

# 2019

DeSoto County, Florida

## Financial Statements and Independent Auditor's Report

For Fiscal Year Ended September 30, 2019



**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2019**

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INDEPENDENT AUDITOR'S REPORT**

**DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of DeSoto County, Florida (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2019, 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.

### Emphasis of Matter – COVID-19

As more fully described in Note 15 to the financial statements, the County may be negatively impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, and is also not a required part of the basic financial statements.

The other supplementary information 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information

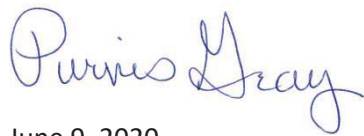
Honorable Members of the Board of County Commissioners  
DeSoto County, Florida

### INDEPENDENT AUDITOR'S REPORT

directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2020, on our consideration of the County'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 the County's 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 County's internal control over financial reporting and compliance.



June 9, 2020  
Sarasota, Florida

**DESOTO COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

DeSoto County's (the County) Management's Discussion and Analysis (the MD&A) presents an overview of the County's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the County's financial statements following the MD&A.

**Financial Highlights**

- The assets (plus deferred outflows) of the County exceeded its liabilities (plus deferred inflows) at the close of fiscal 2019 by \$51.0 million (*net position*). This is net of a \$24.5 million deficit in unrestricted net position.
- At September 30, 2019, the County's governmental funds reported combined ending fund balances of \$12.5 million, an increase of \$4.9 million for the year.
- At September 30, 2019, unassigned fund balance for the General Fund was \$7.4 million, or 23.1% of total General Fund expenditures and other uses.
- Net capital assets increased by \$7.1 million from the prior fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required supplementary information and other supplemental information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The *government-wide financial statements*, which consist of the following two statements, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the County's assets (plus deferred outflows) and liabilities (plus deferred inflows), with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during 2019. 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 and earned but unused vacation leave).



**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

Both of these financial statements distinguish 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 solid waste disposal and water and sewer utilities. The government-wide financial statements can be found immediately following the MD&A.

**Fund 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's *near-term* financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's *near-term* financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, County Transportation, and Fire and EMS, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the other supplemental information section of this report.

The County adopts an annual appropriated budget for all non-fiduciary funds. Budgetary comparison schedules have been provided for the General Fund and major special revenue funds to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

**DESOTO COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**Proprietary Funds**

The County maintains one proprietary fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to solid waste disposal (landfill) and water and sewer utilities.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Landfill and Water/Sewer Utility funds, which are considered to be major enterprise funds of the County.

The basic proprietary fund financial statements follow the governmental fund financial statements.

**Fiduciary Funds**

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found after the basic proprietary fund financial statements.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the fiduciary fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents budgetary comparison schedules for the County's general fund and other budgeted major special revenue funds. In addition, schedules providing information on the County's net pension liabilities and other postemployment benefits plan are also in this section. Required supplementary information can be found following the notes to the financial statements.

The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds are presented in the other supplemental information section of this report. Combining and individual fund schedules can be found after the required supplementary information.

**DESOTO COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets (plus deferred outflows) exceeded liabilities (plus deferred inflows) by \$51 million at the close of the year ended September 30, 2019. The County is able to report positive balances in net investment in capital assets and restricted net position for both governmental and business-type activities. The County reports a positive unrestricted net position for business-type activities, but a deficit in unrestricted net position for governmental activities. Following is a summarized version of the statement of net position found in the financial section of this report, with comparative information for 2018:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 17,919,760	\$ 11,418,762	\$ 8,876,663	\$ 11,169,138	\$ 26,796,423	\$22,587,900
Capital Assets (Net)	54,031,952	48,718,626	34,314,444	32,515,606	88,346,396	81,234,232
<b>Total Assets</b>	<b>71,951,712</b>	<b>60,137,388</b>	<b>43,191,107</b>	<b>43,684,744</b>	<b>115,142,819</b>	<b>103,822,132</b>
<b>Deferred Outflows</b>	12,630,395	10,524,971	621,005	603,711	13,251,400	11,128,682
Current and Other Liabilities	3,521,378	2,970,917	337,135	409,498	3,858,513	3,380,415
Long-Term Liabilities	53,431,385	48,394,164	16,853,065	17,990,989	70,284,450	66,385,153
<b>Total Liabilities</b>	<b>56,952,763</b>	<b>51,365,081</b>	<b>17,190,200</b>	<b>18,400,487</b>	<b>74,142,963</b>	<b>69,765,568</b>
<b>Deferred Inflows</b>	3,158,241	3,891,475	105,688	135,279	3,263,929	4,026,754
Net Position:						
Net Investment in Capital Asset:	44,172,106	36,818,182	24,556,127	21,750,876	68,728,233	58,569,058
Restricted	5,371,138	4,353,746	1,422,311	1,561,198	6,793,449	5,914,944
Unrestricted	(25,072,141)	(25,766,125)	537,786	2,440,675	(24,534,355)	(23,325,450)
<b>Total Net Position</b>	<b>\$ 24,471,103</b>	<b>\$ 15,405,803</b>	<b>\$ 26,516,224</b>	<b>\$ 25,752,749</b>	<b>\$ 50,987,327</b>	<b>\$41,158,552</b>

A substantial portion of the County's net position (134.8%) reflects its net investments in capital assets (e.g. land, buildings, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (13.3%) represents restricted resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit in unrestricted net position.

**DESOTO COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

The following table is a summary of the information presented in the statement of activities found in the financial section of this report, with comparative information for 2018:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 10,352,973	\$ 9,862,926	\$ 5,695,983	\$ 5,593,193	\$ 16,048,956	\$ 15,456,119
Operating Grants and Contributions	5,980,231	1,759,468	152,209	151,030	6,132,440	1,910,498
Capital Grants and Contributions	6,445,341	4,353,050	342,542	885,023	6,787,883	5,238,073
General Revenues:						
Property Taxes	15,627,646	14,085,265	-	-	15,627,646	14,085,265
Other Taxes	10,147,532	8,398,696	-	-	10,147,532	8,398,696
Shared Revenues	5,238,521	5,273,527	-	-	5,238,521	5,273,527
Loan Forgiveness	-	-	410,955	847,785	410,955	847,785
Other	285,158	416,080	197,641	18,021	482,799	434,101
<b>Total Revenues</b>	<b>54,077,402</b>	<b>44,149,012</b>	<b>6,799,330</b>	<b>7,495,052</b>	<b>60,876,732</b>	<b>51,644,064</b>
<b>EXPENSES</b>						
General Government	9,942,131	9,620,389	-	-	9,942,131	9,620,389
Public Safety	21,723,806	18,067,157	-	-	21,723,806	18,067,157
Physical Environment	3,503,140	5,311,874	-	-	3,503,140	5,311,874
Transportation	4,757,811	4,489,692	-	-	4,757,811	4,489,692
Economic Environment	586,939	1,234,138	-	-	586,939	1,234,138
Human Services	1,885,481	1,825,872	-	-	1,885,481	1,825,872
Culture/Recreation	838,986	1,970,757	-	-	838,986	1,970,757
Court-Related	1,465,783	1,315,277	-	-	1,465,783	1,315,277
Interest on Long-Term Debt	384,581	470,398	-	-	384,581	470,398
Landfill	-	-	1,458,751	(1,270,877)	1,458,751	(1,270,877)
Water and Sewer Utility	-	-	4,500,548	4,286,969	4,500,548	4,286,969
<b>Total Expenses</b>	<b>45,088,658</b>	<b>44,305,554</b>	<b>5,959,299</b>	<b>3,016,092</b>	<b>51,047,957</b>	<b>47,321,646</b>
Excess (Deficiency)						
Before Transfers	8,988,744	(156,542)	840,031	4,478,960	9,828,775	4,322,418
Transfers	76,556	(2,888)	(76,556)	2,888	-	-
Change in Net Position	<b>9,065,300</b>	<b>(159,430)</b>	<b>763,475</b>	<b>4,481,848</b>	<b>9,828,775</b>	<b>4,322,418</b>
<b>Net Position, Beginning of Year:</b>						
<b>As Originally Reported</b>	15,405,803	19,623,175	25,752,749	21,529,918	41,158,552	41,153,093
<b>Adjustment</b>	-	(4,057,942)	-	(259,017)	-	(4,316,959)
<b>As Adjusted</b>	<b>15,405,803</b>	<b>15,565,233</b>	<b>25,752,749</b>	<b>21,270,901</b>	<b>41,158,552</b>	<b>36,836,134</b>
<b>Net Position, End of Year</b>	<b>\$ 24,471,103</b>	<b>\$ 15,405,803</b>	<b>\$ 26,516,224</b>	<b>\$ 25,752,749</b>	<b>\$ 50,987,327</b>	<b>\$ 41,158,552</b>

**DESOTO COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**Governmental Activities**

Governmental activities increased the County's net position by \$9.1 million during 2019. Following is further detail of the revenues and expenses for governmental activities in 2019, compared to 2018:

**Governmental Activities - Expenses and Net Revenue (Cost) by Function**

Functions/Programs	Expenses				Net Revenue (Cost) of Services	
	2019	% of Total	2018	% Change	2019	2018
General Government	\$ 9,942,131	22.0%	\$ 9,620,389	3.3%	\$ (6,639,300)	\$ (6,632,348)
Public Safety	21,723,806	48.2%	18,067,157	20.2%	(13,343,162)	(13,221,444)
Physical Environment	3,503,140	7.7%	5,311,874	-34.1%	(305,386)	(3,504,471)
Transportation	4,757,811	10.5%	4,489,692	6.0%	1,019,787	50,572
Economic Environment	586,939	1.3%	1,234,138	-52.4%	(20,191)	(613,187)
Human Services	1,885,481	4.2%	1,825,872	3.3%	(1,234,725)	(1,477,549)
Culture/Recreation	838,986	1.9%	1,970,757	-57.4%	(521,663)	(1,645,959)
Court-Related	1,465,783	3.3%	1,315,277	11.4%	(877,131)	(815,326)
Interest on Long-Term Debt	384,581	0.9%	470,398	-18.2%	(388,342)	(470,398)
	<u>\$ 45,088,658</u>	<u>100%</u>	<u>\$ 44,305,554</u>		<u>\$ (22,310,113)</u>	<u>\$ (28,330,110)</u>

**Governmental Activities - Revenues by Source**

Description	2019	% of Total	2018	% Change
Program Revenues:				
Charges for Services	\$ 10,352,973	19.1%	\$ 9,862,926	5.0%
Operating Grants and Contributions	5,980,231	11.1%	1,759,468	239.9%
Capital Grants and Contributions	6,445,341	11.9%	4,353,050	48.1%
General Revenues:				
Property Tax	15,627,646	28.9%	14,085,265	11.0%
Small County Surcharge	2,507,661	4.6%	2,303,049	8.9%
Law Enforcement	3,535,562	6.5%	2,089,235	69.2%
Communications Service	153,743	0.3%	159,880	-3.8%
Tourist Development	73,370	0.1%	79,133	-7.3%
Gas and Fuel Taxes	2,586,677	4.8%	2,522,656	2.5%
Franchise Fees	1,290,519	2.4%	1,244,743	3.7%
Pari-Mutual Tax	314,333	0.6%	314,333	0.0%
State Shared Revenue	900,195	1.7%	872,371	3.2%
Local Shared Revenue	858,293	1.6%	858,293	0.0%
State Sales Tax	3,165,700	5.9%	3,228,530	-1.9%
Miscellaneous	285,158	0.5%	416,080	-31.5%
	<u>\$ 54,077,402</u>	<u>100%</u>	<u>\$ 44,149,012</u>	

During the year, one new capital projects fund was created, Special Projects. Revenues for governmental activities increased \$10 million from the prior year. The increase in revenues was mainly due to \$4.2 million in increased operating grants and \$1.5 million in property tax revenues. Expenses for governmental activities increased by \$783 thousand for a variety of reasons.

**DESOTO COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**Business-Type Activities**

Business-type activities increased the County's net position by \$763 thousand in 2019 compared to an increase of \$4.5 million in 2018. The prior increase in Landfill is a result of a five-year study performed for Landfill, which included a change in estimate of the total accrued landfill closure and post-closure costs, reducing the liability by \$2.7 million. The prior year increase in Water and Sewer is due to FDOT voluntarily canceling two promissory notes with the County, totaling \$848 thousand. In 2019, the Florida Department of Environmental Protection forgave one loan for \$411 thousand. Following is further detail of the business-type activities financial results for 2019, compared to 2018:

**Business-Type Activities - Expenses and Net Revenue (Cost) by Function**

	2019			2018		
	Revenues	Expenses	Net	Revenues	Expenses	Net
Functions/Programs:						
Landfill	\$ 1,981,601	\$ 1,458,751	\$ 522,850	\$ 2,123,898	\$ (1,270,877)	\$ 3,394,775
Water and Sewer	4,209,133	4,500,548	(291,415)	4,505,348	4,286,969	218,379
	<u>6,190,734</u>	<u>5,959,299</u>	<u>231,435</u>	<u>6,629,246</u>	<u>3,016,092</u>	<u>3,613,154</u>
General Revenues (Expenses)	608,596	-	608,596	865,806	-	865,806
Transfers	-	76,556	(76,556)	2,888	-	2,888
<b>Net</b>	<u>\$ 6,799,330</u>	<u>\$ 6,035,855</u>	<u>\$ 763,475</u>	<u>\$ 7,497,940</u>	<u>\$ 3,016,092</u>	<u>\$ 4,481,848</u>

**Business-Type Activities - Revenues by Source**

	2019	% of Total	2018	% of Total
Charges for Services	\$ 5,695,983	83.8%	\$ 5,593,193	74.6%
Operating Grants and Contributions	152,209	2.2%	151,030	2.0%
Capital Grants and Contributions	342,542	5.0%	885,023	11.8%
Loan Forgiveness	410,955	6.0%	847,785	11.3%
Miscellaneous	197,641	3.0%	18,021	0.3%
	<u>\$ 6,799,330</u>	<u>100.0%</u>	<u>\$ 7,495,052</u>	<u>100.0%</u>

**Financial Analysis of the County's Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

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

**DESOTO COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

At the end of 2019, the County's governmental funds reported combined ending fund balances of \$12.5 million, an increase of \$4.9 million for the year. At the end of 2019, the County's governmental funds reported combined *restricted fund balances* of \$5.0 million. This represents amounts that can only be spent for specific purposes as stipulated by external resource providers or by enabling legislation. The County's governmental funds reported combined *assigned fund balances* of \$437 thousand. *Unassigned fund balances* totaled \$6.4 million and are available for spending. The remainder of the fund balances are *non-spendable* to indicate that they are not available for spending: 1) for prepaids and inventories (\$227 thousand); and 2) for advances to other funds (\$444 thousand).

The General Fund is the chief operating fund of the County. At the end of 2019, unassigned fund balance of the General Fund was \$7.4 million, while total fund balance reached \$8.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23.1% of the total General Fund expenditures and other uses, while total fund balance represents 25.4% of the same amount. During 2019, the fund balance of the General Fund increased \$2.3 million as opposed to a decrease of \$5.8 million as originally budgeted due to effective cost control strategies.

The County Transportation Fund reported an increase in fund balance of \$255 thousand during 2019, resulting in an ending fund balance of \$27 thousand. The current year increase occurred for a variety of reasons.

The Fire and EMS Fund reported an increase in fund balance of \$234 thousand during 2019, compared to an increase of \$308 thousand in 2018. The fund balance is in a positive position of \$782 thousand at September 30, 2019. The current year increase occurred for a variety of reasons.

### **Proprietary Funds**

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The only two enterprise funds, Landfill and Water/Sewer Utility, are reported as major funds.

The Landfill Fund reported an increase in net position of \$471 thousand during 2019, compared to an increase of \$3.4 million in 2018. As stated previously, the large increase in prior year was related primarily due to a new five-year study performed, which included a change in estimate of the total accrued landfill closure and post-closure costs, reducing the liability by \$2.7 million.

The Water and Sewer Fund reported an increase in net position of \$293 thousand, as compared to an increase net position of \$1.1 million in 2018. This increase is attributable to increased capital contributions received during 2019, as well as one loan (totaling \$411 thousand) with the Florida Department of Environmental Protection being voluntarily canceled in 2019.

**DESOTO COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

Unrestricted net position for proprietary funds are as follows:

<b>Fund</b>	<b>Unrestricted Net Position (Deficit)</b>	
	<b>2019</b>	<b>2018</b>
Landfill	\$ (1,612,764)	\$ 1,004,981
Water and Sewer	2,150,550	1,435,694
<b>Total</b>	<b>\$ 537,786</b>	<b>\$ 2,440,675</b>

**General Fund Budgetary Highlights**

A budget versus actual comparison of the operating results of the County's General Fund (excluding the County Officers) can be found in the Required Supplementary Information section of the report. Final budgeted revenues increased from the original budget by \$115 thousand, mostly related to charges and services revenues. As shown below, final budgeted expenditures and transfers out increased by \$1.8 million from the original budget, increasing budgeted reserves.

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Difference</b>
General Government	\$ 7,322,950	\$ 7,084,381	\$ (238,569)
Public Safety	762,640	548,354	(214,286)
Physical Environment	155,066	422,422	267,356
Economic Environment	56,564	270,185	213,621
Human Services	1,706,119	1,695,405	(10,714)
Culture/Recreation	1,221,417	1,222,354	937
Debt Service	16,138	16,138	-
Reserves	5,458,027	7,264,148	1,806,121
Transfers Out	19,096,697	19,127,459	30,762
	<b>\$ 35,795,618</b>	<b>\$ 37,650,846</b>	<b>\$ 1,855,228</b>

The General Fund final actual revenues were \$43 thousand more than the final budget. As shown below, the General Fund actual expenditures and transfers out were \$8 million less than the final amended budget. The most significant factor was budgeted reserves of \$7.3 million that were not expended.

General Fund budgeted and actual expenditures and transfers out for 2019 were as follows:

	<b>Actual Expenditures</b>	<b>Final Budget</b>	<b>Difference</b>
General Government	\$ 6,654,546	\$ 7,084,381	\$ 429,835
Public Safety	527,686	548,354	20,668
Physical Environment	387,386	422,422	35,036
Economic Environment	263,802	270,185	6,383
Human Services	1,541,372	1,695,405	154,033
Culture/Recreation	1,157,976	1,222,354	64,378
Debt Service	16,138	16,138	-
Reserves	-	7,264,148	7,264,148
Transfers Out	19,027,464	19,127,459	99,995
	<b>\$ 29,576,370</b>	<b>\$ 37,650,846</b>	<b>\$ 8,074,476</b>



**DESOTO COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**Capital Assets and Debt Administration**

**Capital Assets**

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounted to \$88.3 million (net of accumulated depreciation and amortization). The total increase in the County's investment in capital assets for the current fiscal year was \$7.1 million or 8.76%. Major capital asset events during 2019 included the following:

- Depreciation expense for governmental activities was \$3.9 million, an increase of \$291 thousand from the prior year. Capital asset additions were \$9.2 million.
- Depreciation expense for business-type activities was \$1.8 million, a decrease of \$326 thousand. Capital asset additions were \$3.7 million.

