 the General fund attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida, as of September 30, 2024, and 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 these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Property Appraiser's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Property Appraiser's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Property Appraiser's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2025, on our consideration of the Property Appraiser'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 solely 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 the effectiveness of 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 Property Appraiser's internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida
August 29, 2025

**FRANKLIN COUNTY, FLORIDA
PROPERTY APPRAISER
BALANCE SHEET
GENERAL FUND
AS OF SEPTEMBER 30, 2024**

ASSETS

Total assets	\$ -
--------------	------

LIABILITIES AND FUND BALANCE

Total liabilities	\$ -
-------------------	------

Fund balance	-
--------------	---

Total liabilities and fund balance	\$ -
------------------------------------	------

**FRANKLIN COUNTY, FLORIDA
PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>			Variance with final budget - favorable (unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Current				
General government	<u>784,447</u>	<u>784,447</u>	<u>773,636</u>	<u>10,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(784,447)</u>	<u>(784,447)</u>	<u>(773,636)</u>	<u>10,811</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>784,447</u>	<u>784,447</u>	<u>773,636</u>	<u>(10,811)</u>
Total other financing sources (uses)	<u>784,447</u>	<u>784,447</u>	<u>773,636</u>	<u>(10,811)</u>
Net changes in fund balances	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FRANKLIN COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: *Summary of Significant Accounting Policies*

The accounting policies of the Franklin County, Florida, Property Appraiser (the “Property Appraiser”) conform with generally accepted accounting principles (GAAP), as applicable to other governments. The following is a summary of significant accounting principles and policies used in the preparation of these special purpose financial statements.

Reporting Entity

Franklin County, Florida (the “County”) is a political subdivision of the state of Florida. It is governed by an elected Board of County Commissioners (the “Board”). The Property Appraiser is an elected official of Franklin County, Florida, pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d).

The Property Appraiser is part of the primary government of Franklin County, Florida. Although the Board and the Florida Department of Revenue approve the Property Appraiser’s total operating budget, the Property Appraiser is responsible for the administration and the operation of the Property Appraiser’s office. There are no separate legal entities (component units) for which the Property Appraiser is considered to be financially accountable.

The operations of the Property Appraiser are funded by the Franklin County Board of County Commissioners. 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.

Basis of Presentation

The Property Appraiser’s financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Property Appraiser has not presented the government-wide financial statements, reconciliations to the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s county-wide financial statements.

The financial transactions of the Property Appraiser are recorded in an individual fund. The fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

The fund is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Basis of Presentation (Continued)

The Property Appraiser reports the following governmental fund:

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.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Their operating statement presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available, spendable resources” during a period. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the Property Appraiser considered revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Budget and Budgetary Accounting

Florida Statutes, Chapter 195.087 governs 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.

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.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Cash and Cash Equivalents

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

Liability for 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 is 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.

Related Organizations – Common Expenses

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Property Appraiser. These expenses relating to the Property Appraiser's facilities are:

- Occupancy costs
- Janitorial services
- Utilities
- Property insurance

Fund Balance

The Property Appraiser has implemented the provisions of Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned:

- Non-Spendable: This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Property Appraiser does not have any non-spendable funds.
- Restricted: This component of fund balances consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- Committed: This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy, ordinance, or resolution) of the Property Appraiser's governing authority.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Fund Balance (Continued)

- Assigned: This component of fund balance consists of amounts that are constrained by a less-than formal action of the Property Appraiser's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Property Appraiser has not delegated the responsibility to assign fund balances to any individual or body.
- Unassigned: This classification is used for fund balances within the general fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Property Appraiser's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Property Appraiser's policy to use committed resources first, then assigned, and then unassigned as needed.

Distribution of Excess Revenues

Florida Statutes require that the Property Appraiser distribute any excess of revenues over expenditures within the general fund to the board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying special-purpose financial statements as "other financing uses."

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the accompanying financial statements and notes. Actual results could differ from estimates.

Subsequent Events

The Property Appraiser evaluated subsequent events through August 29, 2025, the date which the financial statements were available to be issued. The Property Appraiser 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 that 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.

NOTE 3: *Interfund Transactions*

During the course of normal operations, numerous transactions occur between funds, such as expenditures or transfers of resources to provide services, service debt, or construct assets. The interfund transactions are not eliminated and no interest is charged on such advances.

Interfund receivable and payable balances at September 30, 2024, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Board of County Commissioners	General Fund	<u>\$ -</u>

Operating transfers between funds during the year were as follows:

<u>Transfers in</u>	<u>Transfers Out</u>	<u>Amount</u>
Board of County Commissioners	General Fund	<u>\$ 773,636</u>
Total		<u>\$ 773,636</u>

NOTE 4: *Retirement*

The Property Appraiser participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Property Appraiser's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45, and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

NOTE 4: *Retirement (Continued)*

For financial reporting purposes, the Property Appraiser is deemed to be part of the primary government of Franklin County, Florida. A liability related to the Property Appraiser's proportionate share of FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of Franklin County, Florida for the fiscal year ended September 30, 2024.

NOTE 5: *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.

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

INTERNAL CONTROL AND COMPLIANCE SECTION

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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*

The Honorable Terry Tipton, Jr., CFA
Property Appraiser
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, (*Government Auditing Standards*), the financial statements of the General fund of Franklin County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements, and have issued our report thereon dated August 29, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Property Appraiser'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser'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 Property Appraiser'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Property Appraiser'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 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 Property Appraiser'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 Property Appraiser's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lanigan & Associates, PC

Tallahassee, Florida
August 29, 2025

**INDEPENDENT AUDITOR'S
MANAGEMENT LETTER**

The Honorable Terry Tipton, Jr., CFA
Property Appraiser
Franklin County, Florida

Report on the Financial Statements

We have audited the financial statements of the General fund of the Franklin County, Florida, Property Appraiser as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated August 29, 2025.

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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which is dated August 29, 2025, 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. In connection with the preceding annual financial audit report, there were no findings. Corrective actions have not been taken to address recommendation 2023-001.

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. This information is disclosed in Note 1 of the notes to the financial statements. There are no component units related to the Property Appraiser.

Financial Management

2024-001: Implementation of Account Numbers (Repeat of 2023-001):

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. We recommend management implements account numbers in accordance with the Uniform Accounting System Manual published by the Department of Financial Services Bureau of Financial Reporting as required by Section 218.33, Florida Statutes (F.S.), which states "Each local governmental entity shall follow uniform accounting practices and procedures as promulgated by rule of the department to assure the use of proper accounting and fiscal management by such units. Such rule shall include a uniform classification of accounts."

Management Response:

We will review the recommendation with our auditor and make the necessary changes.

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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that have an effect on the financial statements that is less than material but 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 Board of County Commissioners, the Property Appraiser, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesy extended to us during the course of our audit. We have enjoyed our association with you and look forward to a continuing relationship.

Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Lanigan & Associates, PC

Tallahassee, Florida
August 29, 2025

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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
FLORIDA STATUTE SECTION 218.415 – INVESTMENT OF PUBLIC FUNDS**

The Honorable Terry Tipton, Jr., CFA
Property Appraiser
Franklin County, Florida

Report on Compliance

We have examined the Franklin County, Florida, Property Appraiser's (the "Property Appraiser") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2024. Management is responsible for the Property Appraiser's compliance with the specified requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance with the specified requirements based on our examination.

Scope

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 Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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. We are required to be independent and meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

Opinion

In our opinion, the Property Appraiser complied, in all material respects, with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2024.

Lanigan & Associates, PC

Tallahassee, Florida
August 29, 2025

**Franklin County, Florida
Sheriff**



**Special Purpose
Financial Statements**

September 30, 2024

Franklin County, Florida Sheriff

Special Purpose Financial Statements

Year Ended September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Honorable A.J. Smith
Franklin County Sheriff
Franklin County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Franklin County, Florida, Sheriff (the "Sheriff"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sheriff and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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 the General fund and the aggregate remaining fund information attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida, as of September 30, 2024, and 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 these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sheriff's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sheriff's basic financial statements. The combining nonmajor governmental fund statements and combining fiduciary statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor governmental fund statements and combining fiduciary statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining nonmajor governmental fund statements and combining fiduciary statements are 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 dated September 5, 2025, on our consideration of the Sheriff'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 solely 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 the effectiveness of 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 Sheriff's internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida
September 5, 2025

FRANKLIN COUNTY, FLORIDA
SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Prisoner Welfare Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 15,223	\$ 60,279	\$ 26,060	\$ 101,562
Due from other funds	85,442	-	-	85,442
 Total assets	 \$ 100,665	 \$ 60,279	 \$ 26,060	 \$ 187,004
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued liabilities	\$ 221,370	\$ -	\$ -	\$ 221,370
Due to other funds	2,284	-	-	2,284
 Total liabilities	 223,654	 -	 -	 223,654
 Fund balance:				
Restricted	-	60,279	26,060	86,339
Unassigned	(122,989)	-	-	(122,989)
 Total fund balance	 (122,989)	 60,279	 26,060	 (36,650)
 Total liabilities and fund balance	 \$ 100,665	 \$ 60,279	 \$ 26,060	 \$ 187,004

FRANKLIN COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Prisoner Welfare Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental	\$ 2,907,906	\$ -	\$ -	\$ 2,907,906
Charitable donations	140,384	-	-	140,384
Other	21,373	140,288	10,490	172,151
Total revenues	3,069,663	140,288	10,490	3,220,441
EXPENDITURES				
Current				
Public safety	8,216,609	93,139	7,795	8,317,543
Debt service				
Principal	598,291	13,067	-	611,358
Interest	36,908	749	-	37,657
Capital outlay	2,182,994	-	-	2,182,994
Total expenditures	11,034,802	106,955	7,795	11,149,552
Excess (deficit) of revenues over (under) expenditures	(7,965,139)	33,333	2,695	(7,929,111)
OTHER FINANCING SOURCES				
Loan proceeds	417,796	-	-	417,796
Transfers in	7,536,157	-	-	7,536,157
Total other financing sources	7,953,953	-	-	7,953,953
Net changes in fund balances	(11,186)	33,333	2,695	24,842
Fund balances - beginning	(111,803)	26,946	23,365	(61,492)
Fund balances - ending	\$ (122,989)	\$ 60,279	\$ 26,060	\$ (36,650)

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with final budget - favorable (unfavorable)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental	\$ 962,534	\$ 962,534	\$ 2,907,906	\$ 1,945,372
Charitable donations	-	-	140,384	140,384
Other	-	-	21,373	21,373
Total revenues	962,534	962,534	3,069,663	2,107,129
EXPENDITURES				
Current				
Public safety	8,225,779	8,406,454	8,216,609	189,845
Debt service				
Principal	-	-	598,291	(598,291)
Interest	-	-	36,908	(36,908)
Capital outlay	-	-	2,182,994	(2,182,994)
Total expenditures	8,225,779	8,406,454	11,034,802	(2,628,348)
Excess (deficit) of revenues over (under) expenditures	(7,263,245)	(7,443,920)	(7,965,139)	(521,219)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	417,796	417,796
Transfers in	7,263,245	7,443,920	7,536,157	92,237
Total other financing sources (uses)	7,263,245	7,443,920	7,953,953	510,033
Net changes in fund balances	-	-	(11,186)	(11,186)
Fund balances - beginning	-	-	(111,803)	(111,803)
Fund balances - ending	\$ -	\$ -	\$ (122,989)	\$ (122,989)

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SHERIFF
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2024

ASSETS

Cash and cash equivalents	<u>\$ 37,409</u>
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NET POSITION

Restricted for:

Individuals and organizations	<u>\$ 37,409</u>
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FRANKLIN COUNTY, FLORIDA
SHERIFF
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

ADDITIONS	
Charges for services	\$ 131,711
Bond related	49,644
Other	<u>17,828</u>
Total additions	<u>199,183</u>
DEDUCTIONS	
Payment to individuals	158,293
Payment to other governments	5,081
Payments to BOCC	880
Payments to constitutional officers	<u>41,177</u>
Total deductions	<u>205,431</u>
Net increase in fiduciary net position	(6,248)
Net position - beginning	<u>43,657</u>
Net position - ending	<u><u>\$ 37,409</u></u>

FRANKLIN COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: *Summary of Significant Accounting Policies*

The accounting policies of the Franklin County, Florida, Sheriff (the “Sheriff”) conform with generally accepted accounting principles (GAAP), as applicable to other governments. The following is a summary of significant accounting principles and policies used in the preparation of these special purpose financial statements.

Reporting Entity

Franklin County, Florida (the “County”) is a political subdivision of the state of Florida. It is governed by an elected Board of County Commissioners (the “Board”). The Sheriff is an elected official of Franklin County, Florida, pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d).

The Sheriff is part of the primary government of Franklin County, Florida. The Sheriff is responsible for the administration and the operation of the Sheriff’s office, and the Sheriff’s financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County.

The operations of the Sheriff are funded by the Franklin County Board of County Commissioners. The receipts from the Board are recorded as other financing sources on the Sheriff’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.

Basis of Presentation

The Sheriff’s financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Sheriff has not presented the government-wide financial statements, reconciliations to the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s county-wide financial statements.

The financial transactions of the Sheriff are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

The Sheriff reports the following major governmental funds:

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

- Custodial Funds – The custodial funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations, other governments, and/or other funds.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available, spendable resources” during a period. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considered revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

The custodial funds are accounted for using an economic resource measurement focus and accrual basis of accounting requiring a resource flow statement. Liabilities are recognized when an event occurs that compels the Sheriff to disburse fiduciary resources, which is when a demand for resources has been made or when no further action, approval, or condition is required to be taken or not by the beneficiary to release the assets.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Budget 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.

For the year ended September 30, 2024, expenditures exceeded appropriations within the general fund by \$2,628,348. The excess expenditures were funded by additional revenues, loan proceeds, and future appropriations.

Cash and Cash Equivalents

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

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.