Following is a summary of the County's capital assets at the end of 2019 and 2018:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and Easements	\$ 3,458,060	\$ 3,458,059	\$ 2,959,195	\$ 2,959,193	\$ 6,417,255	\$ 6,417,252
Construction in Progress	6,370,669	1,574,096	1,020,593	923,023	7,391,262	2,497,119
Buildings and Improvements	31,192,888	31,192,888	4,426,343	1,092,173	35,619,231	32,285,061
Intangibles	551,756	551,756	52,324	60,278	604,080	612,034
Machinery and Equipment - Board	13,169,625	12,375,713	2,189,141	2,176,045	15,358,766	14,551,758
Machinery and Equipment - Sheriff	6,723,611	6,722,037	-	-	6,723,611	6,722,037
Infrastructure	37,378,552	35,557,484	9,086,566	9,065,713	46,465,118	44,623,197
Water Distribution System	-	-	41,159,456	41,159,456	41,159,456	41,159,456
	98,845,161	91,432,033	60,893,618	57,435,881	159,738,779	148,867,914
Less: Accumulated Depreciation	(44,813,209)	(42,713,407)	(26,579,174)	(24,920,275)	(71,392,383)	(67,633,682)
<b>Capital Assets, Net</b>	<b>\$ 54,031,952</b>	<b>\$ 48,718,626</b>	<b>\$ 34,314,444</b>	<b>\$ 32,515,606</b>	<b>\$ 88,346,396</b>	<b>\$ 81,234,232</b>

More detailed information on the County's capital assets can be found in Note 5 to the financial statements.

**Long-Term Debt**

The County's outstanding long-term debt consists primarily of revenue bonds/notes, other notes payable, and installment obligations. At the end of 2019, the County's governmental activities had a decrease of \$2.15 million in outstanding long-term debt, primarily with the reduction of installment purchases totaling \$262 thousand, and reduced by scheduled principal payments of \$1.9 million. Business-type activities had a decrease of \$1.0 million in outstanding long-term debt. This was a result of the addition of new installment purchases of \$155 thousand and principal payments of \$1.2 million.

Following is a summary of the County's long-term debt at the end of 2019 and 2018:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue Bonds	\$ -	\$ -	\$ 6,828,961	\$ 7,080,000	\$ 6,828,961	\$ 7,080,000
Revenue Notes	9,301,224	11,184,902	2,357,332	3,131,600	11,658,556	14,316,502
Installment Purchases	768,044	1,029,674	572,024	553,130	1,340,068	1,582,804
	<b>\$ 10,069,268</b>	<b>\$ 12,214,576</b>	<b>\$ 9,758,317</b>	<b>\$ 10,764,730</b>	<b>\$ 19,827,585</b>	<b>\$ 22,979,306</b>

**DESOTO COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

More detailed information on the County's long-term debt can be found in Note 6 to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

The County's millage rate for general operations remained the same in 2020 as in 2019, at 8.5060 mills. The Law Enforcement M.S.T.U. increased in 2020 to 2.3000 mills, from 1.5000 mills in 2019. Budgets remained conservative with little activity in upcoming capital improvements. The 2020 general fund budget uses carry over surplus of \$414 thousand to balance.

The COVID-19 pandemic has created economic turmoil as of the date of our report causing significant declines in the financial markets and economic activity overall. The ultimate effect of these items is expected to be significant, but is not quantifiable at this time.

**Requests for Information**

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the County's Finance Department, 201 E. Oak Street, Suite 205, Arcadia, Florida 34266.

## **BASIC FINANCIAL STATEMENTS**

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 9,190,179	\$ 4,070,121	\$ 13,260,300
Restricted Cash and Cash Equivalents	993,777	4,104,512	5,098,289
Accounts Receivable, Net	888,012	441,329	1,329,341
Special Assessments Receivable	4,105	313	4,418
Notes Receivable	1,375,000	20	1,375,020
Internal Balances	167,099	(167,099)	-
Due from Other Governments	5,014,370	376,315	5,390,685
Inventories	102,663	48,054	150,717
Prepays	124,555	3,098	127,653
Deposits	60,000	-	60,000
Capital Assets - Non-Depreciated	9,828,728	3,979,787	13,808,515
Capital Assets - Depreciated, Net	44,203,224	30,334,657	74,537,881
<b>Total Assets</b>	<b>71,951,712</b>	<b>43,191,107</b>	<b>115,142,819</b>
<b>Deferred Outflows of Resources</b>			
Contractual Rights	-	240,000	240,000
Deferred Amount on Refunding	209,422	-	209,422
Deferred Outflows Related to Pensions	10,818,924	276,975	11,095,899
Deferred Outflows Related to OPEB	1,602,049	104,030	1,706,079
<b>Total Deferred Outflows of Resources</b>	<b>12,630,395</b>	<b>621,005</b>	<b>13,251,400</b>
<b>Total Assets and Deferred Outflows</b>	<b>84,582,107</b>	<b>43,812,112</b>	<b>128,394,219</b>
<b>Liabilities</b>			
Vouchers Payable	1,596,942	116,293	1,713,235
Accrued Liabilities	554,092	122,383	676,475
Due to Other Governments	190,094	-	190,094
Unearned Revenue	567,603	-	567,603
Deposits	612,647	98,459	711,106
Long-Term Liabilities:			
Due Within One Year	2,935,853	522,190	3,458,043
Due in More Than One Year	50,495,532	16,330,875	66,826,407
<b>Total Liabilities</b>	<b>56,952,763</b>	<b>17,190,200</b>	<b>74,142,963</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions	2,623,192	70,276	2,693,468
Deferred Inflows Related to OPEB	535,049	35,412	570,461
<b>Total Deferred Inflows of Resources</b>	<b>3,158,241</b>	<b>105,688</b>	<b>3,263,929</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>60,111,004</b>	<b>17,295,888</b>	<b>77,406,892</b>
<b>Net Position</b>			
Net Investment in Capital Assets	44,172,106	24,556,127	68,728,233
Restricted for:			
Capital Expansion Program	-	1,422,311	1,422,311
Transportation	140,404	-	140,404
Economic Development	2,514,838	-	2,514,838
Other Purposes	2,715,896	-	2,715,896
Unrestricted (Deficit)	(25,072,141)	537,786	(24,534,355)
<b>Total Net Position</b>	<b>\$ 24,471,103</b>	<b>\$ 26,516,224</b>	<b>\$ 50,987,327</b>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 9,942,131	\$ 3,210,440	\$ 92,391	\$ -	\$ (6,639,300)	\$ -	\$ (6,639,300)
Public Safety	21,723,806	4,635,181	3,272,884	472,579	(13,343,162)	-	(13,343,162)
Physical Environment	3,503,140	1,820,127	1,373,867	-	(309,146)	-	(309,146)
Transportation	4,757,811	111,148	52,477	5,613,972	1,019,786	-	1,019,786
Economic Environment	586,939	-	566,748	-	(20,191)	-	(20,191)
Human Services	1,885,481	18,746	273,220	358,790	(1,234,725)	-	(1,234,725)
Culture and Recreation	838,986	249,083	68,240	-	(521,663)	-	(521,663)
Court-Related	1,465,783	308,248	280,404	-	(877,131)	-	(877,131)
Interest on Long-Term Debt	384,581	-	-	-	(384,581)	-	(384,581)
<b>Total Governmental Activities</b>	<b>45,088,658</b>	<b>10,352,973</b>	<b>5,980,231</b>	<b>6,445,341</b>	<b>(22,310,113)</b>	<b>-</b>	<b>(22,310,113)</b>
<b>Business-Type Activities</b>							
Landfill	1,458,751	1,890,692	90,909	-	-	522,850	522,850
Water and Sewer	4,500,548	3,805,291	61,300	342,542	-	(291,415)	(291,415)
<b>Total Business-Type Activities</b>	<b>5,959,299</b>	<b>5,695,983</b>	<b>152,209</b>	<b>342,542</b>	<b>-</b>	<b>231,435</b>	<b>231,435</b>
<b>Total</b>	<b>\$ 51,047,957</b>	<b>\$ 16,048,956</b>	<b>\$ 6,132,440</b>	<b>\$ 6,787,883</b>	<b>(22,310,113)</b>	<b>231,435</b>	<b>(22,078,678)</b>
<b>General Revenues</b>							
Taxes:							
					15,627,646	-	15,627,646
					2,507,661	-	2,507,661
					3,535,562	-	3,535,562
					153,743	-	153,743
					73,370	-	73,370
					2,586,677	-	2,586,677
					1,290,519	-	1,290,519
					314,333	-	314,333
					900,195	-	900,195
					858,293	-	858,293
					3,165,700	-	3,165,700
					285,158	197,641	482,799
					-	410,955	410,955
					76,556	(76,556)	-
<b>Transfers in (out)</b>							
<b>Total General Revenues and Transfers</b>					<b>31,375,413</b>	<b>532,040</b>	<b>31,907,453</b>
<b>Change in Net Position</b>					<b>9,065,300</b>	<b>763,475</b>	<b>9,828,775</b>
<b>Net Position, Beginning of Year</b>					<b>15,405,803</b>	<b>25,752,749</b>	<b>41,158,552</b>
<b>Net Position, End of Year</b>					<b>\$ 24,471,103</b>	<b>\$ 26,516,224</b>	<b>\$ 50,987,327</b>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	<u>General</u>	<u>County Transportation</u>	<u>Fire and EMS</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 5,653,785	\$ -	\$ 869,133
Restricted Cash and Cash Equivalents	607,868	-	-
Accounts Receivable, Net	499,376	66,370	308,095
Special Assessments Receivable	-	-	3,928
Notes Receivable, Net	-	-	-
Due from Other Funds	1,688,753	-	26,426
Due from Other Governments	994,860	2,691,893	2,581
Inventories	12,104	90,559	-
Prepays	64,642	30,802	13,155
Deposits	60,000	-	-
Advances to Other Funds	270,858	-	-
<b>Total Assets</b>	<u>9,852,246</u>	<u>2,879,624</u>	<u>1,223,318</u>
<b>Liabilities</b>			
Vouchers Payable	572,183	364,958	109,012
Retainage Payable	-	491,077	-
Accrued Liabilities	233,127	30,924	125,651
Due to Other Funds	49,313	765,135	-
Due to Other Governments	189,950	-	144
Deposits	611,345	-	-
Advances from Other Funds	-	-	-
Unearned Revenues	27,987	539,616	-
<b>Total Liabilities</b>	<u>1,683,905</u>	<u>2,191,710</u>	<u>234,807</u>
<b>Deferred Inflows</b>			
Unavailable Revenues	37,703	660,679	206,583
<b>Fund Balances (Deficits)</b>			
Non-Spendable:			
Prepays and Inventories	76,746	121,361	13,155
Advances to Other Funds	270,858	-	-
Restricted for:			
Transportation	-	-	-
Economic Development	-	-	-
Streetlighting	-	-	-
Public Safety	-	-	768,773
Court-Related Services	-	-	-
Building Code Enforcement	-	-	-
Assigned for:			
Budget Carryforward	413,659	-	-
Mosquito Control	-	-	-
Unassigned (Deficit)	7,369,375	(94,126)	-
<b>Total Fund Balances</b>	<u>8,130,638</u>	<u>27,235</u>	<u>781,928</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 9,852,246</u>	<u>\$ 2,879,624</u>	<u>\$ 1,223,318</u>

See accompanying notes.

<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 2,667,261	\$ 9,190,179
385,909	993,777
14,171	888,012
177	4,105
1,375,000	1,375,000
16,887	1,732,066
1,325,036	5,014,370
-	102,663
15,956	124,555
-	60,000
173,099	443,957
<u>5,973,496</u>	<u>19,928,684</u>
59,712	1,105,865
-	491,077
26,148	415,850
923,618	1,738,066
-	190,094
1,302	612,647
270,858	270,858
-	567,603
<u>1,281,638</u>	<u>5,392,060</u>
<u>1,138,138</u>	<u>2,043,103</u>
15,956	227,218
173,099	443,957
19,043	19,043
2,514,838	2,514,838
5,791	5,791
875,377	1,644,150
522,866	522,866
307,395	307,395
-	413,659
22,986	22,986
(903,631)	6,371,618
<u>3,553,720</u>	<u>12,493,521</u>
<u>\$ 5,973,496</u>	<u>\$ 19,928,684</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2019**

<b>Total Fund Balances of Governmental Funds</b>		\$ 12,493,521
<b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>		
Revenues are deferred in governmental funds when both the measurable and available criteria are not met under the modified accrual basis of accounting. Under the full accrual basis of accounting, these revenues would be recognized when earned regardless of when they are received.		2,043,103
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$98,845,160, and the accumulated depreciation is \$44,813,208.		54,031,952
Deferred refunding losses are considered deferred outflows in the government-wide statement of net position. These losses are expensed as incurred in the governmental fund financial statements:		
Deferred Charge on Refunding (Accumulated Amortization)	\$ 1,134,360 <u>(924,938)</u>	209,422
Net pension liabilities and related deferred outflows and inflows of resources are not due or available in the current period and, therefore, are not recognized in the governmental funds:		
Deferred Outflows	10,818,924	
Deferred Inflows	(2,623,192)	
Net Pension Liability	<u>(29,559,903)</u>	(21,364,171)
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year-end consist of:		
Notes Payable	(9,301,224)	
FEMA Long-Term Payable	(1,151,065)	
Installment Purchase Obligations	(768,044)	
Interest Payable	(138,242)	
Compensated Absences	<u>(881,183)</u>	(12,239,758)
The other postemployment benefits liability is not recorded in the fund financial statements because it does not utilize current resources:		
Other Postemployment Benefit Liability	(11,769,966)	
Deferred Outflows	1,602,049	
Deferred Inflows	<u>(535,049)</u>	<u>(10,702,966)</u>
<b>Total Net Position of Governmental Activities</b>		<b>\$ 24,471,103</b>

See accompanying notes.



**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>General</u>	<u>County Transportation</u>	<u>Fire and EMS</u>
<b>Revenues</b>			
Taxes	\$ 21,824,612	\$ 2,586,677	\$ -
Special Assessments	-	-	2,934,910
Permits and Fees	1,370,847	23,939	17,257
Inter-Governmental Revenues	6,139,229	5,657,766	471,448
Charges for Services	3,590,252	46,286	867,299
Fines and Forfeitures	46,220	-	-
Miscellaneous Revenues	406,074	48,485	26,059
<b>Total Revenues</b>	<u>33,377,234</u>	<u>8,363,153</u>	<u>4,316,973</u>
<b>Expenditures</b>			
Current:			
General Government	9,192,179	-	83,640
Public Safety	11,542,657	-	5,524,672
Physical Environment	387,386	-	-
Transportation	-	8,725,022	-
Economic Environment	263,802	-	-
Human Services	1,541,372	-	-
Culture and Recreation	1,157,976	-	-
Court-Related	1,140,857	-	-
Debt Service:			
Principal Retirement	14,188	171,296	76,146
Interest and Fiscal Charges	1,950	20,813	12,517
<b>(Total Expenditures)</b>	<u>(25,242,367)</u>	<u>(8,917,131)</u>	<u>(5,696,975)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>8,134,867</u>	<u>(553,978)</u>	<u>(1,380,002)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	847,175	2,415,616	1,844,496
Transfers (out)	(6,583,368)	(1,638,157)	(259,745)
Distributions of Excess Commissions	(122,679)	-	-
Insurance Proceeds	-	31,200	29,019
<b>Total Other Financing Sources (Uses)</b>	<u>(5,858,872)</u>	<u>808,659</u>	<u>1,613,770</u>
<b>Net Change in Fund Balances</b>	2,275,995	254,681	233,768
<b>Fund Balances (Deficits), Beginning of Year</b>	<u>5,854,643</u>	<u>(227,446)</u>	<u>548,160</u>
<b>Fund Balances, End of Year</b>	<u>\$ 8,130,638</u>	<u>\$ 27,235</u>	<u>\$ 781,928</u>

See accompanying notes.

<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 73,370	\$ 24,484,659
53,176	2,988,086
374,003	1,786,046
3,648,814	15,917,257
2,195,573	6,699,410
87,829	134,049
247,083	727,701
<u>6,679,848</u>	<u>52,737,208</u>
140,219	9,416,038
1,702,365	18,769,694
3,079,574	3,466,960
70,701	8,795,723
311,993	575,795
236,084	1,777,456
91,870	1,249,846
145,777	1,286,634
1,887,438	2,149,068
292,884	328,164
<u>(7,958,905)</u>	<u>(47,815,378)</u>
<u>(1,279,057)</u>	<u>4,921,830</u>
4,207,994	9,315,281
(835,001)	(9,316,271)
-	(122,679)
-	60,219
<u>3,372,993</u>	<u>(63,450)</u>
2,093,936	4,858,380
1,459,784	7,635,141
<u>\$ 3,553,720</u>	<u>\$ 12,493,521</u>

See accompanying notes.

**DESOTO 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, 2019**

**Net Change in Fund Balances - Total Governmental Funds** \$ 4,858,380

**Amounts Reported for Governmental Activities in the Statement of  
Activities are Different Because:**

Governmental funds report capital purchases as expenditures.

Donated and transferred capital assets are not recorded in the fund statements. In the statement of activities, the cost of capital assets acquired is depreciated over their estimated useful lives and reported as depreciation expense.

Capital Asset Purchases	\$ 8,798,275	
Capital Asset Donations	358,790	
Capital Asset Disposals	(63,102)	
Depreciation Expense	<u>(3,858,183)</u>	5,235,780

Capital assets contributed to governmental funds from enterprise funds are not recorded as transfers in the fund level financial statements. 77,546

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. In addition, principal payments are recorded as expenditures in the fund statements, and proceeds from debt issuances are recorded as other financing sources.

Principal Paid	<u>2,149,068</u>	2,149,068
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Amortization is not recognized in the governmental fund statements, but is reported as an expense in the statement of activities.

Refunding Loss - Amortization		(104,710)
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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. Adjustments are as follows:

Accrued Interest	48,293	
Other Postemployment Benefits	(231,972)	
Pension Adjustments	(4,045,197)	
Compensated Absences	<u>34,248</u>	(4,194,628)

Under the modified accrual basis of accounting used in governmental funds, revenues are recognized when they are earned, measurable, and available. In the statement of activities, however, which is presented on the accrual basis, revenues are recognized when they are earned and measurable.