Capital assets purchased in the governmental fund type are recorded as expenditures (capital outlay) at the time of purchase. Assets acquired by the Sheriff are reported as capital assets in the statement of net assets as part of the basic financial statement for Franklin County. The Sheriff maintains custodial responsibility for the capital assets used by their office.

Liability for 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.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Related Organizations – Common Expenses

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Sheriff. These expenses relating to the Sheriff's facilities are:

- Occupancy costs
- Janitorial services
- Utilities
- Property insurance

Fund Balance Reporting

The Sheriff has implemented the provisions of Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned:

- **Non-Spendable:** This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Sheriff does not have any non-spendable funds.
- **Restricted:** This component of fund balances consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed:** This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy, ordinance, or resolution) of the Sheriff's governing authority.
- **Assigned:** This component of fund balance consists of amounts that are constrained by a less-than formal action of the Sheriff's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Sheriff has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned:** This classification is used for fund balances within the general fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Sheriff's policy to use committed resources first, then assigned, and then unassigned as needed.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Distribution of Excess Revenues

Florida Statutes require that the Sheriff distribute any excess of revenues over expenditures within the general fund to the board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying special-purpose financial statements as “other financing uses.”

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the accompanying financial statements and notes. Actual results could differ from estimates.

Subsequent Events

The Sheriff evaluated subsequent events through September 5, 2025, the date which the financial statements were available to be issued. The Sheriff did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2: *Cash and Cash Equivalents*

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.

NOTE 3: *Interfund Transactions*

During the course of normal operations, numerous transactions occur between funds, such as expenditures or transfers of resources to provide services, service debt, or construct assets. The interfund transactions are not eliminated and no interest is charged on such advances.

Interfund receivable and payable balances at September 30, 2024, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Board of County Commissioners	General Fund	\$ 2,284
General Fund	Other nonmajor funds	15,132
General Fund	Tourist Development Fund	70,310
		<u>\$ 87,726</u>

NOTE 3: *Interfund Transactions (Continued)*

Operating transfers between funds during the year were as follows:

<u>Transfers in</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Board of County Commissioners	<u>\$ 7,536,157</u>

NOTE 4: *Long-Term Liabilities*

Under the GASB 34 reporting model, long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All long-term liabilities for the Sheriff are reported in the government-wide Statement of Net Position.

The compensated absences of the Sheriff are accounted for in the Statement of Net Position as follows:

	<u>Balance</u>		<u>Balance</u>
	<u>October 01, 2023</u>	<u>Reductions*</u>	<u>September 30, 2024</u>
Compensated absences	<u>\$ 450,575</u>	<u>\$ (33,381)</u>	<u>\$ 417,194</u>

**The change in compensated absences liability is presented as a net change.*

NOTE 5: *Retirement*

The Sheriff participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Sheriff's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

NOTE 5: *Retirement (Continued)*

For financial reporting purposes, the Sheriff is deemed to be part of the primary government of Franklin County, Florida. A liability related to the Sheriff's proportionate share of FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of Franklin County, Florida for the fiscal year ended September 30, 2024.

NOTE 6: *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.

NOTE 7: *Budget*

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.

SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY, FLORIDA
SHERIFF
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Families in Crisis	Forfeiture Fund	Employee Fund	Kids with Cops	Senior Citizen Fund	Total Other Governmental Fund
ASSETS						
Cash and cash equivalents	\$ 3,521	\$ 3,085	\$ 13,632	\$ 1,896	\$ 3,926	\$ 26,060
FUND BALANCE						
Restricted	\$ 3,521	\$ 3,085	\$ 13,632	\$ 1,896	\$ 3,926	\$ 26,060

FRANKLIN COUNTY, FLORIDA

SHERIFF

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Families in Crisis	Forfeiture Fund	Employee Fund	Kids with Cops	Senior Citizen Fund	Total Other Governmental Fund
REVENUES						
Other	\$ 18	\$ 15	\$ 7,436	\$ 2,747	\$ 274	\$ 10,490
EXPENDITURES						
Public safety	98	-	5,984	1,713	-	7,795
Excess (deficit) of revenues over (under) expenditures	(80)	15	1,452	1,034	274	2,695
Fund balances - beginning	3,601	3,070	12,180	862	3,652	23,365
Fund balances - ending	\$ 3,521	\$ 3,085	\$ 13,632	\$ 1,896	\$ 3,926	\$ 26,060

FRANKLIN COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2024

	Bonds	Inmate Trust	Individual Depositor	Other Suspense	Total Agency Funds
ASSETS					
Cash and cash equivalents	\$ 25,020	\$ 9,234	\$ 3,068	\$ 87	\$ 37,409
NET POSITION					
Restricted for:					
Individuals and organizations	\$ 25,020	\$ 9,234	\$ 3,068	\$ 87	\$ 37,409

FRANKLIN COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Bonds	Inmate Trust	Individual Depositor	Other Suspense	Total Agency Funds
ADDITIONS					
Charges for services	\$ -	\$ 131,711	\$ -	\$ -	\$ 131,711
Bond related	49,644	-	-	-	49,644
Other	-	-	16,898	930	17,828
Total additions	49,644	131,711	16,898	930	199,183
DEDUCTIONS					
Payment to individuals	35,196	108,432	14,665	-	158,293
Payment to other governments	5,081	-	-	-	5,081
Payments to BOCC	-	-	-	880	880
Payments to constitutional officers	19,167	22,010	-	-	41,177
Total deductions	59,444	130,442	14,665	880	205,431
Net change in fiduciary net position	(9,800)	1,269	2,233	50	(6,248)
Net position - beginning	34,820	7,965	835	37	43,657
Net position - ending	\$ 25,020	\$ 9,234	\$ 3,068	\$ 87	\$ 37,409

INTERNAL CONTROL AND COMPLIANCE SECTION

September 30, 2024

LANIGAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS ADVISORS
www.lanigancpa.com

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*

The Honorable A.J. Smith
Franklin County Sheriff
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 each major fund and the aggregate remaining fund information of Franklin County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated September 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sheriff'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff'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 Sheriff'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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff'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 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*.

Sheriff's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Sheriff's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Sheriff's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Sheriff'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 Sheriff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lanigan & Associates, PC

Tallahassee, Florida
September 5, 2025

**FRANKLIN COUNTY, FLORIDA
SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2024**

2024-001: Material Audit Adjustments (Repeat of 2023-001)

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition: Multiple accounts and financial statement line items required adjustment or reclassification in order for the financial statements to be presented in accordance with U.S. GAAP. Such adjustments included proper presentation of cash, accounts payable, payroll liabilities, and revenues.

Cause: Internal processes and controls were not sufficient (either non-existent or ineffective) to detect certain misstatements of the financial statements.

Effect: Day-to-day accounting information is not reliable.

Recommendation: Management should focus on strengthening internal controls surrounding financial reporting and the proper presentation of financial statements in accordance with U.S. GAAP, including implementing a formal review process of account reconciliations.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding and recommendations. We understand that our internal control system should be designed to ensure the accuracy of our financial statements. Additionally, auditors should not have to propose journal entries for these statements in order to comply with generally accepted accounting principles (GAAP). However, as a small agency with only one person in the finance department, we believe that the costs of hiring additional resources to implement an effective internal control system will, in the near future, outweigh the benefits. To address this, the Finance Officer will review financial reports and submit them to a third party for review on a quarterly basis for adjustments.

**FRANKLIN COUNTY, FLORIDA
SHERIFF
CORRECTIVE ACTION PLAN
SEPTEMBER 30, 2024**



**FRANKLIN COUNTY SHERIFF'S OFFICE
SHERIFF A.J. SMITH**

270 State Road 65 • Eastpoint, Florida 32328
Phone: 850-670-8500 • Fax: 850-670-8566
www.franklinsheriff.com

CORRECTIVE ACTION PLAN

Finding: 2024-001(BOCC-2024-005): Material Audit Adjustments

Comments on Findings and Recommendations:

We agree with the finding and recommendations.

Planned Corrective Action:

We understand that our internal control system should be designed to ensure the accuracy of our financial statements. Additionally, auditors should not have to propose journal entries for these statements in order to comply with generally accepted accounting principles (GAAP). However, as a small agency with only one person in the finance department, we believe that the costs of hiring additional resources to implement an effective internal control system will, in the near future, outweigh the benefits. To address this, the Finance Officer will review financial reports and submit them to a third party for review on a quarterly basis for adjustments.

Anticipated Completion Date: Beginning Fiscal Year 2025/2026

Finding: BOCC 2024-008: Inaccurate Schedule of Expenditures of State Financial Assistance

Comments on Findings and Recommendations:

We agree with the finding and recommendations.

Planned Corrective Action:

The Finance Officer is responsible for maintaining a log of grants. This particular grant was initially intended for FCBOCC but was subsequently awarded to FCSO. Unfortunately, this change led to an oversight on the part of the Finance Officer, who failed to add the grant to the log. Furthermore, the grant was managed by someone other than the Finance Officer. This was corrected immediately upon discovery. To rectify this issue from occurring in the future, the Finance Officer will thoroughly review all deposits to ensure that no grant activities have been overlooked.

Anticipated Completion Date: Completed

**FRANKLIN COUNTY, FLORIDA
SHERIFF
CORRECTIVE ACTION PLAN (CONTINUED)
SEPTEMBER 30, 2024**

Recommendation: 2024-002 (BOCC-2024-010): Implementation of Account Numbers

Comments on Findings and Recommendations:

We agree with the finding and recommendations.

Planned Corrective Action:

The Sheriff's Office has made progress in updating and restructuring our chart of accounts. We acknowledge that there are still a few that need to be revised. The chart of accounts will be reviewed and updated to meet standards.

Anticipated Completion Date: 06/30/2026

Recommendation: 2024-003 (BOCC-2024-012): Bank Reconciliations

Comments on Findings and Recommendations:

We agree with the finding and recommendations.

Planned Corrective Action:

Four individuals are responsible for preparing bank reconciliations. All personnel will be trained to ensure that bank statements are reconciled within a reasonable time frame. All reconciliations for the year-end must be completed by the end of the following month and submitted to the Finance Officer for review and verification.

Anticipated Completion Date: 10/30/2025

Signature: 

Name of Contact Person: Ginger S. Coulter

Title: CFO

Date: 09/05/2025

Email address: g.coulter@franklinsheriff.com

Fax Number: 850-373-4815

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable A.J. Smith
Franklin County Sheriff
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, Sheriff as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated September 5, 2025.

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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; 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 September 5, 2025, 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 not been taken to address finding 2023-001 and recommendations 2023-002 and 2023-003.

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. This information is disclosed in Note 1 of the notes to financial statements. There are no component units related to the Sheriff.

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 make the following recommendations:

1. 2024-002: Implementation of Account Numbers (Repeat of 2023-002)

Implement account numbers in accordance with the Uniform Accounting System Manual published by the Department of Financial Services Bureau of Financial Reporting as required by Section 218.33, Florida Statutes (F.S.), which states "Each local governmental entity shall follow uniform accounting practices and procedures as promulgated by rule of the department to assure the use of proper accounting and fiscal management by such units. Such rule shall include a uniform classification of accounts."

Management Response: We agree with the finding and recommendations. The Sheriff's office has made progress in updating and restructuring our chart of accounts. We acknowledge that there are still a few that need to be revised. The chart of accounts will be reviewed and updated to meet standards.

2. 2024-003: Bank Reconciliations (Repeat of 2023-003)

We recommend all bank reconciliations be performed as of the end of the month. We noted several instances where bank reconciliations were not performed as of year end.

Management Response: We agree with the finding and recommendations. Four individuals are responsible for preparing bank reconciliations. All personnel will be trained to ensure that bank statements are reconciled within a reasonable time frame. All reconciliations for the year-end must be completed by the end of the following month and submitted to the Finance Officer for review and verification.

3. See accompany schedule of findings and responses for additional recommendations.

Views of responsible officials are included in the accompanying corrective action plan.

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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has 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 Board of County Commissioners, the Sheriff, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Lanigan & Associates, PC

Tallahassee, Florida
September 5, 2025

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENT OF PUBLIC FUNDS

The Honorable A.J. Smith
Franklin County Sheriff
Franklin County, Florida

Report on Compliance

We have examined the Franklin County, Florida, Sheriff (the "Sheriff") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2024. Management is responsible for the Sheriff's compliance with the specified requirements. Our responsibility is to express an opinion on the Sheriff's compliance with the specified requirements based on our examination.

Scope

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 Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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. We are required to be independent and meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

Opinion

In our opinion, the Sheriff complied, in all material respects, with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2024.

Lanigan & Associates, PC

Tallahassee, Florida
September 5, 2025

**Special Purpose
Financial Statements**

**Franklin County, Florida
Supervisor of Elections**



**Year Ended September 30, 2024
with Independent Auditor's Report**

**Franklin County, Florida
Supervisor of Elections**

Special Purpose Financial Statements

September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Honorable Heather Riley
Supervisor of Elections
Franklin County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the General fund of the Franklin County, Florida, Supervisor of Elections ("Supervisor of Elections"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the General fund of the Supervisor of Elections as of September 30, 2024, and the changes in financial position and the budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Supervisor of Elections and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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 the General fund of Franklin County, Florida, that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida, as of September 30, 2024, and 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 these matters.