1,043,864

**Change in Net Position of Governmental Activities** **\$ 9,065,300**

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2019**

	Business-Type Activities - Enterprise Funds		
	Water/Sewer		
	Landfill	Utility	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,013,982	\$ 2,056,139	\$ 4,070,121
Accounts Receivable, Net	77,971	363,358	441,329
Assessments Receivable	313	-	313
Notes Receivable	-	20	20
Due from Other Funds	6,000	-	6,000
Due from Other Governments	-	376,315	376,315
Inventories	-	48,054	48,054
Prepays	-	3,098	3,098
Restricted Assets:			
Cash and Cash Equivalents	12,385	187,435	199,820
<b>Total Current Assets</b>	<b>2,110,651</b>	<b>3,034,419</b>	<b>5,145,070</b>
Non-Current Assets:			
Restricted Assets:			
Cash and Cash Equivalents	2,482,380	1,422,312	3,904,692
Capital Assets - Non-Depreciated	483,337	3,496,450	3,979,787
Capital Assets - Depreciated, Net	4,322,017	26,012,640	30,334,657
<b>Total Non-Current Assets</b>	<b>7,287,734</b>	<b>30,931,402</b>	<b>38,219,136</b>
<b>Total Assets</b>	<b>9,398,385</b>	<b>33,965,821</b>	<b>43,364,206</b>
<b>Deferred Outflows of Resources</b>			
Contractual Rights	-	240,000	240,000
Deferred Outflows Related to Pensions	116,327	160,648	276,975
Deferred Outflows related to OPEB	52,015	52,015	104,030
<b>Total Deferred Outflows of Resources</b>	<b>168,342</b>	<b>452,663</b>	<b>621,005</b>
<b>Liabilities</b>			
Current Liabilities:			
Vouchers Payable	20,677	95,616	116,293
Accrued Liabilities	9,085	11,937	21,022
Accrued Interest	-	101,361	101,361
Deposits	12,385	86,074	98,459
Accrued Compensated Absences	20,103	2,427	22,530
Notes Payable	93,000	116,581	209,581
Bonds Payable	-	250,769	250,769
Net Pension Liability	1,185	1,953	3,138
Other Postemployment Benefits	18,086	18,086	36,172
<b>Total Current Liabilities</b>	<b>174,521</b>	<b>684,804</b>	<b>859,325</b>
Non-Current Liabilities:			
Accrued Compensated Absences	14,114	21,841	35,955
Notes Payable	479,024	2,240,751	2,719,775
Bonds Payable	-	6,578,192	6,578,192
Net Pension Liability	366,064	505,224	871,288
Other Postemployment Benefits	350,543	433,547	784,090
Accrued Landfill Closure/Post-Closure Costs	5,341,575	-	5,341,575
Advances from Other Funds	173,099	-	173,099
<b>Total Non-Current Liabilities</b>	<b>6,724,419</b>	<b>9,779,555</b>	<b>16,503,974</b>
<b>Total Liabilities</b>	<b>6,898,940</b>	<b>10,464,359</b>	<b>17,363,299</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions	29,515	40,761	70,276
Deferred Inflows Related to OPEB	17,706	17,706	35,412
<b>Total Deferred Inflows of Resources</b>	<b>47,221</b>	<b>58,467</b>	<b>105,688</b>
<b>Net Position</b>			
Net Investment in Capital Assets	4,233,330	20,322,797	24,556,127
Restricted for:			
Capital Expansion Program	-	1,422,311	1,422,311
Unrestricted (Deficit)	(1,612,764)	2,150,550	537,786
<b>Total Net Position</b>	<b>\$ 2,620,566</b>	<b>\$ 23,895,658</b>	<b>\$ 26,516,224</b>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Landfill</b>	<b>Water/Sewer Utility</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 1,232,324	\$ 3,729,648	\$ 4,961,972
Special Assessments	641,553	-	641,553
Licenses and Permits	-	27,495	27,495
Miscellaneous Operating Revenues	16,815	48,148	64,963
<b>Total Operating Revenues</b>	<b>1,890,692</b>	<b>3,805,291</b>	<b>5,695,983</b>
<b>Operating Expenses</b>			
Purchased Water	-	657,885	657,885
Personnel Services	567,806	699,438	1,267,244
Contracted Services	106,535	162,077	268,612
Supplies and Materials	49,782	129,635	179,417
Repairs and Maintenance	73,116	419,226	492,342
Other Services and Charges	121,914	123,329	245,243
Utilities	4,434	206,990	211,424
Depreciation	140,160	1,697,947	1,838,107
Amortization	-	40,000	40,000
Provision for Closure and Long-Term Care	373,377	-	373,377
<b>(Total Operating Expenses)</b>	<b>(1,437,124)</b>	<b>(4,136,527)</b>	<b>(5,573,651)</b>
<b>Operating Income (Loss)</b>	<b>453,568</b>	<b>(331,236)</b>	<b>122,332</b>
<b>Non-Operating Revenues (Expenses)</b>			
Operating Grants	90,909	61,300	152,209
Loan Forgiveness	-	410,955	410,955
Interest Income	19,401	175,793	195,194
Interest Expense	(21,627)	(362,147)	(383,774)
Gain (Loss) on Disposal of Capital Assets	(77,546)	607	(76,939)
Other Non-Operating Revenues (Expenses)	1,340	(1,374)	(34)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>12,477</b>	<b>285,134</b>	<b>297,611</b>
<b>Income (Loss) Before Transfers and Contributions</b>	<b>466,045</b>	<b>(46,102)</b>	<b>419,943</b>
<b>Operating Transfers</b>			
Operating Transfers in	6,000	-	6,000
Operating Transfers (out)	(1,175)	(3,835)	(5,010)
<b>Total Operating Transfers</b>	<b>4,825</b>	<b>(3,835)</b>	<b>990</b>
<b>Capital Contributions</b>			
Capital Grants	-	342,542	342,542
<b>Total Capital Contributions</b>	<b>-</b>	<b>342,542</b>	<b>342,542</b>
<b>Increase in Net Position</b>	<b>470,870</b>	<b>292,605</b>	<b>763,475</b>
<b>Net Position, Beginning of Year</b>	<b>2,149,696</b>	<b>23,603,053</b>	<b>25,752,749</b>
<b>Total Net Position, End of Year</b>	<b>\$ 2,620,566</b>	<b>\$ 23,895,658</b>	<b>\$ 26,516,224</b>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Landfill</b>	<b>Water/Sewer Utility</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers and Users	\$ 1,882,667	\$ 3,757,100	\$ 5,639,767
Payments to Suppliers	(370,430)	(1,803,694)	(2,174,124)
Payments to Employees	(481,324)	(656,537)	(1,137,861)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>1,030,913</u>	<u>1,296,869</u>	<u>2,327,782</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Transfers from Other Funds	6,000	-	6,000
Transfers to Other Funds	(1,175)	(3,835)	(5,010)
Interfund Loans (Repayments)	(47,848)	-	(47,848)
Operating Grants	90,909	61,300	152,209
Other Non-Operating Revenues (Expenses)	1,340	(1,374)	(34)
<b>Net Cash Provided by (Used in) Non-Capital Financing Activities</b>	<u>49,226</u>	<u>56,091</u>	<u>105,317</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition/Construction of Capital Assets	(3,325,213)	(399,141)	(3,724,354)
New Debt	(561,749)	-	(561,749)
Capital Grants	-	391,352	391,352
Principal Paid	(135,689)	(614,350)	(750,039)
Interest Paid	(21,627)	(358,141)	(379,768)
Proceeds from Sale of Capital Assets	-	10,470	10,470
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(4,044,278)</u>	<u>(969,810)</u>	<u>(5,014,088)</u>
<b>Cash Flows from Investing Activities</b>			
Interest Received	19,401	175,793	195,194
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>19,401</u>	<u>175,793</u>	<u>195,194</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(2,944,738)	558,943	(2,385,795)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>7,453,485</u>	<u>3,106,943</u>	<u>10,560,428</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 4,508,747</u>	<u>\$ 3,665,886</u>	<u>\$ 8,174,633</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Landfill</b>	<b>Water/Sewer Utility</b>	<b>Total</b>
<b>Cash and Cash Equivalents Classified as:</b>			
Current Assets	\$ 2,013,982	\$ 2,056,139	\$ 4,070,121
Current Assets - Restricted	12,385	187,435	199,820
Non-Current Assets - Restricted	2,482,380	1,422,312	3,904,692
<b>Total Cash and Cash Equivalents</b>	<b>\$ 4,508,747</b>	<b>\$ 3,665,886</b>	<b>\$ 8,174,633</b>
<b>Reconciliation of Operating Income (Loss) to Net</b>			
<b><u>Cash Provided by (Used in) Operating Activities:</u></b>			
Operating Income (Loss)	\$ 453,568	\$ (331,236)	\$ 122,332
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	140,160	1,697,947	1,838,107
Amortization	-	40,000	40,000
Pension Adjustments	57,186	19,272	76,458
OPEB Adjustments	27,110	27,108	54,218
Provision for Closure and Post-Closure	373,377	-	373,377
Change in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(8,025)	(45,116)	(53,141)
Decrease (Increase) in Due from Other Governments	-	(24,405)	(24,405)
Decrease (Increase) in Inventories	-	(16,078)	(16,078)
Increase (Decrease) in Accounts Payable	-	(598)	(598)
Increase (Decrease) in Due to Governments	(14,649)	(63,471)	(78,120)
Increase (Decrease) in Accrued Liabilities	579	4,247	4,826
Increase (Decrease) in Deposits	-	(3,075)	(3,075)
Increase (Decrease) in Compensated Absences	1,607	(7,726)	(6,119)
Total Adjustments	577,345	1,628,105	2,205,450
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 1,030,913</b>	<b>\$ 1,296,869</b>	<b>\$ 2,327,782</b>
<b><u>Non-Cash Investing, Capital, and Financing Activities:</u></b>			
Capital Assets Transferred to Other Funds	\$ (77,546)	\$ -	\$ (77,546)
Forgiveness of Debt	-	410,955	410,955
<b>Total Non-Cash Investing, Capital, and Financing Activities:</b>	<b>\$ (77,546)</b>	<b>\$ 410,955</b>	<b>\$ 333,409</b>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2019**

**Assets**

Cash and Cash Equivalents	\$ 1,188,578
Accounts Receivable	14,817
Due from Other Governments	<u>270,816</u>
<b>Total Assets</b>	<u><u>1,474,211</u></u>

**Liabilities**

Due to Other Governments	561,779
Due to Individuals and Businesses	558,844
Deposits	<u>353,588</u>
<b>Total Liabilities</b>	<u><u>\$ 1,474,211</u></u>

See accompanying notes.



**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of DeSoto County, Florida (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting policies used in these financial statements are described below:

**A. Reporting Entity**

The County is a political subdivision of the State of Florida established by the Constitution of the State of Florida, Article VIII, Section 1(e). It is governed by an elected Board of County Commissioners (the Board) which must comply with specific state statutes and regulations. In addition to the Board, there are five elected Constitutional Officers: Clerk of the Circuit and County Courts, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The Constitutional Officers maintain separate accounting records and budgets. The Board funds a portion or, in certain instances, all of the operating budgets, of the County's Constitutional Officers. The operations of each Constitutional Officer are reported as part of the consolidated General Fund and non-major special revenue funds within the County's financial statements.

As required by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*, the financial reporting entity consists of: (1) the primary government of the County; (2) organizations for which the County is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County is financially accountable if it appoints a voting majority of the organization's governing body and: (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has: (1) a separately elected governing board; (2) a governing board appointed by a higher level of government; or (3) a jointly appointed board. Based on these criteria, County management examined all organizations which were legally separate in order to determine which organizations, if any, should be included in the County's financial statements. Management determined that the County has no component units. However, the Board has created several taxing districts by ordinance or resolution, and these are included in the financial statements as special revenue funds.

The County is responsible for appointing members of the Board of the DeSoto Memorial Hospital but is not accountable for this organization. Other governmental entities who serve all or part of the County's population include the City of Arcadia and the DeSoto County School Board. These entities are autonomous organizations with their own governmental powers and constituencies.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**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 non-fiduciary activities of the government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses and indirect costs 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. Indirect expenses are those costs that are allocated to functions and activities in accordance with the County's adopted indirect cost allocation plan. The Expenses column includes both direct and indirect expenses. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, (2) 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. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Reconciliations are provided that convert the results of governmental fund accounting to the government-wide financial statements.

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

**Government-Wide Financial Statements**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund Financial Statements**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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, other postemployment benefits, and claims and judgments, are recorded only when payment is due.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

Property taxes, franchise fees, emergency services fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Reimbursement-type grants are considered susceptible to accrual when all restrictions have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The financial transactions of the County are recorded in individual funds. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets plus deferred outflows, liabilities plus deferred inflows, revenues, or expenditures/expenses of either fund category, or the governmental and enterprise funds combined) for the determination of major funds. In addition, funds may be considered major for qualitative reasons.

The County reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the primary government, except those required to be accounted for in another fund.
- The *County Transportation Fund*, a special revenue fund, was created pursuant to the provisions of Section 129.02, Florida Statutes, to account for restricted transportation-related grants and gas taxes, and expenditures not more properly accounted for elsewhere.
- The *Fire and EMS Fund* is a special revenue fund used to account for the revenue and costs of providing fire-fighting and emergency medical services throughout the County. Its significant restricted revenues come from special assessments.

The County reports the following major enterprise funds:

- The *Landfill Fund* accounts for the fiscal activity of all solid waste disposal within the County.
- The *Water/Sewer Utility Fund* accounts for the fiscal activity of providing water and wastewater services to residential and commercial customers in the County's service area.

Additionally, the County reports the following fund types:

- *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted or committed for specified purposes.
- A *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest.

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- *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- *Agency Funds* are custodial in nature and do not involve measurement of results of operations. They are excluded from the government-wide financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the ongoing costs of providing these sales and services, administrative expenses, depreciation of capital assets, and amortization of landfill closure and post-closure costs. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**D. Budgetary Requirements**

The following procedures are utilized by the County in establishing and/or amending the budgetary information contained in the financial statements:

- On or before July 15 of each year, or within 15 days after the receipt of certified taxable property values from the Property Appraiser, whichever occurs last, management presents to the Board a proposed budget for the fiscal year commencing the following October 1. Pursuant to the provisions of Section 129.01, Florida Statutes, the proposed budget as submitted contains balanced statements of estimated revenues (including unexpended fund balances to be carried forward) and proposed appropriations for all funds of the County, except agency funds.
- Following a preliminary review of the proposed budgets by the Board, whose members make such changes as are deemed necessary (provided that the proposed budget for each fund remains balanced), the Board causes a notice of proposed property taxes to be mailed to each County property taxpayer. Included in the notice is a statement of the Board's intent to hold a public hearing to consider adoption of the tentative millage rates and budgets, as well as a comparison of the taxpayer's proposed property tax bill with the actual tax bill of the preceding year.
- Following successful completion of the above-referenced public hearings, the Board advertises and subsequently conducts a second public hearing to finally adopt a millage rate and budget for each of the taxing entities under their jurisdiction. These public hearings are ordinarily held prior to October 1 each year. If, however, for some reason the Board is unable to finally adopt a budget prior to October 1, state law permits the re-adoption by resolution of the budget of the preceding year as an interim measure.
- Adoption and execution of the budgets are governed in accordance with applicable provisions of the Florida Statutes. The budget is legally enacted by resolution.

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- Formal budgetary integration at the object level is used as a management control device for all governmental funds of the County for which annual budgets are adopted. The level at which expenditures may not legally exceed appropriations is the functional level for the County's general fund (e.g., general government, public safety), the fund level for other Board funds, and for the Constitutional Officers.
  
- Budgets for the general fund and major special revenue funds are adopted on a basis consistent with GAAP. However, beginning in 2011, certain budgetary funds have been combined for financial reporting purposes. For financial reporting, the general fund includes the following funds of the County or its Officers that are budgeted separately:
  - Board of County Commissioners (BOCC) General Fund
  - Clerk of the Courts General Fund
  - Property Appraiser General Fund
  - Sheriff General Fund
  - Supervisor of Elections General Fund
  - Tax Collector General Fund

The required supplementary information (RSI) section presents budget vs. actual information for the general fund and major special revenue funds. Where needed, combining schedules of revenues, expenditures, and changes in fund balance are presented as other supplementary information which will reconcile the actual column of the budgetary schedules to the amounts reported in the basic financial statements.

All appropriations lapse at the end of each fiscal year, although the County expects to honor purchase orders and contracts in process, subject to authority provided in the subsequent years' budget.

**E. Property Taxes**

Under Florida law, the assessment of all properties and the collection of all county, municipal, school board, and other property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of Florida 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. The tax millage rate for general operations of the County was 8.5060 mills for fiscal year ended September 30, 2019.

The tax levy of the County is established by the Board prior to October 1 of each year and the Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, independent districts, and the County School Board tax requirements.

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

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All taxes are due and 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, certificates are sold for all delinquent taxes on real property. Delinquent taxes on real property bear interest at 18% per year or as bid in a public sale of tax certificates. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years.

Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

The County does not accrue its portion of the County-held tax sale certificates or personal property tax warrants because such amounts are not considered to be material.

Key dates in the property tax cycle for the fiscal year ended September 30, 2019, were as follows:

Assessment Roll Certified	July 2018
Beginning of Fiscal Year for Which Taxes were Being Levied	October 2018
Property Taxes Levied	October 2018
Tax Bills Issued	November 1, 2018
Property Taxes Due by: For Maximum Discount	November 30, 2018
Delinquent After	March 31, 2019
Tax Certificates (Liens) Sold on Unpaid Property Taxes	May 15, 2019

**F. Inter-Fund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

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**G. Inter-Fund Payables and Receivables**

Unpaid amounts of current inter-fund transactions at year-end are reflected as Due from Other Funds or Due to Other Funds in the related fund financial statements. Non-current portions of inter-fund payables and receivables are reported as Advances. In governmental funds, advances receivable are offset equally by a non-spendable fund balance which indicates that they do not constitute expendable financial resources available for appropriation. In the entity-wide financial statements, inter-fund transactions within governmental and business-type activities are eliminated and the net amount is reported as internal balances on the statement of net position.

**H. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposit accounts, repurchase agreements with financial institutions, certificates of deposit, money market accounts, deposits in the State of Florida Local Government Surplus Funds Trust (Florida PRIME) administered by the State Board of Administration (SBA), and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

**I. Investments**

Investments, if any, are carried at fair market value unless the investment qualifies as an external investment pool under the guidance of GASB Statement No. 79, which allows under certain criteria, these investments to be recorded at amortized cost. The Florida PRIME is considered a stable value investment pool. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the SBA.

**J. Inventories and Prepaids**

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. Prepaids represent payments made to vendors for services that will benefit beyond September 30, 2019. These payments are generally recorded as expenditures or expenses when consumed rather than when purchased.

**K. Restricted Assets**

The use of certain assets is restricted by specific provisions of debt resolutions, developer agreements, or landfill regulations. Assets so designated are identified as restricted assets on the statement of net position, as their use is limited.

**L. Utility Receivables**

Water and wastewater operating revenues are generally recognized on the basis of cycle billings rendered monthly. Revenues for services rendered during the current fiscal year are billed at the close of the fiscal year.

**M. Special Assessment Receivables**

The Board imposes special assessments against property located within specified areas, as set forth in the related assessment resolution, for the construction of improvements. The assessment of each parcel is generally based upon the lineal feet of frontage along the areas to be improved. The assessments are collected on the ad valorem tax bill, as authorized by Section 197.3632, Florida Statutes.



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**N. Capital Assets**

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, water mains and wastewater force mains, landfill facilities, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All land and land improvements are capitalized. Buildings and intangibles with initial costs of \$50,000 or more, and furniture and equipment with initial costs of \$1,000 or more and estimated useful lives of over one year, are recorded as capital assets.