Responsibilities of Management for the Financial Statements

The Supervisor of Elections' management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Supervisor of Elections' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Supervisor of Elections' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Supervisor of Elections' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2025, on our consideration of the Supervisor of Elections' 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 solely 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 the effectiveness of 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 Supervisor of Elections' internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida
August 29, 2025

**FRANKLIN COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2024**

ASSETS

Cash	<u>\$ 1,007</u>
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Total assets	<u><u>\$ 1,007</u></u>
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LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	<u>\$ 9,113</u>
------------------	-----------------

Total liabilities	<u>9,113</u>
-------------------	--------------

Fund balance:

Unassigned	<u>(8,106)</u>
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Total liabilities and fund balance	<u><u>\$ 1,007</u></u>
------------------------------------	------------------------

FRANKLIN COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budgeted amounts</u>			Variance with final budget - favorable (unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Interest revenue	\$ -	\$ -	\$ 508	\$ 508
Other	-	-	1,502	1,502
	<u>-</u>	<u>-</u>	<u>2,010</u>	<u>2,010</u>
Total revenues	-	-	2,010	2,010
EXPENDITURES				
Current				
General government	588,880	603,910	593,102	10,808
Debt service				
Principal	-	-	1,212	(1,212)
Interest	-	-	771	(771)
	<u>-</u>	<u>-</u>	<u>771</u>	<u>(771)</u>
Total expenditures	588,880	603,910	595,085	8,825
(Deficiency) of revenues (under) expenditures	(588,880)	(603,910)	(593,075)	10,835
OTHER FINANCING SOURCES (USES)				
Transfers in	588,880	603,910	603,877	(33)
Total other financing sources (uses)	588,880	603,910	603,877	(33)
Net changes in fund balances	-	-	10,802	10,802
Fund balance - beginning	-	-	(18,908)	(18,908)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,106)</u>	<u>\$ (8,106)</u>

**FRANKLIN COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1: *Summary of Significant Accounting Policies*

The accounting policies of the Franklin County, Florida, Supervisor of Elections (the “Supervisor of Elections”) conform with generally accepted accounting principles (GAAP), as applicable to other governments. The following is a summary of significant accounting principles and policies used in the preparation of these special purpose financial statements.

Reporting Entity

Franklin County, Florida (the “County”) is a political subdivision of the state of Florida. It is governed by an elected Board of County Commissioners (the “Board”). The Supervisor of Elections is an elected official of Franklin County, Florida, pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d).

The Supervisor of Elections is part of the primary government of Franklin County, Florida. Although the Board of County Commissioners approves the Supervisor of Elections’ total operating budget, the Supervisor of Elections is responsible for the administration and the operation of the Supervisor of Elections’ office. There are no separate legal entities (component units) for which the Supervisor of Elections is considered to be financially accountable.

The operations of the Supervisor of Elections are funded by the Franklin County Board of County Commissioners. 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 financial sources received over expenditures are remitted to the Board at year end.

Basis of Presentation

The Supervisor of Elections’ financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Supervisor of Elections has not presented the government-wide financial statements, reconciliations to the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s county-wide financial statements.

The financial transactions of the Supervisor of Elections are recorded in an individual fund. The fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Basis of Presentation (Continued)

The fund is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Supervisor of Elections reports the following governmental fund:

Governmental Fund Types

- 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 for those required to be accounted for in other funds.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Their operating statement presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available, spendable resources” during a period. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the Property Appraiser considered revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Budget and Budgetary Accounting

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with Florida Statutes. An annual budget is adopted for the general fund.

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.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

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.

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.

Liability for 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 of vacation each year or three weeks of vacation with one week of 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.

Related Organizations – Common Expenses

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Supervisor of Elections. These expenses relating to the Supervisor of Elections' courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

Fund Balance

The Supervisor of Elections has implemented the provisions of Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned:

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Fund Balance (Continued)

- **Non-Spendable:** This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Supervisor of Elections does not have any non-spendable funds.
- **Restricted:** This component of fund balances consists of amounts that are constrained either: externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed:** This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy, ordinance, or resolution) of the Supervisor of Elections' governing authority.
- **Assigned:** This component of fund balance consists of amounts that are constrained by a less-than formal action of the Supervisor of Elections' governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Supervisor of Elections has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned:** This classification is used for fund balances within the general fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Supervisor of Elections' policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Supervisor of Elections' policy to use committed resources first, then assigned, and then unassigned, as needed.

Distribution of Excess Revenues

Florida Statutes require that the Supervisor of Elections distribute any excess of revenues over expenditures within the general fund to the board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying special-purpose financial statements as "other financing uses."

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the accompanying financial statements and notes. Actual results could differ from those estimates.

Subsequent Events

The Supervisor of Elections evaluated subsequent events through August 29, 2025, the date which the financial statements were available to be issued. The Supervisor of Elections did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2: *Cash*

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.

NOTE 3: *Interfund Transactions*

During the course of normal operations, numerous transactions occur between funds, such as expenditures or transfers of resources to provide services, service debt, or construct assets. The interfund transactions are not eliminated and no interest is charged on such advances.

Operating transfers between funds for the year ended September 30, 2024, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Board of County Commissioners	<u>\$ 603,877</u>

NOTE 4: *Long-Term Liabilities*

Under the GASB 34 reporting model, long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All long-term liabilities for the Supervisor of Elections are reported in the government-wide Statement of Net Position. The compensated absences of the Supervisor of Elections are accounted for in the Statement of Net Position as follows:

	<u>Balance</u> <u>October 01, 2023</u>	<u>Additions*</u>	<u>Balance</u> <u>September 30, 2024</u>
Compensated Absences	<u>\$ 14,577</u>	<u>\$ 2,018</u>	<u>\$ 16,595</u>

**The change in the compensated absences liability is presented as a net change.*

NOTE 5: *Retirement*

The Supervisor of Elections participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Supervisor of Elections' full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

For financial reporting purposes, the Supervisor of Elections is deemed to be part of the primary government of the County. A liability related to the Supervisor of Elections' proportionate share of FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of the County for the fiscal year ended September 30, 2024.

NOTE 6: *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 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 damage
- Public employee's bond
- Workers' compensation
- General and automobile liability

INTERNAL CONTROL AND COMPLIANCE SECTION

SEPTEMBER 30, 2024

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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*

The Honorable Heather Riley
Supervisor of Elections
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 (*Government Auditing Standards*), the financial statements of the General fund of Franklin County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements, and have issued our report thereon dated August 29, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Supervisor of Elections' 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' 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 Supervisor of Elections' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Supervisor of Elections' 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 Supervisor of Elections' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lanigan & Associates, PC

Tallahassee, Florida

August 29, 2025

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Heather Riley
Supervisor of Elections
Franklin County, Florida

Report on the Financial Statements

We have audited the financial statements of the General fund of the Franklin County, Florida, Supervisor of Elections ("Supervisor of Elections") as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated August 29, 2025.

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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; 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 August 29, 2025, 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. In connection with the preceding annual financial audit report, there were no findings. Corrective actions have not been taken to address recommendations 2023-001 and 2023-002.

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. This information is disclosed in Note 1 of the notes to the financial statements. There are no component units related to the Supervisor of Elections.

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 make the following recommendations:

1. 2024-001: Implementation of Account Numbers (Repeat of 2023-001):

Implement account numbers in accordance with the Uniform Accounting System Manual published by the Department of Financial Services Bureau of Financial Reporting as required by Section 218.33, Florida Statutes (F.S.), which states “Each local governmental entity shall follow uniform accounting practices and procedures as promulgated by rule of the department to assure the use of proper accounting and fiscal management by such units. Such rule shall include a uniform classification of accounts.”

Management’s Response:

We will review the recommendation with our auditor and make the necessary changes.