Roads, bridges, and other infrastructure assets are capitalized when their initial costs equal or exceed \$50,000 and possess estimated useful lives of more than one year. Governmental infrastructure constructed prior to June 30, 1980, is not reported, as permitted by GASB Statement No. 34.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date contributed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, when required.

Intangibles assets are amortized over their useful lives, when the length of their lives is limited by contractual or legal limitations. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives in the period they are placed in service:

Buildings and Improvements	10-50 Years
Landfill and Water/Sewer Structures	10-50 Years
Machinery, Equipment, and Vehicles	2-20 Years
Infrastructure	10-50 Years

**O. Deferred Outflows/Deferred Inflows**

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position (or fund balance) that applies to a future period(s) and so it will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position, or balance sheet, will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position (or fund balance) that applies to a future period(s) and so it will not be recognized as an inflow of resources (revenue) until that time.

**P. Compensated Absences**

It is the County's general policy to grant all permanent full-time and part-time employees annual leave based upon the number of years of employment. Employees are encouraged to use their annual leave in the year that it is earned. The County records compensated absences in governmental funds as expenditures for the amount accrued during the year that would normally be liquidated with expendable, available financial resources. The County accrues compensated absences in the period they are earned in the government-wide and enterprise fund financial statements.



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**Q. Landfill Closure Costs**

The Board recognizes municipal solid waste landfill closure and post-closure care costs under the State of Florida's *Solid Waste Management Act of 1988*, regulations of the Federal Environmental Protection Agency, and GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*. The Board is required to place a final cover on closed landfills and to provide long-term care for up to 30 years after closure. These obligations for closure and post-closure are recognized in the enterprise fund for the County's landfill operations over the active life of the landfill, based on landfill capacity.

**R. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types 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 type statement of net position. Principal payments reduce these obligations. Refunding losses are reported as deferred outflows and amortized over the remaining term. Issuance costs are expensed as incurred.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Principal, interest, and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**S. Other Postemployment Benefits**

It is the County's policy to provide retirement health benefits based on three classes of employees as discussed further in Note 9. The County records other postemployment benefit liabilities based on actuarially-determined annual costs in the government-wide and enterprise fund financial statements.

**T. Unearned Revenues/Unavailable Revenues**

Unearned revenues reported on the balance sheet or statement of net position represent revenues that have been received but not earned. Deferred Inflows – Unavailable Revenues on the governmental fund balance sheet represent revenues that are earned and receivable, but have not been recognized because they have not met the "availability" criteria for governmental fund revenues.

**U. Grant Revenues**

Program and capital grants received by governmental funds are recorded in the applicable governmental fund as receivables, and revenues at the time reimbursable costs are incurred and all significant grant restrictions are satisfied. Grant revenues received in advance of meeting all major grant restrictions are reported as unearned revenues. Grant revenues that have met all significant restrictions, but have not met the "availability" criteria, are reported as deferred inflows.

**V. Fund Balance and Net Position**

**Government-Wide Statements**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

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- *Net Investment in Capital Assets*—Consists of capital assets net of accumulated depreciation and other assets financed by the related debt, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted*—Consists of net position with constraints placed on their use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted*—Consists of the net amount of assets (plus deferred outflows) and liabilities (plus deferred inflows) that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Proprietary Fund Statements**

In the fund financial statements, proprietary fund equity is classified the same as in the government-wide statements.

**Governmental Fund Financial Statements**

In accordance with GASB Statement No. 54, the County classifies governmental fund balances as follows:

- *Non-Spendable Fund Balance*—Represents fund balance that is: (a) not in a spendable form such as prepaid items; or (b) legally or contractually required to be maintained intact such as an endowment.
- *Restricted Fund Balance*—Consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources such as voter approved gas taxes and grant revenues.
- *Committed Fund Balance*—Self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for specific purposes as determined by a formal action of the highest level of decision-making authority (i.e., the County Commission by ordinance, or where applicable, a Constitutional Officer by policy). In addition, to meet this classification, the expenditure constraint cannot be removed except by a similar formal action.
- *Assigned Fund Balance*—Amounts that are subject to a purpose constraint that represents an intended use established by the County Commission or by their designated body or official (to date, the Board has not designated any such body or official). The purpose of the assignment must be narrower than the purpose of the fund. Formal action is *not* necessary to impose, remove, or modify a constraint in this category. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget. It is also used for residual balances in special revenue funds, debt service, and capital projects funds.
- *Unassigned Fund Balance*—Represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications of the general fund. This classification also includes deficit fund balances of other governmental funds.

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**Minimum Fund Balance Policy**

On May 9, 2017, the County adopted a fund balance policy. This policy states that “the reserve for contingencies will be maintained at a level not less than five percent (5%) of the General Fund budget. Recognizing that the minimum of the five percent (5%) target may not be accomplished immediately, the County Administrator will provide annually one-half of one percent of the projected expenditures until the five percent (5%) target is reached. If the reserve for contingencies falls below 50% of the minimum level, the reserves will be re-established over a three-year fiscal period.” The policy requirements have been met as of September 30, 2019.

**Use of Available Equity**

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

**Note 2 - Deposits/Investments**

**A. Deposits**

At September 30, 2019, the carrying amount of the County’s deposits was \$19,535,301 (including \$1,188,578 in the agency funds). All of the County’s public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280. Qualified public depositories are required to pledge collateral to the State Treasurer with a market value equal to 50% of the average daily balance of all public deposits in excess of any federal deposit insurance. In addition, to the extent that total public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits.

In the event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

In addition to the cash deposits, the County maintains cash on hand for the purpose of making change on transactions. At September 30, 2019, the County held \$11,866 in cash on hand.

**B. Investments**

The Board’s investment policy (adopted based upon the requirements established by Florida Statutes) and bond resolutions authorize the Board to invest in U.S. Treasury obligations, obligations unconditionally guaranteed by the U.S. government, time deposits and savings deposits of banks organized under the laws of the State of Florida or the United States and operating in Florida, specific obligations of U.S. government agencies, repurchase agreements, high-grade commercial paper, bankers’ acceptances, state and local government obligations, and the Florida PRIME.

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Florida Statute 218.415(15) authorizes the Constitutional Officers to invest surplus public funds in the Florida PRIME Fund administered by the SBA; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; savings accounts and certificates of deposit, in state-certified, qualified public depositories; direct obligations of the U.S. Treasury such as U.S. Treasury notes, bills, and bonds; and direct obligations of federal agencies and instrumentalities such as bonds, notes, and discount notes of the Federal Home Loan Mortgage Association, Federal National Mortgage Association, Federal Farm Credit, and Student Loan Marketing Association. Several of the Constitutional Officers have adopted investment policies in accordance with the Florida Statute and also authorized investment in repurchase agreements.

**C. Other Risk Disclosures**

The County's and County Officers' investment policies broadly address exposure to interest rate changes, custodial credit risk, concentration risk, and quality credit risk. The following items discuss the County's exposure to various risks in primarily the fixed-rate portions of their investment portfolios:

- *Credit Quality*—In addition to specifying permitted investments, County policies require those investments to be of a specified minimum quality, as identified below:
  - Commercial Paper—U.S. corporations having a rating of at least two out of three of the following:
    - ▶ A-1 by Standard & Poor's
    - ▶ P-1 by Moody's
    - ▶ F-1 by Fitch Investors
  - Bankers' Acceptances—which are eligible for purchase by the Federal Reserve Banks and have a Letter of Credit rating of A or better.
  - Tax-Exempt Obligations of the State of Florida or any of its Various Political Subdivisions—rated A+ or better by Standard & Poor's.
- *Interest Rate Risk*—The County does not own any fixed-rate investments, nor owned any fixed-rate investments during 2019. The County's policy identifies *safety of capital* as the highest priority in the handling of investments for the County. All other investment objectives are secondary to the safety of capital. The policy anticipates that a liquidity base of approximately two months of anticipated disbursements, excluding debt reserves, will be kept in relatively short-term investments. Beyond that, portfolio composition and maturities are left to the discretion of the County Administrator, as the Chief Financial Officer, within the limitations of the policy.
- *Custodial Credit Risk*—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For County deposits, the County and Officers are under no obligation to secure additional custodianship or collateral beyond the provisions set forth in Chapter 280 (discussed above), except in the case of repurchase agreements. For repurchase agreements, the County policy requires use of the Bond Market Association's Master Repurchase Agreement, with specified terms. For other investments, County and Officer Policies require a prequalification process when selecting investment management and custodial services, and require independent third party custodians. Certificates of deposit, if purchased, would be physically held by the County.

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- *Concentration of Credit Risk*—The County’s policies mitigate concentration of credit risk by diversifying the investment portfolio so that the potential losses on individual securities will be minimized. The policies require diversification to prevent an overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are purchased and sold. Following are the maximum permitted percentages of investments in specific instruments:

Certificates of Deposit	20%
Commercial Paper	30%
Qualified Bankers’ Acceptances	30%
Florida Tax Exempt Obligations	20%
Local Government Surplus Funds Trust Fund	No Limit

**D. Restricted Cash**

Following is a summary of restricted cash and cash equivalents at September 30, 2019:

	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<b>Major Funds:</b>		
General Fund - Mining Escrow	\$ 607,868	\$ -
Landfill - Closure/Post-Closure	-	2,482,380
Landfill - Deposits	-	12,385
Water/Sewer Utility - Wastewater Impact Fees	-	1,422,312
Water/Sewer Utility - Deposits	-	86,074
Water/Sewer Utility - Accrued Interest	-	101,361
Special Revenue Fund - Court Fees Fund	385,909	-
<b>Total</b>	<b>\$ 993,777</b>	<b>\$ 4,104,512</b>

**Note 3 - Inter-Fund Receivables, Payables, and Transfers**

The composition of short-term inter-fund balances as of September 30, 2019, is as follows:

	<b>Due from</b>	<b>Due to</b>	<b>Purpose</b>
<b>Governmental Funds</b>			
General Fund (GF)	\$ 1,688,753	\$ 49,313	Receivables are primarily to cover fund cash shortages in other funds (\$1,529,216) and for Officer excess fees (\$159,537). Payables are for Officer excess fees.
County Transportation	-	765,135	Payables are to GF for cash shortages.
Fire and EMS	26,426	-	Receivables are for Officer excess fees.
Non-Major Special Revenue	16,887	923,618	Receivables are for Officer excess fees. Payables are to GF for cash shortage loan (\$764,081) and for Officer excess fees (\$159,537).
<b>Enterprise Funds</b>			
Landfill	6,000	-	Receivables are for Officer excess fees.
	<b>\$ 1,738,066</b>	<b>\$ 1,738,066</b>	

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The composition of inter-fund advances as of September 30, 2019, is as follows:

	<u>Advance to</u>	<u>Advance from</u>	
General Fund (GF)	\$ 270,858	\$ -	Loan for Cash Shortage to Debt Service and Golden Melody Lighting
Non-Major Debt Service (DS)	173,099	265,155	Loan to Landfill for Debt Service Early Payment
Non-Major Golden Melody Lighting	-	5,703	Loan to Golden Melody Lighting for Cash Shortage
Landfill	-	173,099	Loan for Debt Service Early Payment
	<u>\$ 443,957</u>	<u>\$ 443,957</u>	

Inter-fund transfers consist of the following:

	<u>Transfers in</u>	<u>Transfers (out)</u>	<u>Purpose</u>
<b>Governmental Funds</b>			
General Fund	\$ 847,175	\$ 6,583,368	Transfers in are from Officer excess fees (\$159,537) and administrative costs paid by other funds (\$687,638). Transfers out are to cover various programs in other funds (\$5,320,168), debt service (\$241,879), for Officer funding (\$972,008), and for Officer excess fees (\$49,313).
County Transportation	2,415,616	1,638,157	Transfers in are for funding transportation projects. Transfers out are to DS Fund for debt payment (\$1,627,710), various project costs (\$7,164), and (\$3,283) to Capital Road Grants.
Fire and EMS	1,844,496	259,745	Transfers in are for funding of emergency response projects (\$1,818,070) and from Officer excess fees (\$26,426). Transfers out are to DS Fund for debt payment (\$259,745).
Non-Major Special Revenue	1,950,593	835,001	Transfers in are for administration costs (\$23,995), program costs (\$193,674), and from Officer excess fees (\$1,732,924). Transfers out are primarily for GF administrative costs (\$582,376), for funding various programs (\$93,088), and for Officer excess fees (\$159,537).
Non-Major Debt Service	2,129,334	-	Transfers in are to cover debt service payments.
Non-Major Capital Projects	128,067	-	Transfers in are for program costs (\$128,028) and construction costs (\$39).
<b>Enterprise Funds</b>			
Landfill	6,000	1,175	Transfers in are from Officer excess fees (\$6000) and transfers
Water/Sewer Utility	-	3,835	out are for program costs (\$3835).
	<u>\$ 9,321,281</u>	<u>\$ 9,321,281</u>	

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**Note 4 - Other Receivables**

Following is a summary of other receivables balances at September 30, 2019:

	<u>Accounts</u>	<u>Special Assessments</u>	<u>Notes</u>	<u>Total</u>
<b>Governmental Funds</b>				
General Fund	\$ 499,376	\$ -	\$ -	\$ 499,376
County Transportation	66,370	-	-	66,370
Fire and EMS	802,305	3,928	-	806,233
Non-Major Special Revenue (Less Allowance)	14,171 (494,210)	177 -	9,313,923 (7,938,923)	9,328,271 (8,433,133)
<b>Total Governmental Funds</b>	<u>888,012</u>	<u>4,105</u>	<u>1,375,000</u>	<u>2,267,117</u>
<b>Enterprise Funds</b>				
Landfill	77,971	313	-	78,284
Water/Sewer Utility (Less Allowance)	375,583 (12,225)	- -	20 -	375,603 (12,225)
<b>Total Enterprise Funds</b>	<u>441,329</u>	<u>313</u>	<u>20</u>	<u>441,662</u>
<b>Agency Funds</b>	<u>14,817</u>	<u>-</u>	<u>-</u>	<u>14,817</u>
<b>Totals</b>	<u>\$ 1,344,158</u>	<u>\$ 4,418</u>	<u>\$ 1,375,020</u>	<u>\$ 2,723,596</u>

The entire balance of Notes Receivable at September 30, 2019, is non-current. All other net receivables above are considered to be current.

**Notes Receivable**

Loans in the State Housing Initiative Partnership Program (SHIP) have been provided for home rehabilitation, reconstruction, or down-payment assistance under terms of the various grant programs. Receivables are generally secured by zero-interest, primary, or subordinate mortgages on the affected property, some with principal due in full when the property is sold or otherwise transferred, or after thirty years, and some forgiven with the passage of time.

**Water/Sewer Utility Accounts Receivable**

Accounts receivable for the Water/Sewer Utility Fund includes outstanding receivable balances for customer usage charges.

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**Note 5 - Capital Assets**

**A. Changes in Capital Assets**

The following shows the changes in capital assets for governmental activities:

	Beginning Balance 10/01/2018	Additions	Transfers	Disposals	Ending Balance 9/30/2019
<b>Governmental Activities</b>					
Capital Assets, Not Depreciated:					
Land and Easements	\$ 3,458,059	\$ -	\$ -	\$ -	\$ 3,458,059
Construction in Progress	1,574,096	6,798,227	(2,001,654)	-	6,370,669
Total Capital Assets, Not Depreciated	<u>5,032,155</u>	<u>6,798,227</u>	<u>(2,001,654)</u>	<u>-</u>	<u>9,828,728</u>
Capital Assets, Depreciated:					
Buildings and Improvements	31,192,888	-	-	-	31,192,888
Intangibles	551,756	-	-	-	551,756
Machinery and Equipment - Board	12,375,713	1,168,048	342,197	(716,333)	13,169,625
Machinery and Equipment - Sheriff	6,722,037	1,190,790	-	(1,189,216)	6,723,611
Infrastructure	35,557,484	-	1,821,068	-	37,378,552
Total Capital Assets, Depreciated	<u>86,399,878</u>	<u>2,358,838</u>	<u>2,163,265</u>	<u>(1,905,549)</u>	<u>89,016,432</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(16,163,427)	(1,045,651)	-	-	(17,209,078)
Intangibles	(525,339)	(10,509)	-	-	(535,848)
Machinery and Equipment - Board	(9,652,804)	(940,563)	(84,065)	683,238	(9,994,194)
Machinery and Equipment - Sheriff	(4,713,627)	(614,789)	-	1,159,209	(4,169,207)
Infrastructure	(11,658,210)	(1,246,671)	-	-	(12,904,881)
Total Accumulated Depreciation	<u>(42,713,407)</u>	<u>(3,858,183)</u>	<u>(84,065)</u>	<u>1,842,447</u>	<u>(44,813,208)</u>
Total Capital Assets, Depreciated	<u>43,686,471</u>	<u>(1,499,345)</u>	<u>2,079,200</u>	<u>(63,102)</u>	<u>44,203,224</u>
<b>Governmental Activities Capital Assets</b>	<u>\$ 48,718,626</u>	<u>\$ 5,298,882</u>	<u>\$ 77,546</u>	<u>\$ (63,102)</u>	<u>\$ 54,031,952</u>

The following is a summary of governmental activities depreciation expense by function:

<b>Depreciation Expense by Function</b>	
<b>Governmental Activities</b>	
General Government	\$ 278,109
Public Safety (Board)	692,253
Public Safety (Sheriff)	614,789
Physical Environment	19,055
Economic Environment	430
Transportation	1,432,783
Contributed	50,989
Human Services	10,590
Culture/Recreation	734,383
Court Services	24,802
<b>Total Depreciation Expense</b>	
<b>Governmental Activities</b>	<u>\$ 3,858,183</u>



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The following shows the changes in capital assets for the County's business-type activities, by fund:

	Beginning Balance 10/01/2018	Additions	Transfers	Disposals	Ending Balance 9/30/2019
<b>Landfill Fund</b>					
Capital Assets, Not Depreciated:					
Land	\$ 483,337	\$ -	\$ -	\$ -	\$ 483,337
Construction in Progress	217,047	3,117,124	(3,334,171)	-	-
Total Capital Assets, Not Depreciated	<u>700,384</u>	<u>3,117,124</u>	<u>(3,334,171)</u>	<u>-</u>	<u>483,337</u>
Capital Assets, Depreciated:					
Buildings and Improvements	245,520	-	3,334,171	-	3,579,691
Machinery and Equipment	1,540,958	208,089	(160,798)	(57,921)	1,530,328
Infrastructure	7,246,474	-	-	-	7,246,474
Total Capital Assets, Depreciated	<u>9,032,952</u>	<u>208,089</u>	<u>3,173,373</u>	<u>(57,921)</u>	<u>12,356,493</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(156,138)	(11,252)	-	-	(167,390)
Machinery and Equipment	(793,895)	(129,328)	83,252	57,921	(782,050)
Infrastructure	(7,085,456)	420	-	-	(7,085,036)
Total Accumulated Depreciation	<u>(8,035,489)</u>	<u>(140,160)</u>	<u>83,252</u>	<u>57,921</u>	<u>(8,034,476)</u>
Total Capital Assets, Depreciated	<u>997,463</u>	<u>67,929</u>	<u>3,256,625</u>	<u>-</u>	<u>4,322,017</u>
<b>Landfill Capital Assets</b>	<u>\$ 1,697,847</u>	<u>\$ 3,185,053</u>	<u>\$ (77,546)</u>	<u>\$ -</u>	<u>\$ 4,805,354</u>
	Beginning Balance 10/01/2018*	Additions	Transfers	Disposals	Ending Balance 9/30/2019
<b>Water/Sewer Utility</b>					
Capital Assets, Not Depreciated:					
Land and Easements	\$ 2,475,856	\$ -	\$ -	\$ -	\$ 2,475,856
Construction in Progress	705,976	342,543	(20,855)	(7,070)	1,020,594
Total Capital Assets, Not Depreciated	<u>3,181,832</u>	<u>342,543</u>	<u>(20,855)</u>	<u>(7,070)</u>	<u>3,496,450</u>
Capital Assets, Depreciated:					
Buildings and Improvements	846,653	-	-	-	846,653
Intangibles	52,324	-	-	-	52,324
Machinery and Equipment	643,041	56,598	(813)	(40,014)	658,812
Infrastructure	1,819,239	-	20,855	-	1,840,094
Water Distribution System	41,159,457	-	-	-	41,159,457
Total Capital Assets, Depreciated	<u>44,520,714</u>	<u>56,598</u>	<u>20,042</u>	<u>(40,014)</u>	<u>44,557,340</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(526,499)	(46,193)	-	-	(572,692)
Intangibles	(46,997)	(5,327)	-	-	(52,324)
Machinery and Equipment	(494,993)	(38,160)	813	37,221	(495,119)
Infrastructure	(617,111)	(80,049)	-	-	(697,160)
Water Distribution System	(15,199,187)	(1,528,218)	-	-	(16,727,405)
Total Accumulated Depreciation	<u>(16,884,787)</u>	<u>(1,697,947)</u>	<u>813</u>	<u>37,221</u>	<u>(18,544,700)</u>
Total Capital Assets, Depreciated	<u>27,635,927</u>	<u>(1,641,349)</u>	<u>20,855</u>	<u>(2,793)</u>	<u>26,012,640</u>
<b>Water/Sewer Utility Capital Assets</b>	<u>\$ 30,817,759</u>	<u>\$ (1,298,806)</u>	<u>\$ -</u>	<u>\$ (9,863)</u>	<u>\$ 29,509,090</u>

\*Certain capital assets and their related depreciation have been reclassified from prior year presentation. These reclassifications had no impact on net position as previously reported.

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The following is a summary of business-type activities depreciation expense by activity:

<b>Depreciation Expense by Activity</b>	
<b>Business-Type Activities</b>	
Landfill	\$ 140,160
Water/Sewer Utility	1,697,947
<b>Total Depreciation Expense</b>	
<b>Business-Type Activities</b>	<b>\$ 1,838,107</b>

The following summarizes capital assets found on the statement of net position for governmental activities and business-type activities:

	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>
Land and Easements	\$ 3,458,059	\$ 2,959,193	\$ 6,417,252
Construction in Progress	6,370,669	1,020,594	7,391,263
Capital Assets - Non-Depreciable	<u>\$ 9,828,728</u>	<u>\$ 3,979,787</u>	<u>\$ 13,808,515</u>
Buildings and Improvements	\$ 31,192,888	\$ 4,426,344	\$ 35,619,232
Intangibles	551,756	52,324	604,080
Machinery and Equipment - Board	13,169,625	2,189,140	15,358,765
Machinery and Equipment - Sheriff	6,723,611	-	6,723,611
Infrastructure	37,378,552	9,086,568	46,465,120
Water Distribution System	-	41,159,457	41,159,457
	89,016,432	56,913,833	145,930,265
(Less Accumulated Depreciation)	(44,813,208)	(26,579,176)	(71,392,384)
Capital Assets - Depreciable	<u>\$ 44,203,224</u>	<u>\$ 30,334,657</u>	<u>\$ 74,537,881</u>

**B. Commitments**

The following is a summary of major construction contract commitments remaining at fiscal year-end:

<b>Project/Description</b>	<b>Contract Amount</b>	<b>Expended as of September 30, 2019</b>	<b>Remaining Commitment</b>
SCOP CR 661	\$ 3,392,366	\$ 158,045	\$ 3,234,321
Reconstruction of Landfill Cell V	699,471	217,046	482,425
SCOP CR 763	4,607,664	4,214,817	392,847
FEMA Wind Retrofit Project	276,323	-	276,323
LAP Turner @ Roan	1,047,015	997,620	49,395
<b>Total Commitments</b>	<u>\$ 10,022,839</u>	<u>\$ 5,587,528</u>	<u>\$ 4,435,311</u>

**Note 6 - Long-Term Debt**

**A. Schedule of Changes in Long-Term Debt**

The County's outstanding long-term debt includes bonds payable, loans payable, capital leases, compensated absences, other postemployment benefits, net pension liability, and accrued landfill closure costs. The following is a schedule of changes in the County's long-term debt for the fiscal year ended September 30, 2019:

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	Balance 9/30/18	Additions	Reductions	Balance 9/30/19	Due Within One Year	Long-Term Portion
<b>Governmental Activities</b>						
Notes Payable:						
Revenue Note, Series 2010	\$ 7,600,000	\$ -	\$ (1,435,000)	\$ 6,165,000	\$ 1,480,000	\$ 4,685,000
Sales Tax Refunding						
Revenue Note, Series 2012	1,087,000	-	(233,000)	854,000	237,000	617,000
Arcadia Bank Note 2016A *	919,857	-	-	919,857	-	919,857
Arcadia Bank Note 2016B *	651,546	-	(114,289)	537,257	122,628	414,629
Arcadia Bank Note 2017 *	926,499	-	(101,389)	825,110	104,554	720,556
Installment Purchases*	1,029,674	-	(261,630)	768,044	263,685	504,359
<b>Long-Term Debt - At Par</b>	<b>12,214,576</b>	<b>-</b>	<b>(2,145,308)</b>	<b>10,069,268</b>	<b>2,207,867</b>	<b>7,861,401</b>
<b>Other Long-Term Obligations:</b>						
Other Postemployment						
Benefits Liability	9,846,666	2,476,388	(553,088)	11,769,966	557,056	11,212,910
FEMA Long-Term Payable	1,154,825	-	(3,760)	1,151,065	-	1,151,065
Compensated Absences:						
Board	467,144	-	(38,437)	428,707	42,871	385,836
Clerk	30,953	28,367	(20,796)	38,524	3,852	34,672
Property Appraiser	21,503	17,625	(16,147)	22,981	2,298	20,683
Sheriff	379,895	-	(1,128)	378,767	37,877	340,890
Supervisor	8,200	700	-	8,900	890	8,010
Tax Collector	7,736	23,663	(28,095)	3,304	380	2,924
Net Pension Liability	24,262,666	7,803,181	(2,505,944)	29,559,903	82,762	29,477,141
<b>Governmental Activities</b>						
<b>Long-Term Liabilities</b>	<b>\$ 48,394,164</b>	<b>\$ 10,349,924</b>	<b>\$ (5,312,703)</b>	<b>\$ 53,431,385</b>	<b>\$ 2,935,853</b>	<b>\$ 50,495,532</b>

\*Per GASB Statement No. 88, this debt meets the definition of a direct borrowing.

<b>Business-Type Activities</b>						
Bonds and Notes Payable:						
Revenue Bonds	\$ 7,080,000	\$ -	\$ (251,039)	\$ 6,828,961	\$ 250,769	\$ 6,578,192
Notes Payable *	3,131,600	-	(774,268)	2,357,332	116,581	2,240,751
Installment Purchases *	553,130	154,582	(135,688)	572,024	93,000	479,024
<b>Total Long-Term Debt</b>	<b>10,764,730</b>	<b>154,582</b>	<b>(1,160,995)</b>	<b>9,758,317</b>	<b>460,350</b>	<b>9,297,967</b>
<b>Other Long-Term Obligations:</b>						
Landfill Closure Costs	5,684,528	-	(342,953)	5,341,575	-	5,341,575
Other Postemployment						
Benefits Liability	656,216	204,189	(40,143)	820,262	36,172	784,090
Compensated Absences	64,604	-	(6,119)	58,485	22,530	35,955
Net Pension Liability	820,911	125,891	(72,376)	874,426	3,138	871,288
<b>Business-Type Activities</b>						
<b>Long-Term Liabilities</b>	<b>\$ 17,990,989</b>	<b>\$ 484,662</b>	<b>\$ (1,622,586)</b>	<b>\$ 16,853,065</b>	<b>\$ 522,190</b>	<b>\$ 16,330,875</b>

\*Per GASB Statement No. 88, this debt meets the definition of a direct borrowing.

Compensated absences for governmental activities and other postemployment benefits will be liquidated in future periods primarily by the general fund. The net pension liability will be liquidated through employer contributions by the funds where then current employees reside.

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**B. Bonds and Notes Payable**

Bonds and notes outstanding at September 30, 2019, consist of the following for governmental activities:

<b>Governmental Activities</b>	<b>Purpose of Issue</b>	<b>Loan Amount</b>	<b>Amount Outstanding</b>	<b>Interest Rate</b>
<b>Revenue Notes:</b>				
Capital Improvement Refunding Note Series 2010 (Matures 2022)	Refunding of Series 2002 Capital Improvement Revenue Bonds	\$ 15,450,000	\$ 6,165,000	2.80%
Sales Tax Refunding Revenue Note Series 2012 (Matures 2022)	Purchase Fire Truck and Refinance Notes	2,280,000	854,000	2.15%
Arcadia Bank Note 2016A and 2016B * (Matures 2029 and 2022)	To Finance FPL Savings Project	919,857	919,857	3.25%
		906,761	537,257	4.09%
Arcadia Bank Note 2017* (Matures 2026)	To Fund Construction of Fire Station in City of Arcadia	1,100,000	825,110	2.98%
Installment Notes: Lease to Own * (Matures 2020 - 2022)	Various County Equipment	1,261,042	<u>768,044</u>	2.95% - 4.50%
<b>Total Governmental Activities Notes Payable</b>			<u><u>\$ 10,069,268</u></u>	

\*Per GASB Statement No. 88, this debt meets the definition of a direct borrowing.

**The Capital Improvement Refunding Revenue Note, Series 2010** is secured by a pledge of all legally available non-ad valorem revenues of the County, excluding enterprise fund revenues. This Note was reissued May 9, 2018. The total principal and interest remaining to be repaid on the bonds is \$6,516,190. Debt service for 2019 was \$1,627,710. Pledged revenues for 2019 (BOCC general fund only) were \$19,466,883.

**The Sales Tax Refunding Revenue Note, Series 2012** is secured by a pledge of certain sales tax revenues (pari-mutuel replacement program) with a backup covenant of non-ad valorem revenues of the County. The total principal and interest remaining to be repaid on the bonds is \$891,130. Debt service for 2019 was \$255,124. Pledged revenues for 2019 were \$314,333.

**Arcadia Bank Note 2016A and 2016B – Direct Borrowing** is in relation to the agreement between the County and First State Bank of Arcadia to fund the Florida Power and Light agreement to reduce energy costs by replacing fixtures throughout the County. The amount of the promissory note is expected to be recovered by energy savings resulting from updating fixtures. The County began making interest

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payments on the notes in 2016, and making principal payments on the 2016B Note in 2017. The County will not begin making principal payments on the 2016A Note until 2024. The total principal and interest remaining to be repaid on the 2016A and 2016B notes is \$1,148,694 and \$593,602, respectively. Debt service for the 2016A and 2016B notes was \$29,897 and \$140,938, respectively.

**Arcadia Bank Note 2017 – Direct Borrowing** is in relation to the agreement between the County and First State Bank of Arcadia to construct a new fire station located in the City of Arcadia, Florida. The promissory note is secured by a pledge of all ½-cent sales tax revenue of the County, which was \$1,222,459 in 2019. The total principal and interest remaining to be repaid on the note is \$922,733. Debt Service for 2019 was \$127,274.

Bonds and notes/loans outstanding at September 30, 2019, consist of the following for business-type activities:

	<u>Purpose of Issue</u>	<u>Loan Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>
<b>Business-Type Activities</b>				
Revenue Bonds:				
Water and Wastewater Refunding System Revenue Bond, Series 2018 (Matures 2038)	Refund the Outstanding U.S. Department of Agriculture Loan	\$ 7,080,000	\$ 6,828,961	3.80%
Notes Payable:				
State Revolving Fund Loans * (Matures 2035)	Wastewater System Improvements DP63904S	2,900,528	1,766,686	2.29%
(Matures 2030)	DW140230	1,795,946	590,646	1.69%
Installment Notes:				
Caterpillar Financial* (Matures 2022 - 2024)	Compactor Wheel Loader	625,288 154,581	422,985 <u>149,039</u>	2.45% 7.66%
<b>Total Business-Type Activities - Bonds and Notes Payable</b>			<u><u>\$ 9,758,317</u></u>	

\*Per GASB Statement No. 88, this debt meets the definition of a direct borrowing.

**The Water and Wastewater System Refunding Revenue Bond, Series 2018 (the 2018 Bond)** was issued by the County to the Seacoast Bank Loan, and provides for level annual debt service over the life of the bond. The proceeds from the issuance of the 2018 Bond were used to refund the outstanding principal balance of the County's Water and Wastewater System Revenue Bonds, Series 2005, and to finance the costs of certain capital improvements to the County's water and wastewater system. The bond and the interest thereon are payable solely from and secured by a senior lien on, and pledge of, the net revenue of the water and wastewater systems, and are payable through 2038. The total principal and interest remaining to be repaid on the bond is \$9,650,282. Debt service for 2019 was \$507,910. Pledged revenues of the water/wastewater system for 2019 were \$1,453,092.

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**The State Revolving Fund (SRF) Loans – Direct Borrowings** are through the Florida Department of Environmental Protection (FDEP) and provide for level semiannual debt service over the life of the loan. The loans are secured by a junior lien on, and pledge of, the gross revenues of the water/wastewater systems (including interest income), after payment of operation and maintenance expenses, and certain other future senior debt. The final maturity of SRF loan #DP63904S is in 2035. The total principal and interest remaining to be repaid on the loan is \$2,108,729. Debt service for 2019 was \$136,047. Pledged revenues of the water/wastewater system for 2019 were \$1,453,092.

The other SRF loan is still being drawn down and the related projects are in process. The balance shown above represents the draws to date on loan #DP140230. A legislative appropriation of \$957,000 was awarded to the County in 2016 to offset the principal balances. Loan repayments of \$39,055 began on March 15, 2017, for loan #DW140230.

SRF loan #DP140240 was paid off on April 15, 2019, including a loan forgiveness from FDEP amounting to \$410,955.

**Debt Service Requirements**

The following schedule shows debt service requirements to maturity for the County’s revenue bonds and notes:

Fiscal Year	Governmental Activities			
	Revenue Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2020	\$ 1,717,000	\$ 168,993	\$ 490,867	\$ 100,225
2021	1,758,000	121,935	489,387	82,705
2022	1,813,000	73,569	419,425	64,972
2023	1,731,000	23,823	342,526	51,669
2024	-	-	253,471	39,852
2025-2029	-	-	973,136	92,183
2030-2034	-	-	81,456	2,647
	<u>\$ 7,019,000</u>	<u>\$ 388,320</u>	<u>\$ 3,050,268</u>	<u>\$ 434,253</u>

Fiscal Year	Business-Type Activities			
	Revenue Bond		Direct Borrowings	
	Principal	Interest	Principal	Interest
2020	\$ 250,769	\$ 257,141	\$ 209,581	\$ 70,224
2021	260,389	247,521	215,213	64,591
2022	270,377	237,532	401,241	55,310
2023	280,749	227,160	142,098	49,269
2024	291,519	216,390	212,980	42,844
2025-2029	1,634,171	905,376	679,067	152,865
2030-2034	1,972,602	566,946	757,178	74,754
2035-2039	1,868,385	163,254	203,366	16,355
2040-2044	-	-	108,632	3,914
	<u>\$ 6,828,961</u>	<u>\$ 2,821,320</u>	<u>\$ 2,929,356</u>	<u>\$ 530,126</u>

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**C. Other Long-Term Obligations**

**FEMA Long-Term Payable**

In 2018, the County made the determination to record a long-term liability to the Federal Emergency Management Agency (FEMA) resulting from Hurricane Charley disputed reimbursements that were previously made to the County. The County received notification from FEMA that it has exhausted all possible appeals and a plan is currently being negotiated. The outstanding liability owed to FEMA as of September 30, 2019, is \$1,151,065.

**D. Landfill Closure and Post-Closure Care Costs**

The County has adopted a policy based on U.S. Environmental Protection Agency rules and in accordance with Florida law, to set aside funds for the closure and post-closure care costs of its current landfill. At September 30, 2019, the County had \$2,482,380 in restricted cash and investments in the landfill fund for these purposes. Of that amount, \$1,243,263 is required by Statute to be set aside for closure.

Accounting rules require the recording of a liability for the estimated future costs (in current dollars) for *all* landfill closure and post-closure care costs attributable to the portion of the landfill capacity filled to-date (state laws require post-closure monitoring of closed landfills for thirty years). The County's estimate of future costs was based on their consulting engineer's report and the County's estimated remaining landfill capacity. As of September 30, 2019, the County has recognized \$5,341,575, or approximately 64% of the remaining estimated closure and post-closure care totaling \$8,393,968. The following table summarizes the estimated remaining closure costs and post-closure costs, and costs incurred through September 30, 2019, by zone:

Zone	Remaining Closure Costs	Remaining Post-Closure Costs	Remaining Total Costs	Percent Filled	Costs Incurred To-Date
1	\$ -	\$ 946,440	\$ 946,440	100%	\$ 946,440
2	-	799,200	799,200	100%	799,200
3	-	1,093,650	1,093,650	100%	1,093,650
4	1,039,027	1,535,340	2,574,367	97.2%	2,502,285
5	1,402,906	1,577,405	2,980,311	0.0%	-
	<u>\$ 2,441,933</u>	<u>\$ 5,952,035</u>	<u>\$ 8,393,968</u>	<u>63.6%</u>	<u>\$ 5,341,575</u>

The accrued closure and post-closure care costs are \$5,341,575 at September 30, 2019, and have been accrued as a liability on the statement of net position of the landfill fund.

**Note 7 - Restricted Net Position (Other Purposes)**

Net position restricted for other purposes on the face of the statement of net position for governmental activities includes the following:

<b>Governmental Activities</b>	<b>Other Purposes</b>
Court-Related Services	\$ 522,866
Public Safety:	
Law Enforcement	390,581
Fire and EMS	991,098
E911 Services	489,950
Street Lighting	5,791
Building Code Enforcements	315,610
<b>Total Governmental Activities</b>	<u>\$ 2,715,896</u>

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**Note 8 - Retirement System**

**A. General Information about the Florida Retirement System (FRS)**

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

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

The County's pension expense totaled \$6,699,955 for the fiscal year ended September 30, 2019 (all plans). The County's Deferred Outflows for all plans totaled \$11,095,899, and the County's Deferred Inflows for all plans totaled \$2,693,467. The County's total Net Pension Liability for all plans totaled \$30,434,329 for fiscal year ended September 30, 2019.