2. 2024-002: Maintaining Accounting Records (Repeat of 2023-002):

Ensure accounting records are maintained in accordance with generally accepted accounting principles accepted in the United States of America. We recommend the balances of accounts payable and other liability accounts be reviewed at least monthly.

Management’s Response:

We will review the recommendation with our auditor and make the necessary changes.

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 is 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 Board of County Commissioners, the Supervisor of Elections, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Lanigan & Associates, PC

Tallahassee, Florida
August 29, 2025

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENT OF PUBLIC FUNDS

The Honorable Heather Riley
Supervisor of Elections
Franklin County, Florida

Report on Compliance

We have examined the Franklin County, Florida, Supervisor of Elections (the “Supervisor of Elections”) compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2024. Management is responsible for the Supervisor of Elections’ compliance with the specified requirements. Our responsibility is to express an opinion on the Supervisor of Elections’ compliance with the specified requirements based on our examination.

Scope

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 Supervisor of Elections complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Supervisor of Elections complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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. We are required to be independent and meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Supervisor of Elections’ compliance with specified requirements.

Opinion

In our opinion, the Supervisor of Elections complied, in all material respects, with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2024.

Lanigan & Associates, PC

Tallahassee, Florida
August 29, 2025

**Special Purpose
Financial Statements**

**Franklin County, Florida
Tax Collector**



**Year Ended September 30, 2024
with Independent Auditor's Report**

**Franklin County, Florida
Tax Collector**

Special Purpose Financial Statements

September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Honorable Amy Cook
Tax Collector
Franklin County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the General fund and aggregate remaining fund information of Franklin County, Florida, Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General fund and remaining aggregate fund information of the Tax Collector, as of September 30, 2024, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tax Collector and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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 the General fund and aggregate remaining fund information attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida, as of September 30, 2024, and 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 these matters.

As discussed in Note 6 to the financial statements, the Tax Collector identified apparent unauthorized disbursements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Tax Collector's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Tax Collector's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tax Collector's basic financial statements. The combining schedule of fiduciary net position – custodial funds and the combining schedule of changes in fiduciary net position – custodial funds ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information mentioned above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary 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 dated September 5, 2025, on our consideration of the Tax Collector'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 solely 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 the effectiveness of 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 Tax Collector's internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida
September 5, 2025

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2024**

ASSETS

Cash and cash equivalents	\$ 39,090
---------------------------	-----------

Total assets	<u>\$ 39,090</u>
--------------	------------------

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 11,066
------------------	-----------

Due to other funds	<u>37,100</u>
--------------------	---------------

Total liabilities	<u>48,166</u>
-------------------	---------------

Fund balance	<u>(9,076)</u>
--------------	----------------

Total liabilities and fund balance	<u>\$ 39,090</u>
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FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budgeted amounts</u>			Variance with final budget - favorable (unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Interest Revenue	\$ -	\$ -	\$ 11,104	\$ 11,104
Other	-	-	31,659	31,659
Total revenues	-	-	42,763	42,763
EXPENDITURES				
Current				
General government	700,044	710,905	722,049	(11,144)
(Deficiency) of revenues (under) expenditures	(700,044)	(710,905)	(679,286)	31,619
OTHER FINANCING SOURCES				
Transfers in	700,044	710,905	673,805	(37,100)
Total other financing sources	700,044	710,905	673,805	(37,100)
Net changes in fund balance	-	-	(5,481)	(5,481)
Fund balance - beginning	-	-	(3,595)	(3,595)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,076)</u>	<u>\$ (9,076)</u>

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2024**

ASSETS

Cash and cash equivalents	<u>\$ 965,776</u>
---------------------------	-------------------

LIABILITIES

Due to other governmental units	\$ 487,620
---------------------------------	------------

Due to other county agencies	<u>328,963</u>
------------------------------	----------------

Total liabilities	<u>816,583</u>
-------------------	----------------

NET POSITION

Restricted	<u>149,193</u>
------------	----------------

Total net position	<u>\$ 149,193</u>
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**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

ADDITIONS

Taxes	\$37,997,861
Permits, fees, and other	<u>2,088,174</u>
Total additions	<u>40,086,035</u>

DEDUCTIONS

Payments to individuals	1,542,064
Payments to other governmental units	21,562,864
Payments to BOCC	16,753,137
Payments to constitutional officers	23,397
Apparent unauthorized disbursements	<u>116,169</u>
Total deductions	<u>39,997,631</u>

Net increase in fiduciary net position	88,404
Net position - beginning	<u>60,789</u>
Net position - ending	<u><u>\$ 149,193</u></u>

FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1: *Summary of Significant Accounting Policies*

The accounting policies of the Franklin County, Florida, Tax Collector (the “Tax Collector”) conform with generally accepted accounting principles (GAAP), as applicable to other governments. The following is a summary of significant accounting principles and policies used in the preparation of these special purpose financial statements.

Reporting Entity

Franklin County, Florida (the “County”) is a political subdivision of the state of Florida. It is governed by an elected Board of County Commissioners (the “Board”). The Tax Collector is an elected official of Franklin County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d).

The Tax Collector is part of the primary government of Franklin County, Florida. Although the Board of County Commissioners approve the Tax Collector’s total operating budget, the Tax Collector is responsible for the administration and the operation of the Tax Collector’s office. There are no separate legal entities (component units) for which the Tax Collector is considered to be financially accountable.

The operations of the Tax Collector are funded by the Franklin County Board of County Commissioners. 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 revenues and other financial sources received over expenditures are remitted to the Board at year end.

Basis of Presentation

The Tax Collector’s financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Tax Collector has not presented the government-wide financial statements, reconciliations to the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s county-wide financial statements.

The financial transactions of the Tax Collector are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Tax Collector reports the following fund types:

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Basis of Presentation (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

- Custodial Funds – The custodial funds are used to account for assets held by the Tax Collector as an agent for individuals, private organizations, other governments and/or other funds.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available, spendable resources” during a period. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considered revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

The custodial funds are accounted for using an economic resource measurement focus and accrual basis of accounting requiring a resource flow statement. Liabilities are recognized when an event occurs that compels the Tax Collector to disburse fiduciary resources, which is when a demand for resources has been made or when no further action, approval, or condition is required to be taken or not by the beneficiary to release the assets.

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Budget and Budgetary Accounting

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with Florida Statutes. An annual budget is adopted for the general fund.

The Tax Collector's 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.

For the year ended September 30, 2024, expenditures exceeded appropriations within the general fund by \$11,144. The excess expenditures were funded by additional revenues and future appropriations.

Cash and Cash Equivalents

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

Liability for 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.

Related Organizations – Common Expenses

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Tax Collector. These expenses relating to the Tax Collector's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

Fund Balance

The Tax Collector has implemented the provisions of Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the

NOTE 1: *Summary of Significant Accounting Policies (Continued)*

Fund Balance (Continued)

funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned:

- **Non-Spendable:** This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Tax Collector does not have any non-spendable funds.
- **Restricted:** This component of fund balances consists of amounts that are constrained either: externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed:** This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy, ordinance, or resolution) of the Tax Collector’s governing authority.
- **Assigned:** This component of fund balance consists of amounts that are constrained by a less-than formal action of the Tax Collector’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Tax Collector has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned:** This classification is used for fund balances within the general fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Tax Collector’s policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Tax Collector’s policy to use committed resources first, then assigned, and then unassigned as needed.

Distribution of Excess Revenues

Florida Statutes require that the Tax Collector distribute any excess of revenues over expenditures within the general fund to the board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying special-purpose financial statements as “other financing uses.”

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the accompanying financial statements and notes. Actual results could differ from estimates.

Subsequent Events

The Tax Collector evaluated subsequent events through September 5, 2025, the date which the financial statements were available to be issued. The Tax Collector did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2: *Cash and Cash Equivalents*

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.

NOTE 3: *Interfund Transactions*

During the course of normal operations, numerous transactions occur between funds, such as expenditures or transfers of resources to provide services, service debt, or construct assets. The interfund transactions are not eliminated and no interest is charged on such advances.

Inter-fund receivable and payable balances at September 30, 2024, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Board of County Commissioners	General Fund	<u>\$ 37,100</u>

Operating transfers between funds during the year were as follows:

<u>Transfers in</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Board of County Commissioners	<u>\$ 673,805</u>

NOTE 4: *Retirement*

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Tax Collector’s full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

NOTE 4: *Retirement (Continued)*

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

For financial reporting purposes, the Tax Collector is deemed to be part of the primary government of the County. A liability related to the Tax Collector's proportionate share of FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of the County for the fiscal year ended September 30, 2024.

NOTE 5: *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 6: *Apparent Unauthorized Disbursements*

During the fiscal year ended September 30, 2024, the Tax Collector identified unauthorized disbursements totaling approximately \$116,169, which have been reported in these financial statements as "Apparent Unauthorized Disbursements". While investigating this matter, management also determined that approximately \$90,774 of unauthorized disbursements occurred in prior fiscal years, and approximately \$13,437 occurred subsequent to year-end in fiscal year 2025.

SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2024

	<u>Taxes</u>	<u>Tag (Escrow)</u>	<u>Tag</u>	<u>Total Custodial Funds</u>
ASSETS				
Cash and cash equivalents	<u>\$ 840,924</u>	<u>\$ 380</u>	<u>\$ 124,472</u>	<u>\$ 965,776</u>
LIABILITIES				
Due to other governmental units	\$ 389,060	\$ 350	\$ 98,210	\$ 487,620
Due to other county agencies	<u>302,701</u>	<u>-</u>	<u>26,262</u>	<u>328,963</u>
Total liabilities	<u>691,761</u>	<u>350</u>	<u>124,472</u>	<u>816,583</u>
NET POSITION				
Restricted	<u>149,163</u>	<u>30</u>	<u>-</u>	<u>149,193</u>
Total net position	<u>\$ 149,163</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 149,193</u>

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Taxes	Tag (Escrow)	Tag	Total Custodial Funds
ADDITIONS				
Taxes	\$37,997,861	\$ -	\$ -	\$37,997,861
Permits, fees, and other	44,390	15	2,043,769	2,088,174
Total additions	38,042,251	15	2,043,769	40,086,035
DEDUCTIONS				
Payments to individuals	1,521,528	-	20,536	1,542,064
Payments to other governmental units	19,656,459	-	1,906,405	21,562,864
Payments to BOCC	16,636,672	-	116,465	16,753,137
Payments to constitutional officers	23,397	-	-	23,397
Apparent unauthorized disbursements	115,806	-	363	116,169
Total deductions	37,953,862	-	2,043,769	39,997,631
Net increase (decrease) in fiduciary net position	88,389	15	-	88,404
Net position - beginning	60,774	15	-	60,789
Net position - ending	\$ 149,163	\$ 30	\$ -	\$ 149,193

INTERNAL CONTROL AND COMPLIANCE SECTION

LANIGAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

BUSINESS ADVISORS

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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*

The Honorable Amy Cook
Tax Collector
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 General fund and remaining aggregate fund information of Franklin County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements, and have issued our report thereon dated September 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tax Collector'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector'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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001, 2024-002 and 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Collector'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 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*.

Tax Collector's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Tax Collector's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Tax Collector's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Tax Collector'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 Tax Collector's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lanigan & Associates, PC

Tallahassee, Florida
September 5, 2025

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2024**

2024-001: Material Audit Adjustments (Repeated, prior year 2023-001)

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition: Multiple accounts and financial statement line items required adjustment or reclassification in order for the financial statements to be presented in accordance with U.S. GAAP. Such adjustments included proper presentation of cash, accounts payable, fund balance, net position, additions, deductions, and expenses.

Cause: Internal processes and controls were not sufficient (either non-existent or ineffective) to detect certain misstatements of the financial statements.

Effect: Day-to-day accounting information is not reliable.

Recommendation: Management should focus on strengthening internal controls surrounding financial reporting and the proper presentation of financial statements in accordance with U.S. GAAP, including implementing a formal review process of account reconciliations.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding and recommendations. The Franklin County Tax Collector will make the appropriate adjustments and reclassification in all account payables funds and balances. So that these adjustments will show proper presentation of cash, accounts payable, fund balance, net position, additions, deductions and expenses. Proactive Monitoring: All accounts are actively monitored, with daily reconciliation performed by staff. The Franklin County Tax Collector recognizes the trust placed in us to safeguard public funds. Our vision is simple but powerful: To provide service to our citizens in a manner that demonstrates Transparency and Accountability - Every day, in Every way.

2024-002: Bank Reconciliations

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting and presenting financial statements in accordance with generally accepted accounting principles. Such responsibilities include performing monthly reconciliations timely to ensure that all transactions affecting the cash account are properly recorded in the financial statements and that any errors are identified and corrected on a timely basis.

Condition: It was noted during the audit that bank reconciliations for the taxes and tag funds had not been performed monthly or at year end.

Cause: No cause could be determined

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2024**

2024-002: Bank Reconciliations (Continued)

Effect: Failure to reconcile the differences on monthly bank reconciliations can lead to errors in the financial records that may not be detected and/or corrected. In this case, uncorrected reconciling errors caused the financial statements to be materially misstated prior to audit adjusting entries.

Recommendation: Monitoring is an important part of maintaining a strong control environment and we recommend that bank accounts be reconciled and reviewed monthly. Any unusual items should be promptly investigated and adjusted with adequate explanations.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding and recommendations. The Franklin County Tax Collector recognizes the importance of monthly bank reconciliations, and we are aware the prior Tax Collector and Administration did not reconcile the Tax & Tag Account. We are currently up to date on all account reconciliations from the prior Administration and ours. Correction action has been taken to deposit fund within 24 hours of collection. Daily reconciliation and deposit verification logs have been implemented to date.

2024-003: Misappropriation of Assets & Segregation of Duties

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and for presenting financial statements in accordance with generally accepted accounting principles. This includes implementing controls to ensure adequate segregation of duties in order to safeguard assets and mitigate the risk of material misstatement.