For the year ended September 30, 2019, the County's contributions to all plans totaled \$2,817,655. For further information of contributions by plan for each Constitutional Officer, see the schedule below:

	<b>Florida Retirement System</b>	<b>Health Insurance Subsidy</b>	<b>Investment Plan</b>	<b>Total</b>
Board of County Commissioners	\$ 941,806	\$ 127,420	\$ 171,393	\$ 1,240,619
Clerk of Circuit Court	80,697	9,157	318	90,172
Property Appraiser	76,028	7,857	485	84,370
Tax Collector	83,775	8,635	2,040	94,450
Sheriff	1,087,288	96,733	65,002	1,249,023
Supervisor of Elections	55,902	2,916	203	59,021
	<u>\$ 2,325,496</u>	<u>\$ 252,718</u>	<u>\$ 239,441</u>	<u>\$ 2,817,655</u>

Payables to the Pension Plan. The County reported a payable of \$18,020 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2019.



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**B. FRS Pension Plan**

Plan Description. FRS Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a DROP available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature established and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. The general classes of membership applicable to the County are as follows:

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)*—Members in senior management level positions.
- *Special Risk Class*—Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

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

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

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

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<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>Percent Value</b>
<b><i>Regular Class Members Initially Enrolled Before July 1, 2011:</i></b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b><i>Regular Class Members Initially Enrolled On or After July 1, 2011:</i></b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b><i>Elected County Officers</i></b>	<b>3.00</b>
<b><i>Senior Management Service Class</i></b>	<b>2.00</b>
<b><i>Special Risk Regular</i></b>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the County's 2018-19 fiscal year were as follows:

<b>Class</b>	<b>Year Ended June 30, 2019, Percent of Gross Salary</b>		<b>Year Ended June 30, 2020, Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>
FRS, Regular	3.00	6.54	3.00	6.75
FRS, Elected County Officers	3.00	46.98	3.00	47.10
FRS, Senior Management Service	3.00	22.34	3.00	23.69
FRS, Special Risk Regular	3.00	22.78	3.00	23.76
DROP - Applicable to Members from All of the Above Classes	0.00	12.37	0.00	12.94
FRS, Reemployment Retiree	(1)	(1)	(1)	(1)

**Notes:** (1) Contribution rates are dependent upon retirement class in which reemployed. Employer contributions are also required for members in the FRS Investment Plan for a portion of the unfunded actuarial accrued liability.

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The County's contributions (employer only) to the Plan totaled \$2,325,496 for the fiscal year ended September 30, 2019. This excludes the HIS defined benefit pension plan contributions.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At September 30, 2019, the County reported a liability of \$25,368,724 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The County's proportionate share of the net pension liability was based on the County's 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the County's proportion was 0.073663616%, which was an increase of 0.005441458 from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$6,318,231 related to the Plan. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the FRS Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions after Measurement Date	\$ 628,691	\$ -
Difference Between Expected and Actual		
Experience	1,504,692	15,744
Changes of Assumptions	6,515,780	-
Changes in Proportion and Difference Between		
County Contributions and Proportionate Share of		
Contributions	1,435,143	632,452
Net Difference Between Projected and Actual Earnings		
on Pension Plan Investments	-	1,403,530
<b>Total</b>	<u>\$ 10,084,306</u>	<u>\$ 2,051,726</u>

The deferred outflows of resources related to pensions, totaling \$628,691, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2020	\$ 2,579,384
2021	895,550
2022	1,841,512
2023	1,431,239
2024	503,289
Thereafter	152,915
<b>Total</b>	<u>\$ 7,403,889</u>

For information regarding the Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources by Constitutional Officer, see the table below:

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	<b>Net Pension Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Board of County Commissioners	\$ 10,351,411	\$ 3,692,210	\$ 731,986
Clerk of Circuit Court	886,413	355,390	55,322
Property Appraiser	840,010	400,810	61,118
Tax Collector	921,162	356,243	61,809
Sheriff	11,749,853	5,032,568	1,103,833
Supervisor of Elections	619,875	247,085	37,658
	<u>\$ 25,368,724</u>	<u>\$ 10,084,306</u>	<u>\$ 2,051,726</u>

*Actuarial Assumptions.* The total pension liability in the July 1, 2019, actuarial valuation was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	6.90%
Long-Term Expected Rate of Return, Net of Investment Expense	7.00%
Municipal Bond Index	N/A

Mortality rates were based on the PUB2010 base tables, which vary by member category and sex, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2019 valuation, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.0%	3.3%	3.3%	1.2%
Fixed Income	18.0%	4.1%	4.1%	3.5%
Global Equity	54.0%	8.0%	6.8%	16.5%
Real Estate (Property)	11.0%	6.7%	6.1%	11.7%
Private Equity	10.0%	11.2%	8.4%	25.8%
Strategic Investments	6.0%	5.9%	5.7%	6.7%
<b>Total</b>	<u>100.0%</u>			
Assumed Inflation – Mean			2.6%	1.7%

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Discount Rate. The discount rate used to measure the total pension liability was 6.90%. The 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 calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was 7.00% in the July 1, 2018 valuation.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 6.90%, 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 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
County’s Proportionate Share of the Net Pension Liability	\$ 43,854,076	\$ 25,368,724	\$ 9,930,328

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

**C. HIS Pension Plan**

Plan Description. The HIS Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature established and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs.

Benefits Provided. For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 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 may include Medicare.

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 Plan fiscal years ended June 30, 2019 and 2018, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. 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 the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The County’s contributions to the HIS Plan totaled \$252,718 for the fiscal year ended September 30, 2019.

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*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At September 30, 2019, the County reported a net pension liability of \$5,065,605 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportionate share of the net pension liability (HIS) was based on the County's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the County's proportionate share was 0.045273083%, which was an increase of 0.002428595 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the County recognized pension expense of \$381,724 related to the HIS Plan. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions after Measurement Date	\$ 65,420	\$ -
Difference Between Expected and Actual Experience	61,527	6,203
Changes of Assumptions	586,549	414,021
Changes in Proportion and Difference Between County Contributions and Proportionate Share Contributions	294,828	221,517
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,269	-
<b>Total</b>	<u>\$ 1,011,593</u>	<u>\$ 641,741</u>

The deferred outflows of resources related to pensions, totaling \$65,420, 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 June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2020	\$ 91,703
2021	76,904
2022	40,534
2023	(22,523)
2024	38,834
Thereafter	78,980
<b>Total</b>	<u>\$ 304,432</u>

For information regarding the Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources by Constitutional Officer, see the table below:

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	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Board of County Commissioners	\$ 2,570,951	\$ 400,986	\$ 306,557
Clerk of Circuit Court	181,887	32,122	28,832
Property Appraiser	160,543	32,954	36,728
Tax Collector	172,310	34,225	17,615
Sheriff	1,920,809	499,530	245,899
Supervisor of Elections	59,105	11,776	6,110
	<u>\$ 5,065,605</u>	<u>\$ 1,011,593</u>	<u>\$ 641,741</u>

*Actuarial Assumptions.* The total pension liability in the July 1, 2018, actuarial valuation was determined using the individual entry age cost method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	3.50%
Long-Term Expected Rate of Return, Net of Investment Expense	N/A
Municipal Bond Index	3.50%

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The actuarial assumptions used in the July 1, 2018 valuation, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

*Discount Rate.* The discount rate used to measure the total pension liability was 3.50%. 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. The discount rate was 3.87% in the July 1, 2018 valuation.

*Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.50%, 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 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
County's Proportionate Share of the Net Pension Liability	\$ 5,782,648	\$ 5,065,605	\$ 4,468,390



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

**D. FRS—Defined Contribution Pension Plan**

The County contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement.

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 defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member’s accounts (employer and employee) during the 2018-19 fiscal year were as follows:

Class	Year Ended June 30, 2019		Year Ended June 30, 2020	
	Percent of Gross Compensation		Percent of Gross Compensation	
	Employee	Employer	Employee	Employer
FRS, Regular Class	3.00	3.30	3.00	3.30
FRS, Special Risk Class	3.00	11.00	3.00	11.00
FRS, Senior Management Service Class	3.00	4.67	3.00	4.67
FRS, Elected County Officers, Judges	3.00	10.23	3.00	10.23
FRS, Elected County Officers	3.00	8.34	3.00	8.34

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 FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 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. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.



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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 FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The County's contributions to the Investment Plan totaled \$239,441 for the fiscal year ended September 30, 2019.

**Note 9 - Other Postemployment Benefits Plan**

In the fiscal year ended September 30, 2018, The County implemented GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*, for reporting the employers' OPEB Plan liability.

**A. Plan Description**

The Desoto County's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the County. The Plan, which is administered by the County, allows employees who retire and meet retirement eligibility requirements under one of the County's retirement plans to continue medical, dental, and life insurance coverage as a participant in the County's plan. For purposes of applying Paragraph 4 under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Plan does not meet the requirements for an OPEB plan administered through a trust.

**B. Benefit Provided**

Retirees participating in the group insurance plans offered by the County, who retired on or before December 31, 2008 (Class A), are provided a benefit equal to 100% of the premium for the life of the retiree. The County also pays a portion of the costs for dependent coverage. Employees who retire after December 31, 2008 (Class B), and who meet the age and service requirements set forth by the Plan Provisions, are provided a benefit equal to 100% of the premium for the life of the retiree.

**C. Employees Covered by Benefit Terms**

At October 1, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	47
Inactive Employees Entitled to But Not Yet Receiving Benefits	-
Active Employees	328
<b>Total</b>	<b>375</b>

**D. Total OPEB Liability**

The County's total OPEB liability of \$12,590,228 was measured as of October 1, 2018, and was determined by an actuarial valuation as of September 30, 2019.

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**E. Actual Assumption and Other Inputs**

The total OPEB liability was determined by an actuarial valuation as of October 1, 2018, using the following actuarial assumptions:

<u>Actuarial Cost Method</u>	<u>Entry Age Normal</u>
Inflation	2.50%
Salary Increase Rate	Varies by Service
Discount Rate	3.58%
Initial Trend Rate	8.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	56

For special risk employees, mortality rates were also based on various RP-2000 mortality tables. For female lives, 100% of the white-collar table was used. For male lives, a 10% white-collar table, 90% blue-collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled female lives, a blend of 60% of the RP-2000 disabled female mortality table set forward two (2) years and 40% of the white-collar table with no setback was used. For disabled male lives, a blend of 60% of the RP-2000 disabled male mortality table set back four (4) year and 40% of the white-collar table with no setback was used. Disabled mortality has not been adjusted for mortality improvements.

For all other employees, mortality rates were based on the RP-2000 mortality tables. For female lives, 100% of the white-collar table was used. For male lives, a 50% white-collar table, 50% blue-collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled lives, mortality rates were based on the RP-2000 sex-distinct disabled mortality tables with female lives set forward two (2) years, male lives set back four (4) years. Disabled mortality has not been adjusted for mortality improvements.

**F. Discount Rate**

Given the County’s decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 3.58%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA.

**G. Changes in the Total OPEB Liability**

The following table shows the change in the County’s OPEB Plan liability:

<b>Balance at September 30, 2018,</b>	<u>\$ 10,502,882</u>
<b>Changes for the Year:</b>	
Service Cost	231,144
Interest on the Total OPEB Liability	459,010
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	540,661
Changes in Assumptions or Other Inputs	1,449,759
Benefit Payments	<u>(593,228)</u>
<b>Net Changes</b>	<u>2,087,346</u>
<b>Balance at September 30, 2019</b>	<u><u>\$ 12,590,228</u></u>

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

Changes in assumptions reflect a change in the discount rate from 4.18% for the reporting period ended September 30, 2018, to 3.58% for the reporting period ended September 30, 2019.

**H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following table presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58%) or 1 percentage higher (4.58%) than the current rate:

	<b>1.00% Decrease 2.58%</b>	<b>Current Discount Rate 3.58%</b>	<b>1.00% Increase 4.58%</b>
Total OPEB Liability	<u>\$ 14,248,915</u>	<u>\$ 12,590,228</u>	<u>\$ 11,224,234</u>

**I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following table presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage higher than the current healthcare cost trend rates:

	<b>1.00% Decrease 3.00% - 7.00%</b>	<b>Healthcare Cost Trend Rates 4.00% - 8.00%</b>	<b>1.00% Increase 5.00% - 9.00%</b>
Total OPEB Liability	<u>\$ 11,078,906</u>	<u>\$ 12,590,228</u>	<u>\$ 14,424,894</u>

**J. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended September 30, 2019, the County recognized OPEB expense of \$889,223. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 463,424	\$ -
Change of Assumptions or Other Inputs	1,242,655	570,461
<b>Total</b>	<u>\$ 1,706,079</u>	<u>\$ 570,461</u>

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

<b>For the Year Ending September 30,</b>	<b>Amortization</b>
2020	\$ 189,269
2021	189,269
2022	189,269
2023	189,269
2024	189,269
Thereafter	189,273
<b>Total</b>	<u>\$ 1,135,618</u>

**DESOTO COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Note 10 - Risk Management**

The County is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of a non-profit risk sharing pool with membership limited to Florida governmental entities. The pool charges its members premiums based upon claim history. The pool provides coverage for most insurable risks, including covering the County to the statutory limit for each workers' compensation claim, up to \$2,000,000 for each general liability claim, and at replacement cost for each property damage claim. As of September 30, 2019, settled claims have not exceeded the pool coverage in any of the past three years.

**Note 11 - Fund Balance and Net Position Deficits**

The following funds had deficit fund balances or net position as of September 30, 2019:

<b>Fund Name</b>	<b>Deficit Amounts</b>
Non-Major Funds:	
Special Revenue Funds:	
Emergency Management	\$ 27,450
Hurricane	244,587
Kings Crossing	489
Lake Suzy	226
Golden Melody	5,639
Debt Service	92,056
Capital Projects Funds:	
Special Projects	357,498

The deficit in the Hurricane Fund will be eliminated with reimbursements from FEMA, as further explained in Note 14. The deficits in the other special revenue funds will be eliminated with future special assessment receipts. The deficit in the Debt Service Fund will be eliminated with future transfers from the General Fund. The deficit in the Capital Projects Fund will be eliminated by receipts from future transfers from the General Fund.

**Note 12 - Related-Party - Peace River Manasota Water Supply Authority**

**A. Water Supplier**

The Peace River Manasota Regional Water Supply Authority (the Authority) was established in 1991 when it purchased the Peace River Plant located in DeSoto County. The Authority has four voting members: DeSoto County, Charlotte County, Sarasota County, and Manatee County.

On October 5, 2005, the Authority renegotiated new water supply contracts and established the Peace River Manasota Regional Water Supply Authority Master Water Supply Contract with all four counties – DeSoto, Charlotte, Sarasota, and Manatee, and with the City of North Port. The term of these contracts is 35 years, with an option to renew for an additional 35 years. A provision in each contract requires that customers of the Authority must identify and commit to water demands for a seven-year period.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

The contracts require all customers to pay for all committed water through the Authority's annual budget process, which reflects the budgetary needs of the Authority every year. The contract does also have a provision for customers who exceed their allocation; a conservation rate will be charged to all customers exceeding their allocation, and a corresponding credit is given to the customers who do not use their full allocation. The conservation rate is adopted annually by a rate resolution. During 2019, the County's water purchases from the Authority were \$499,368 for base charges and \$158,517 for variable water use charges. The agreement also anticipates an expansion of the current water supply system to accommodate its customers' anticipated increased needs.

Additional amounts paid to the Authority in 2019 included an annual membership fee of \$55,282. Because the Authority's facility is located in the County, the County received \$796,000 in payments in lieu of property taxes in the General Fund.

**B. Water Contractual Rights**

In 2007, the County acquired the contractual rights to a maximum flow capacity of 3.1 million gallons per day from a newly constructed potable water transmission pipeline owned by the Authority. The term of the contract extends for as long as the County continues to receive water from the Authority. The cost of the contractual rights was \$800,000, approximating the allocable cost of the pipeline, and is reported as a deferred outflow on the statement of net position of the Water/Sewer Utility Fund, to be amortized over twenty years, beginning in 2007. Amortization expense was \$40,000 for 2019, and the unamortized balance is \$240,000 at September 30, 2019.

**Note 13 - Fire and EMS Services Merger**

On May 15, 2006, the County entered into a 30-year Inter-local Agreement with the City of Arcadia (the City) for the merger of Fire and Emergency Medical Services. With an effective date of June 1, 2006, the City Fire Department merged with DeSoto County Fire Department to become one all-inclusive department within the County. All City Fire personnel (14 employees) were transferred and employed by the County. The City and County retirement programs were unchanged by the merger. The transferred employees had the option to remain members of the City retirement program or join the County retirement program.

The City transferred ownership of all fire suppression and emergency medical assets to the County, including a deed, with the associated debt, to real property located on Highway 17 for the construction of a Fire Suppression and EMS Station. The City agreed to allow the County to use the City's existing Fire Stations 1 and 2 for working stations without additional compensation for up to ten years from the effective date, or until the County determines that Fire Stations 1 and 2 are no longer needed. The County is responsible for all maintenance costs for the buildings while in use. To-date, the County has opted to use only Station 1.

Finally, under terms of the Inter-local Agreement, the City agreed to make monthly payments to the County for fire suppression and emergency medical services in accordance with the following schedule:

**DESOTO COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

Fiscal Year	Total	
2020	\$ 270,000	(2)
2021	220,000	(2)
2022	170,000	(2)
2023	120,000	(2)
2024	70,000	(2)
2025	20,000	(1) (2)

(1) Each year is reduced by \$50,000.

(2) If the City implements a municipal services benefit unit (MSBU) for fire suppression and/or a municipal services taxing unit (MSTU) for emergency medical services (EMS) equivalent to the County's fees, then the City may use the amount collected less any property assessor/tax collector's fees to reduce the payment due each year.

During 2007, the City initiated a special assessment for fire services within the City limits and added the City to the County-wide MSTU millage for EMS services. Accordingly, a credit of \$251,117 was given off the required 2019 payment of \$320,000. Actual inter-governmental revenue under this agreement for 2019 was \$68,883.

**Note 14 - Other Commitments and Contingencies**

**A. Litigation**

The County is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the County.

The DeSoto County Sheriff's Office claims are covered by the Florida Sheriff's Risk Management Fund (FSRMF). The FSRMF believes that the potential liability under these claims is more than adequately covered by the Risk Management Fund.

**B. Grants**

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the County. In the opinion of management, except for potential adjustments from matters in the preceding paragraph, any such adjustments would not be significant.

**C. Leases**

The County is the lessee of heavy construction equipment used at the landfill, and other office equipment. Lease payments are generally due for 60 months. Lease provisions require that the County return the heavy equipment at the earlier of the 60-month period or when the equipment has reached the allotted maximum usage (in hours), or purchase the equipment at that time for a specified amount.

**DESOTO COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

The leases meet the criteria for classification as operating leases for financial reporting. Equipment lease expense was \$23,399 for 2019. Remaining minimum operating lease payments are as follows:

Year Ending September 30,	Minimum Lease Total
2020	\$ 19,499
<b>Total</b>	<b>\$ 19,499</b>

**D. Hurricanes**

In September 2017, most of the state of Florida was affected by Hurricane Irma, including the County. The President of the United States and the Governor of Florida declared most of the State a designated disaster area and issued relief to the State through public assistance grants, coordinated by FEMA. Expenses were incurred by the County for hurricane preparedness, debris removal, repairs, and other hurricane-related costs; most of which occurred in fiscal year 2018. The County is working with state and federal liaisons to recover these costs. In 2019, the County recovered approximately \$2.0 million from federal and state funding.

**Note 15 - Subsequent Events**

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report, causing significant declines in the financial markets and economic activity overall. The County may experience losses of various local and state shared revenues, declines in user fees, declines in investment values for both the government and in pension plans, which could result in increased pension contributions and declines in the financial reserves as a result. The ultimate effects of these items is expected to be significant, but is not quantifiable at this time. The County has not recognized any impairment or established any reserves as a result of the COVID-19 pandemic as of the report date.

**REQUIRED SUPPLEMENTARY INFORMATION**



**DESOTO COUNTY, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - BOARD ONLY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 21,945,263	\$ 21,803,133	\$ 21,824,612	\$ 21,479
Permits and Fees	1,391,995	1,355,191	1,370,847	15,656
Inter-Governmental Revenues	5,331,118	5,337,049	5,348,539	11,490
Charges for Services	1,005,530	507,963	502,326	(5,637)
Fines and Forfeitures	47,980	46,524	46,220	(304)
Miscellaneous Revenues	327,018	368,524	369,115	591
(Less: 5% Reduction)	(745,527)	-	-	-
<b>Total Revenues</b>	<u>29,303,377</u>	<u>29,418,384</u>	<u>29,461,659</u>	<u>43,275</u>
<b>Expenditures</b>				
Current:				
General Government	7,322,950	7,084,381	6,654,546	429,835
Public Safety	762,640	548,354	527,686	20,668
Physical Environment				-
Physical Environment	155,066	422,422	387,386	35,036
Economic Environment	56,564	270,185	263,802	6,383
Human Services	1,706,119	1,695,405	1,541,372	154,033
Culture and Recreation	1,221,417	1,222,354	1,157,976	64,378
Debt Service:				
Principal Retirement	14,188	14,188	14,188	-
Interest and Fiscal Charges	1,950	1,950	1,950	-
Reserves	5,458,027	7,264,148	-	7,264,148
<b>(Total Expenditures)</b>	<u>(16,698,921)</u>	<u>(18,523,387)</u>	<u>(10,548,906)</u>	<u>7,974,481</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>12,604,456</u>	<u>10,894,997</u>	<u>18,912,753</u>	<u>8,017,756</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	664,852	2,405,073	2,391,836	(13,237)
Transfers (out)	(19,096,697)	(19,127,459)	(19,027,464)	99,995
<b>Total Other Financing Sources (Uses)</b>	<u>(18,431,845)</u>	<u>(16,722,386)</u>	<u>(16,635,628)</u>	<u>86,758</u>
<b>Net Change in Fund Balances</b>	(5,827,389)	(5,827,389)	2,277,125	8,104,514
<b>Fund Balances, Beginning of Year</b>	5,827,389	5,827,389	5,839,440	12,051
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,116,565</u>	<u>\$ 8,116,565</u>

**DESOTO COUNTY, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
COUNTY TRANSPORTATION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,302,485	\$ 2,567,264	\$ 2,586,677	\$ 19,413
Permits and Fees	12,400	24,789	23,939	(850)
Inter-Governmental Revenues	11,727,847	13,010,415	5,657,766	(7,352,649)
Charges for Services	70,000	46,286	46,286	-
Miscellaneous Revenues	66,097	48,491	48,485	(6)
<b>Total Revenues</b>	<u>13,178,829</u>	<u>15,697,245</u>	<u>8,363,153</u>	<u>(7,334,092)</u>
<b>Expenditures</b>				
Current:				
Transportation	13,451,732	15,875,632	8,725,022	7,150,610
Debt Service:				
Principal Retirement	171,296	171,296	171,296	-
Interest and Fiscal Charges	20,813	20,813	20,813	-
Reserves	-	118,552	-	118,552
<b>(Total Expenditures)</b>	<u>(13,643,841)</u>	<u>(16,186,293)</u>	<u>(8,917,131)</u>	<u>7,269,162</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(465,012)</u>	<u>(489,048)</u>	<u>(553,978)</u>	<u>(64,930)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,412,333	2,415,616	2,415,616	-
Transfers (out)	(1,627,710)	(1,638,157)	(1,638,157)	-
Insurance Proceeds	-	31,200	31,200	-
<b>Total Other Financing Sources (Uses)</b>	<u>784,623</u>	<u>808,659</u>	<u>808,659</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	319,611	319,611	254,681	(64,930)
<b>Fund Balances, Beginning of Year</b>	<u>(319,611)</u>	<u>(319,611)</u>	<u>(227,446)</u>	<u>92,165</u>
<b>Fund Balances (Deficits), End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,235</u>	<u>\$ 27,235</u>

**DESOTO COUNTY, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE AND EMS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special Assessments	\$ 2,926,028	\$ 2,934,910	\$ 2,934,910	\$ -
Permits and Fees	-	16,807	17,257	450
Inter-Governmental Revenues	471,199	532,665	471,448	(61,217)
Charges for Services	913,000	780,000	867,299	87,299
Miscellaneous Revenues	20,044	25,357	26,059	702
Less: 4% Reduction	(116,301)	-	-	-
<b>Total Revenues</b>	<u>4,213,970</u>	<u>4,289,739</u>	<u>4,316,973</u>	<u>27,234</u>
<b>Expenditures</b>				
Current:				
General Government	85,176	85,176	83,640	1,536
Public Safety	5,286,067	5,832,611	5,524,672	307,939
Culture and Recreation	-	3,604	-	3,604
Capital Outlay	559,648	-	-	-
Debt Service:				
Principal Retirement	76,146	76,146	76,146	-
Interest and Fiscal Charges	12,517	12,517	12,517	-
Reserve	300,902	454,616	-	454,616
<b>(Total Expenditures)</b>	<u>(6,320,456)</u>	<u>(6,464,670)</u>	<u>(5,696,975)</u>	<u>767,695</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,106,486)</u>	<u>(2,174,931)</u>	<u>(1,380,002)</u>	<u>794,929</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,818,070	1,857,497	1,844,496	(13,001)
Transfers (out)	(259,745)	(259,745)	(259,745)	-
Insurance Proceeds	-	29,019	29,019	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,558,325</u>	<u>1,626,771</u>	<u>1,613,770</u>	<u>(13,001)</u>
<b>Net Change in Fund Balance</b>	(548,161)	(548,160)	233,768	781,928
<b>Fund Balances, Beginning of Year</b>	<u>548,161</u>	<u>548,160</u>	<u>548,160</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 781,928</u>	<u>\$ 781,928</u>

**DESOTO COUNTY, FLORIDA**  
**SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OTHER**  
**POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS**  
**SEPTEMBER 30, 2019**

<b>Total OPEB Liability</b>	<b>2018</b>	<b>2019</b>
Service Cost	\$ 275,269	\$ 231,144
Interest	403,256	459,010
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	540,661
Changes of Assumptions or Other Inputs	(760,615)	1,449,759
Benefit Payments	(432,554)	(593,228)
<b>Net Change in Total OPEB Liability</b>	(514,644)	2,087,346
Total OPEB - Liability Beginning, as Restated	11,017,526	10,502,882
<b>Total OPEB Liability - Ending</b>	<b>\$ 10,502,882</b>	<b>\$ 12,590,228</b>
Covered-Employee Payroll	\$ 13,287,982	\$ 15,201,683
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	79.04%	82.82%

**Notes to the Schedule:**

Note 1: The amounts presented for each fiscal year were determined as of September 30. The County implemented GASB Statement No. 75 for the fiscal year ended September 30, 2018. As a result, this schedule will present 10 years as information becomes available.

Note 2: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**DESOTO COUNTY, FLORIDA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2019**

**NOTE I - CHANGES OF ASSUMPTIONS**

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

- **2019:** 3.58%
- **2018:** 4.18%

**DESOTO COUNTY, FLORIDA**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS**  
**LAST 10 FISCAL YEARS**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Year Ended June 30,	County's Proportion of the FRS Net Pension Plan	County's Proportion Share of the FRS Net Pension Plan Liability	County's Covered Payroll (FYE June 30)	County's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.065823097%	\$ 4,016,178	\$ 12,370,252	32.47%	96.09%
2015	0.068445798%	8,840,692	13,896,326	63.62%	92.00%
2016	0.072780821%	18,377,214	13,755,262	133.60%	84.88%
2017	0.068892068%	20,377,811	13,792,933	147.74%	83.89%
2018	0.068222159%	20,548,868	13,702,518	149.96%	84.26%
2019	0.073663617%	25,368,724	14,671,101	172.92%	82.61%

**HEALTH INSURANCE SUBSIDY PENSION PLAN**

Year Ended June 30,	County's Proportion of the HIS Net Pension Plan	County's Proportion Share of the HIS Net Pension Plan Liability	County's Covered Payroll (FYE June 30)	County's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.045499267%	\$ 4,254,293	\$ 12,370,252	34.39%	0.99%
2015	0.045689870%	4,659,647	13,896,326	33.53%	0.50%
2016	0.044548858%	5,191,985	13,755,262	37.75%	0.97%
2017	0.042596933%	4,554,661	13,792,933	33.02%	1.64%
2018	0.042844910%	4,534,709	13,702,518	33.09%	2.15%
2019	0.045273084%	5,065,605	14,671,101	34.53%	2.63%

**Note:** Additional information will be provided annually until ten years' data is presented.

**DESOTO COUNTY, FLORIDA**  
**SCHEDULE OF THE COUNTY'S CONTRIBUTIONS**  
**FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS**  
**LAST 10 FISCAL YEARS**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Year Ended September 30,	Contractually Required Contribution	FRS Contribution in Relation to the Contractually Required Contributions	FRS Contribution Deficiency (Excess)	County's Covered Payroll (FYE September 30)	FRS Contributions as a Percentage of Covered Payroll
2014	\$ 1,668,767	\$ (1,668,767)	\$ -	\$ 12,370,252	13.49%
2015	1,698,148	(1,698,148)	-	13,924,080	12.20%
2016	1,872,281	(1,872,281)	-	14,062,496	13.31%
2017	1,739,517	(1,739,517)	-	13,585,897	12.80%
2018	2,042,211	(2,042,211)	-	14,070,350	14.51%
2019	2,325,496	(2,325,496)	-	14,757,482	15.76%

Year Ended September 30,	Contractually Required Contribution	HIS Contribution in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	County's Covered Payroll (FYE September 30)	HIS Contributions as a Percentage of Covered Payroll
2014	\$ 137,075	\$ (137,075)	\$ -	\$ 12,370,252	1.11%
2015	188,729	(188,729)	-	13,924,080	1.36%
2016	233,588	(233,588)	-	14,062,496	1.66%
2017	221,018	(221,018)	-	13,585,897	1.63%
2018	237,438	(237,438)	-	14,070,350	1.69%
2019	252,718	(252,718)	-	14,757,482	1.71%

**Note:** Additional information will be provided annually until ten years' data is presented.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2019**

**NOTE I - CHANGES IN BENEFITS AND ASSUMPTIONS - FLORIDA RETIREMENT SYSTEM (FRS) AND HEALTH INSURANCE SUBSIDY (HIS) PENSION PLANS - 2019**

Changes in benefit terms from the year ended June 30, 2018 to June 30, 2019:

- **FRS:** No significant changes.
- **HIS:** No significant changes.

Changes in assumptions from the year ended June 30, 2018 to June 30, 2019:

- **FRS:** The long-term expected rate of return was decreased from 7.00% to 6.90%, and the active member mortality assumption was updated.
- **HIS:** The municipal rate used to determine total pension liability decreased from 3.87% to 3.50%.

**NOTE II - CHANGES IN BENEFITS AND ASSUMPTIONS - FLORIDA RETIREMENT SYSTEM (FRS) AND HEALTH INSURANCE SUBSIDY (HIS) PENSION PLANS - 2018**

Changes in benefit terms from the year ended June 30, 2017 to June 30, 2018:

- **FRS:** No significant changes.
- **HIS:** No significant changes.

Changes in assumptions from the year ended June 30, 2017 to June 30, 2018:

- **FRS:** The long-term expected rate of return was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.
- **HIS:** The municipal rate used to determine total pension liability increased from 3.58% to 3.87%.



**OTHER SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
GENERAL FUND BY CATEGORY  
SEPTEMBER 30, 2019**

	<u>Board of County Commissioners</u>	<u>Clerk of the Courts</u>	<u>Property Appraiser</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 3,616,684	\$ 183,644	\$ 158,938
Restricted Cash and Cash Equivalents	607,868	-	-
Accounts Receivable, Net	489,540	-	-
Due from Other Funds	3,233,414	-	-
Due from Other Governments	939,604	13,287	-
Inventories	12,104	-	-
Prepays	50,569	-	-
Deposits	60,000	-	-
Advances to Other Funds	270,858	-	-
<b>Total Assets</b>	<u>9,280,641</u>	<u>196,931</u>	<u>158,938</u>
<b>Liabilities</b>			
Vouchers Payable	458,353	-	8,114
Accrued Liabilities	75,900	137	-
Due to Other Funds	-	15,364	148,100
Due to Other Governments	1,424	177,243	2,724
Deposits	611,345	-	-
Unearned Revenue	6,244	-	-
<b>Total Liabilities</b>	<u>1,153,266</u>	<u>192,744</u>	<u>158,938</u>
<b>Deferred Inflows</b>			
Unavailable Revenues	10,810	4,187	-
<b>Fund Balances</b>			
Non-Spendable:			
Prepays and Inventories	62,673	-	-
Advances	270,858	-	-
Assigned for Budget Carryforward	413,659	-	-
Unassigned	7,369,375	-	-
<b>Total Fund Balances</b>	<u>8,116,565</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 9,280,641</u>	<u>\$ 196,931</u>	<u>\$ 158,938</u>

<b>Sheriff</b>	<b>Supervisor of Elections</b>	<b>Tax Collector</b>	<b>Eliminating Entries</b>	<b>Total General Fund</b>
\$ 1,401,723	\$ 25,806	\$ 266,990	\$ -	\$ 5,653,785
-	-	-	-	607,868
9,836	-	-	-	499,376
-	-	-	(1,544,661)	1,688,753
26,088	-	15,881	-	994,860
-	-	-	-	12,104
-	14,073	-	-	64,642
-	-	-	-	60,000
-	-	-	-	270,858
<u>1,437,647</u>	<u>39,879</u>	<u>282,871</u>	<u>(1,544,661)</u>	<u>9,852,246</u>
105,347	369	-	-	572,183
157,001	89	-	-	233,127
1,167,474	17,295	245,741	(1,544,661)	49,313
-	12	8,547	-	189,950
-	-	-	-	611,345
1,000	8,041	12,702	-	27,987
<u>1,430,822</u>	<u>25,806</u>	<u>266,990</u>	<u>(1,544,661)</u>	<u>1,683,905</u>
6,825	-	15,881	-	37,703
-	14,073	-	-	76,746
-	-	-	-	270,858
-	-	-	-	413,659
-	-	-	-	7,369,375
<u>-</u>	<u>14,073</u>	<u>-</u>	<u>-</u>	<u>8,130,638</u>
<u>\$ 1,437,647</u>	<u>\$ 39,879</u>	<u>\$ 282,871</u>	<u>\$ (1,544,661)</u>	<u>\$ 9,852,246</u>

**DESOTO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Board of County Commissioners</b>	<b>Clerk of the Courts</b>	<b>Property Appraiser</b>
<b>Revenues</b>			
Taxes	\$ 21,824,612	\$ -	\$ -
Permits and Fees	1,370,847	-	-
Inter-Governmental Revenues	5,348,539	279,774	-
Charges for Services	502,326	809,618	1,080,063
Fines and Forfeitures	46,220	-	-
Miscellaneous Revenues	369,115	664	2,206
<b>Total Revenues</b>	<b>29,461,659</b>	<b>1,090,056</b>	<b>1,082,269</b>
<b>Expenditures</b>			
Current:			
General Government	6,654,546	212,957	934,169
Public Safety	527,686	-	-
Physical Environment	387,386	-	-
Economic Environment	263,802	-	-
Human Services	1,541,372	-	-
Culture and Recreation	1,157,976	-	-
Court-Related	-	762,056	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	14,188	-	-
Interest and Fiscal Charges	1,950	-	-
<b>(Total Expenditures)</b>	<b>(10,548,906)</b>	<b>(975,013)</b>	<b>(934,169)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>18,912,753</b>	<b>115,043</b>	<b>148,100</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	2,391,836	23,000	-
Transfers (out)	(19,027,464)	(15,364)	(148,100)
Distributions of Excess Commissions	-	(122,679)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(16,635,628)</b>	<b>(115,043)</b>	<b>(148,100)</b>
<b>Net Change in Fund Balances</b>	<b>2,277,125</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, Beginning of Year</b>	<b>5,839,440</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 8,116,565</b>	<b>\$ -</b>	<b>\$ -</b>

<b>Sheriff</b>	<b>Supervisor of Elections</b>	<b>Tax Collector</b>	<b>Eliminating Entries</b>	<b>Total General Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ 21,824,612
-	-	-	-	1,370,847
440,159	70,757	-	-	6,139,229
28,500	4,333	1,165,412	-	3,590,252
-	-	-	-	46,220
33,399	32	658	-	406,074
<u>502,058</u>	<u>75,122</u>	<u>1,166,070</u>	<u>-</u>	<u>33,377,234</u>
-	470,178	920,329	-	9,192,179
11,014,971	-	-	-	11,542,657
-	-	-	-	387,386
-	-	-	-	263,802
-	-	-	-	1,541,372
-	-	-	-	1,157,976
378,801	-	-	-	1,140,857
-	-	-	-	-
-	-	-	-	14,188
-	-	-	-	1,950
<u>(11,393,772)</u>	<u>(470,178)</u>	<u>(920,329)</u>	<u>-</u>	<u>(25,242,367)</u>
<u>(10,891,714)</u>	<u>(395,056)</u>	<u>245,741</u>	<u>-</u>	<u>8,134,867</u>
12,059,188	411,221	-	(14,038,070)	847,175
(1,167,474)	(17,295)	(245,741)	14,038,070	(6,583,368)
-	-	-	-	(122,679)
<u>10,891,714</u>	<u>393,926</u>	<u>(245,741)</u>	<u>-</u>	<u>(5,858,872)</u>
-	(1,130)	-	-	2,275,995
-	15,203	-	-	5,854,643
<u>\$ -</u>	<u>\$ 14,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,130,638</u>