Condition: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes ideal segregation of duties. One employee had the ability to perpetrate and conceal apparent unauthorized disbursements in the amount of \$116,169 during the fiscal year-end September 30, 2024, approximately \$90,774 prior to this fiscal year, and approximately \$13,437 in the subsequent fiscal year.

Cause: Budget constraints and improper segregation of duties.

Effect: Failure to maintain adequate segregation of duties directly contributed to the apparent misappropriation of assets identified and continues to expose the Tax Collector's office to an increased risk that material misstatements due to error or fraud may occur and not be detected in a timely manner.

Recommendation: We recommend that management implement alternative control procedures, such as enhanced oversight and independent review of certain functions, to mitigate the risks created by limited staffing and inadequate segregation of duties.

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2024**

2024-003: Misappropriation of Assets & Segregation of Duties (Continued)

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding and recommendations. The Franklin County Tax Collector will focus on strengthening internal controls by proactive monitoring: All accounts are actively monitored, with daily reconciliation performed by staff members who do not sign checks. Segregation of Duties: The individual reconciling daily accounts does not have check-signing authority. Controlled Access: Only three authorized staff members have access to accounting and payroll systems, as well as secured check stock. Verification: Every check is locked daily, signatures are verified, and QuickBooks entries are reviewed regularly. Independent Oversight: Each account is reconciled monthly by authorized staff and verified by leadership.

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
CORRECTIVE ACTION PLAN
SEPTEMBER 30, 2024**



Amy B. Cook
Franklin County Tax Collector
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Fax 850-697-2457

CORRECTIVE ACTION PLAN

Finding: 2024-001(BOCC-2024-004): Material Audit Adjustments

Comments on Findings and Recommendations:

We agree with the finding and recommendations.

Planned Corrective Action:

The Franklin County Tax Collector will make the appropriate adjustments and reclassification in all account payables funds and balances. So that these adjustments will show proper presentation of cash, accounts payable, fund balance, net position, additions, deductions and expenses.

Proactive Monitoring: All accounts are actively monitored, with daily reconciliation performed by staff.

The Franklin County Tax Collector recognizes the trust placed in us to safeguard public funds. Our vision is simple but powerful: To provide service to our citizens in a manner that demonstrates Transparency and Accountability — Every day, in Every way.

The Franklin County Tax Collector will focus on strengthening internal controls by proactive monitoring: All accounts are actively monitored, with daily reconciliation performed by staff members who do not sign checks. Segregation of Duties: The individual reconciling daily accounts does not have check-signing authority. Controlled Access: Only three authorized staff members have access to accounting and payroll systems, as well as secured check stock. Verification: Every check is locked daily, signatures are verified, and QuickBooks entries are reviewed regularly. Independent Oversight: Each account is reconciled monthly by authorized staff and verified by leadership.

Anticipated Completion Date: September 11, 2025

**FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
CORRECTIVE ACTION PLAN
SEPTEMBER 30, 2024**

Finding: 2024-002(BOCC-2024-07): Bank Reconciliations

Comments on Findings and Recommendations:

We agree with the finding and recommendations.

Planned Corrective Action:

The Franklin County Tax Collector recognizes the importance of monthly bank reconciliations, and we are aware the prior Tax Collector and Administration did not reconcile the Tax & Tag Account. We are currently up to date on all account reconciliations from the prior Administration and ours.

Correction action has been taken to deposit fund within 24 hours of collection. Daily reconciliation and deposit verification logs have been implemented to date.

Anticipated Completion Date: September 11, 2025

Finding: 2024-003 (BOCC-2024-006): Misappropriation of Assets & Segregation of Duties

Comments on Findings and Recommendations:

We agree with the finding and recommendations.

Recommendation: 2024-004(BOCC-2024-010): Implementation of Account Numbers

Comments on Findings and Recommendations:

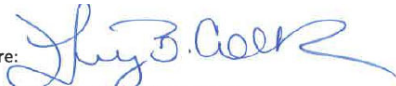
We agree with the finding and recommendations.

Planned Corrective Action:

The Franklin County Tax Collector will implement account numbers in accordance with the Uniform Accounting System Manual published by the Department of Financial Services Bureau of Financial Reporting as required by Section 218.33, Florida Statutes (F.S.), which states "Each local governmental entity shall follow uniform accounting practices and procedures as promulgated by rule of the department to assure the use of proper accounting and fiscal management by such units. Such rule shall include a uniform classification of accounts."

Anticipated Completion Date: September 11, 2025

Signature:



Name of Contact Person: Amy B. Cook

Title: Franklin County Tax Collector

Date: 09/11/2025

Email address: acook@franklincountytaxcollector.com

Fax Number: 850-653-2529

LANIGAN & ASSOCIATES, P.C.

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Amy Cook
Tax Collector
Franklin County, Florida

Report on the Financial Statements

We have audited the financial statements of the General fund and the aggregate remaining fund information of Franklin County, Florida, Tax Collector as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated September 5, 2025.

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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; 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 September 5, 2025, 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. The status of each preceding annual financial audit report is noted below.

Finding No.	Original Finding No.	Description	Status
2024-001	2023-001	Material Audit Adjustments	Not Cleared
2024-004	2023-002	Account Numbers	Not Cleared
	2023-003	Accounting Software Year End	Cleared

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. This information is disclosed in Note 1 of the notes to financial statements. There are no component units related to the Tax Collector. **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 make the following recommendations:

1. 2024-004 Implementation of Account Numbers (Repeat of 2023-002)

Implement account numbers in accordance with the Uniform Accounting System Manual published by the Department of Financial Services Bureau of Financial Reporting as required by Section 218.33, Florida Statutes (F.S.), which states “Each local governmental entity shall follow uniform accounting practices and procedures as promulgated by rule of the department to assure the use of proper accounting and fiscal management by such units. Such rule shall include a uniform classification of accounts.”

Management Response: The Franklin County Tax Collector will implement account numbers in accordance with the Uniform Accounting System Manual published by the Department of Financial Services Bureau of Financial Reporting as required by Section 218.33, Florida Statutes (F.S.), which states “Each local governmental entity shall follow uniform accounting practices and procedures as promulgated by rule of the department to ensure the proper accounting and fiscal management by such units. Such rule shall include a uniform classification of accounts.

2. See accompany schedule of findings and responses for additional recommendations.

Views of responsible officials are included in the accompanying corrective action plan.

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 fraud, waste, or abuse, that has occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but 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 Board of County Commissioners, the Tax Collector, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Lanigan & Associates, PC

Tallahassee, Florida
September 5, 2025

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENT OF PUBLIC FUNDS

The Honorable Amy Cook
Tax Collector
Franklin County, Florida

Report on Compliance

We have examined the Franklin County, Florida, Tax Collector (the "Tax Collector") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2024. Management is responsible for the Tax Collector's compliance with the specified requirements. Our responsibility is to express an opinion on the Tax Collector's compliance with the specified requirements based on our examination.

Scope

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 Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Tax Collector complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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. We are required to be independent and meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

Opinion

In our opinion, the Tax Collector complied, in all material respects, with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2024.

Lanigan & Associates, PC

Tallahassee, Florida
September 5, 2025