**DESOTO COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
ALL NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	Special Revenue			
	LIHEAP	Kings Crossing Lighting	Peace River Lighting	Ogden Acres Lighting
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,559	\$ 651
Restricted Cash and Cash Equivalents	-	-	-	-
Accounts Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Funds	-	241	17	19
Due from Other Governments	13,535	-	-	-
Prepays	-	-	-	-
Advances to Other Funds	-	-	-	-
<b>Total Assets</b>	<b>13,535</b>	<b>241</b>	<b>1,576</b>	<b>670</b>
<b>Liabilities</b>				
Vouchers Payable	(350)	-	-	-
Accrued Liabilities	-	-	-	-
Due to Other Funds	13,885	730	-	-
Deposits	-	-	-	-
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>13,535</b>	<b>730</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows</b>				
Unavailable Revenues	-	-	-	-
<b>Fund Balances (Deficits)</b>				
Non-Spendable:				
Prepays	-	-	-	-
Advance to Other Funds	-	-	-	-
Restricted for:				
Transportation	-	-	-	-
Economic Development	-	-	-	-
Streetlighting	-	-	1,576	670
Public Safety	-	-	-	-
Court-Related Services	-	-	-	-
Building Code Enforcements	-	-	-	-
Assigned for:				
Mosquito Control	-	-	-	-
Unassigned (Deficit)	-	(489)	-	-
<b>Total Fund Balances (Deficits)</b>	<b>-</b>	<b>(489)</b>	<b>1,576</b>	<b>670</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)</b>	<b>\$ 13,535</b>	<b>\$ 241</b>	<b>\$ 1,576</b>	<b>\$ 670</b>

Special Revenue					
Golden Melody Lighting	Harlem Heights Lighting	Lake Suzy Lighting	Spring Lakes Lighting	E-911 Services	Emergency Management
\$ -	\$ 3,164	\$ -	\$ 212	\$ 471,400	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	106	-	-	-	-
-	-	-	-	-	-
64	26	87	37	-	-
-	-	-	-	13,487	35,819
-	-	-	-	5,154	2,587
-	-	-	-	-	-
<u>64</u>	<u>3,296</u>	<u>87</u>	<u>249</u>	<u>490,041</u>	<u>38,406</u>
-	-	-	-	91	2,240
-	-	-	-	-	3,595
-	-	313	-	-	24,202
-	-	-	-	-	-
5,703	-	-	-	-	-
<u>5,703</u>	<u>-</u>	<u>313</u>	<u>-</u>	<u>91</u>	<u>30,037</u>
-	-	-	-	-	35,819
-	-	-	-	5,154	2,587
-	-	-	-	-	-
-	-	-	-	-	-
-	3,296	-	249	-	-
-	-	-	-	484,796	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(5,639)	-	(226)	-	-	(30,037)
<u>(5,639)</u>	<u>3,296</u>	<u>(226)</u>	<u>249</u>	<u>489,950</u>	<u>(27,450)</u>
<u>\$ 64</u>	<u>\$ 3,296</u>	<u>\$ 87</u>	<u>\$ 249</u>	<u>\$ 490,041</u>	<u>\$ 38,406</u>

**DESOTO COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
ALL NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	<b>Special Revenue</b>			
	<b>Tourist Development Tax</b>	<b>Mosquito Control</b>	<b>Curbside Solid Waste Collection</b>	<b>Building Fund</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 121,229	\$ 22,986	\$ -	\$ 318,769
Restricted Cash and Cash Equivalents	-	-	-	-
Accounts Receivable	-	-	-	-
Special Assessments Receivable	-	-	71	-
Notes Receivable	-	-	-	-
Due from Other Funds	-	-	16,396	-
Due from Other Governments	9,456	-	-	-
Prepays	-	-	-	8,215
Advances to Other Funds	-	-	-	-
<b>Total Assets</b>	<b>130,685</b>	<b>22,986</b>	<b>16,467</b>	<b>326,984</b>
<b>Liabilities</b>				
Vouchers Payable	-	-	13,844	3,116
Accrued Liabilities	46	-	-	6,956
Due to Other Funds	-	-	2,233	-
Deposits	-	-	-	1,302
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>46</b>	<b>-</b>	<b>16,077</b>	<b>11,374</b>
<b>Deferred Inflows</b>				
Unavailable Revenues	-	-	390	-
<b>Fund Balances (Deficits)</b>				
Non-Spendable:				
Prepays	-	-	-	8,215
Advance to Other Funds	-	-	-	-
Restricted for:				
Transportation	-	-	-	-
Economic Development	130,639	-	-	-
Streetlighting	-	-	-	-
Public Safety	-	-	-	-
Court-Related Services	-	-	-	-
Building Code Enforcements	-	-	-	307,395
Assigned for:				
Mosquito Control	-	22,986	-	-
Unassigned (Deficit)	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>130,639</b>	<b>22,986</b>	<b>-</b>	<b>315,610</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)</b>	<b>\$ 130,685</b>	<b>\$ 22,986</b>	<b>\$ 16,467</b>	<b>\$ 326,984</b>



Special Revenue

Dart Trust	SHIP	Hurricane Fund	Court Fees Fund	Law Enforcement Trust	Sheriff Communication
\$ 10,864	\$ 1,018,546	\$ 174	\$ -	\$ 140,257	\$ 177,286
-	-	-	385,909	-	-
-	-	-	-	-	882
-	-	-	-	-	-
-	1,375,000	-	-	-	-
-	-	-	-	-	-
8,275	-	703,981	16,767	927	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>19,139</u>	<u>2,393,546</u>	<u>704,155</u>	<u>402,676</u>	<u>141,184</u>	<u>178,168</u>
96	-	174	16,421	-	4,808
-	-	-	820	-	13,823
-	9,347	319,803	-	-	159,537
-	-	-	-	-	-
-	-	-	-	-	-
<u>96</u>	<u>9,347</u>	<u>319,977</u>	<u>17,241</u>	<u>-</u>	<u>178,168</u>
-	-	628,765	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
19,043	-	-	-	-	-
-	2,384,199	-	-	-	-
-	-	-	-	-	-
-	-	-	-	141,184	-
-	-	-	385,435	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(244,587)	-	-	-
<u>19,043</u>	<u>2,384,199</u>	<u>(244,587)</u>	<u>385,435</u>	<u>141,184</u>	<u>-</u>
<u>\$ 19,139</u>	<u>\$ 2,393,546</u>	<u>\$ 704,155</u>	<u>\$ 402,676</u>	<u>\$ 141,184</u>	<u>\$ 178,168</u>

**DESOTO COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
ALL NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	Special Revenue			
	Sheriff Inmate Welfare	Sheriff Voluntary Extra Duty	Sheriff Education	Sheriff Victim Advocate
<b>Assets</b>				
Cash and Cash Equivalents	\$ 224,885	\$ 3,751	\$ 12,726	\$ 1,371
Restricted Cash and Cash Equivalents	-	-	-	-
Accounts Receivable	8,332	4,763	194	-
Special Assessments Receivable	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
Prepays	-	-	-	-
Advances to Other Funds	-	-	-	-
<b>Total Assets</b>	<b>233,217</b>	<b>8,514</b>	<b>12,920</b>	<b>1,371</b>
<b>Liabilities</b>				
Vouchers Payable	603	-	-	-
Accrued Liabilities	-	908	-	-
Due to Other Funds	-	-	-	-
Deposits	-	-	-	-
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>603</b>	<b>908</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows</b>				
Unavailable Revenues	351	4,763	-	-
<b>Fund Balances (Deficits)</b>				
Non-Spendable:				
Prepays	-	-	-	-
Advance to Other Funds	-	-	-	-
Restricted for:				
Transportation	-	-	-	-
Economic Development	-	-	-	-
Streetlighting	-	-	-	-
Public Safety	232,263	2,843	12,920	1,371
Court-Related Services	-	-	-	-
Building Code Enforcements	-	-	-	-
Assigned for:				
Mosquito Control	-	-	-	-
Unassigned (Deficit)	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>232,263</b>	<b>2,843</b>	<b>12,920</b>	<b>1,371</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)</b>	<b>\$ 233,217</b>	<b>\$ 8,514</b>	<b>\$ 12,920</b>	<b>\$ 1,371</b>

Special Revenue	Debt Service	Capital Projects		Total Non-Major
Clerk of Court Records Modernization	Debt Service Fund	Construction	Special Projects	Governmental Funds
\$ 137,431	\$ -	\$ -	\$ -	\$ 2,667,261
-	-	-	-	385,909
-	-	-	-	14,171
-	-	-	-	177
-	-	-	-	1,375,000
-	-	-	-	16,887
-	-	-	522,789	1,325,036
-	-	-	-	15,956
-	173,099	-	-	173,099
<u>137,431</u>	<u>173,099</u>	<u>-</u>	<u>522,789</u>	<u>5,973,496</u>
-	-	-	18,669	59,712
-	-	-	-	26,148
-	-	-	393,568	923,618
-	-	-	-	1,302
-	265,155	-	-	270,858
<u>-</u>	<u>265,155</u>	<u>-</u>	<u>412,237</u>	<u>1,281,638</u>
-	-	-	468,050	1,138,138
-	-	-	-	15,956
-	173,099	-	-	173,099
-	-	-	-	19,043
-	-	-	-	2,514,838
-	-	-	-	5,791
-	-	-	-	875,377
137,431	-	-	-	522,866
-	-	-	-	307,395
-	-	-	-	22,986
-	(265,155)	-	(357,498)	(903,631)
<u>137,431</u>	<u>(92,056)</u>	<u>-</u>	<u>(357,498)</u>	<u>3,553,720</u>
<u>\$ 137,431</u>	<u>\$ 173,099</u>	<u>\$ -</u>	<u>\$ 522,789</u>	<u>\$ 5,973,496</u>

**DESOTO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue			
	LIHEAP	Kings Crossing Lighting	Peace River Lighting	Ogden Acres Lighting
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	25,446	1,854	2,007
Licenses and Permits	-	-	-	-
Inter-Governmental Revenues	238,739	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous Revenues	-	27	52	6
<b>Total Revenues</b>	<u>238,739</u>	<u>25,473</u>	<u>1,906</u>	<u>2,013</u>
<b>Expenditures</b>				
Current:				
General Government	-	763	55	81
Public Safety	-	-	-	-
Physical Environment	-	25,825	1,367	62
Transportation	-	-	-	-
Economic Environment	-	-	-	1,684
Human Services	196,445	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>(Total Expenditures)</b>	<u>(196,445)</u>	<u>(26,588)</u>	<u>(1,422)</u>	<u>(1,827)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>42,294</u>	<u>(1,115)</u>	<u>484</u>	<u>186</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	241	17	19
Transfers (out)	(49,452)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(49,452)</u>	<u>241</u>	<u>17</u>	<u>19</u>
<b>Net Change in Fund Balances</b>	<u>(7,158)</u>	<u>(874)</u>	<u>501</u>	<u>205</u>
<b>Fund Balances (Deficits), Beginning of Year</b>	<u>7,158</u>	<u>385</u>	<u>1,075</u>	<u>465</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ -</u>	<u>\$ (489)</u>	<u>\$ 1,576</u>	<u>\$ 670</u>

Special Revenue					
Golden Melody Lighting	Harlem Heights Lighting	Lake Suzy Lighting	Spring Lakes Lighting	E-911 Services	Emergency Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,625	3,236	9,193	3,815	-	-
-	-	-	-	-	-
-	-	-	-	90,000	137,630
-	-	-	-	49,789	-
-	-	-	-	-	-
16	14	10	6	1,858	-
<u>7,641</u>	<u>3,250</u>	<u>9,203</u>	<u>3,821</u>	<u>141,647</u>	<u>137,630</u>
201	83	276	114	-	-
-	-	-	-	87,419	233,091
7,042	2,232	8,559	3,732	-	31,796
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5,999
-	-	-	-	-	-
-	-	-	-	-	-
<u>(7,243)</u>	<u>(2,315)</u>	<u>(8,835)</u>	<u>(3,846)</u>	<u>(87,419)</u>	<u>(270,886)</u>
398	935	368	(25)	54,228	(133,256)
64	26	87	36	-	105,806
-	-	-	-	-	(43,636)
<u>64</u>	<u>26</u>	<u>87</u>	<u>36</u>	<u>-</u>	<u>62,170</u>
462	961	455	11	54,228	(71,086)
<u>(6,101)</u>	<u>2,335</u>	<u>(681)</u>	<u>238</u>	<u>435,722</u>	<u>43,636</u>
<u>\$ (5,639)</u>	<u>\$ 3,296</u>	<u>\$ (226)</u>	<u>\$ 249</u>	<u>\$ 489,950</u>	<u>\$ (27,450)</u>

**DESOTO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue			
	Tourist Development Tax	Mosquito Control	Curbside Solid Waste Collection	Building Fund
<b>Revenues</b>				
Taxes	\$ 73,370	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	-	-	-	374,003
Inter-Governmental Revenues	-	34,481	-	-
Charges for Services	-	-	1,766,951	3,680
Fines and Forfeitures	-	-	-	-
Miscellaneous Revenues	503	-	1,414	13,019
<b>Total Revenues</b>	<u>73,873</u>	<u>34,481</u>	<u>1,768,365</u>	<u>390,702</u>
<b>Expenditures</b>				
Current:				
General Government	-	-	51,895	-
Public Safety	18	-	-	440,019
Physical Environment	-	-	1,812,115	-
Transportation	-	-	-	-
Economic Environment	83,573	-	-	21,981
Human Services	-	39,639	-	-
Culture and Recreation	-	-	-	-
Court-Related	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>(Total Expenditures)</b>	<u>(83,591)</u>	<u>(39,639)</u>	<u>(1,864,010)</u>	<u>(462,000)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(9,718)</u>	<u>(5,158)</u>	<u>(95,645)</u>	<u>(71,298)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	8,620	95,645	-
Transfers (out)	-	-	-	(7,164)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>8,620</u>	<u>95,645</u>	<u>(7,164)</u>
<b>Net Change in Fund Balances</b>	(9,718)	3,462	-	(78,462)
<b>Fund Balances (Deficits), Beginning of Year</b>	<u>140,357</u>	<u>19,524</u>	<u>-</u>	<u>394,072</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 130,639</u>	<u>\$ 22,986</u>	<u>\$ -</u>	<u>\$ 315,610</u>

Special Revenue					
Dart Trust	SHIP	Hurricane Fund	Court Fees Fund	Law Enforcement Trust	Sheriff Communication
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
52,088	350,000	1,990,189	-	5,785	10,586
8,227	-	-	166,893	-	-
-	-	-	67,463	20,366	-
-	216,748	10,720	-	560	137
<u>60,315</u>	<u>566,748</u>	<u>2,000,909</u>	<u>234,356</u>	<u>26,711</u>	<u>10,723</u>
-	-	283	5,000	-	-
65	625	11,522	-	-	823,194
-	-	48,987	-	-	-
70,701	-	-	-	-	-
-	204,755	-	-	-	-
-	-	-	-	-	-
-	-	3,337	-	-	-
-	-	-	145,777	-	-
-	-	3,760	-	-	-
-	-	696	-	-	-
<u>(70,766)</u>	<u>(205,380)</u>	<u>(68,585)</u>	<u>(150,777)</u>	<u>-</u>	<u>(823,194)</u>
<u>(10,451)</u>	<u>361,368</u>	<u>1,932,324</u>	<u>83,579</u>	<u>26,711</u>	<u>(812,471)</u>
8,800	-	15,195	744,029	-	972,008
<u>(3,194)</u>	<u>(49,025)</u>	<u>-</u>	<u>(522,959)</u>	<u>(34)</u>	<u>(159,537)</u>
<u>5,606</u>	<u>(49,025)</u>	<u>15,195</u>	<u>221,070</u>	<u>(34)</u>	<u>812,471</u>
<u>(4,845)</u>	<u>312,343</u>	<u>1,947,519</u>	<u>304,649</u>	<u>26,677</u>	<u>-</u>
<u>23,888</u>	<u>2,071,856</u>	<u>(2,192,106)</u>	<u>80,786</u>	<u>114,507</u>	<u>-</u>
<u>\$ 19,043</u>	<u>\$ 2,384,199</u>	<u>\$ (244,587)</u>	<u>\$ 385,435</u>	<u>\$ 141,184</u>	<u>\$ -</u>

**DESOTO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue			
	Sheriff Inmate Welfare	Sheriff Voluntary Extra Duty	Sheriff Education	Sheriff Victim Advocate
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	-	-	-	-
Inter-Governmental Revenues	-	-	-	-
Charges for Services	105,509	46,758	2,399	75
Fines and Forfeitures	-	-	-	-
Miscellaneous Revenues	1,800	-	12	-
<b>Total Revenues</b>	<u>107,309</u>	<u>46,758</u>	<u>2,411</u>	<u>75</u>
<b>Expenditures</b>				
Current:				
General Government	-	-	-	-
Public Safety	56,620	49,617	-	175
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>(Total Expenditures)</b>	<u>(56,620)</u>	<u>(49,617)</u>	<u>-</u>	<u>(175)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>50,689</u>	<u>(2,859)</u>	<u>2,411</u>	<u>(100)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	50,689	(2,859)	2,411	(100)
<b>Fund Balances (Deficits), Beginning of Year</b>	<u>181,574</u>	<u>5,702</u>	<u>10,509</u>	<u>1,471</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 232,263</u>	<u>\$ 2,843</u>	<u>\$ 12,920</u>	<u>\$ 1,371</u>



<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>		<u>Total Non-Major</u>
<u>Clerk of Court</u>	<u>Debt</u>		<u>Special</u>	<u>Governmental</u>
<u>Records</u>	<u>Service</u>	<u>Construction</u>	<u>Projects</u>	<u>Funds</u>
<u>Modernization</u>	<u>Fund</u>			
\$ -	\$ -	\$ -	\$ -	\$ 73,370
-	-	-	-	53,176
-	-	-	-	374,003
-	-	-	739,316	3,648,814
45,292	-	-	-	2,195,573
-	-	-	-	87,829
181	-	-	-	247,083
<u>45,473</u>	<u>-</u>	<u>-</u>	<u>739,316</u>	<u>6,679,848</u>
76,978	-	39	4,451	140,219
-	-	-	-	1,702,365
-	-	-	1,137,857	3,079,574
-	-	-	-	70,701
-	-	-	-	311,993
-	-	-	-	236,084
-	-	-	82,534	91,870
-	-	-	-	145,777
-	1,883,678	-	-	1,887,438
-	292,188	-	-	292,884
<u>(76,978)</u>	<u>(2,175,866)</u>	<u>(39)</u>	<u>(1,224,842)</u>	<u>(7,958,905)</u>
<u>(31,505)</u>	<u>(2,175,866)</u>	<u>(39)</u>	<u>(485,526)</u>	<u>(1,279,057)</u>
-	2,129,334	39	128,028	4,207,994
-	-	-	-	(835,001)
<u>-</u>	<u>2,129,334</u>	<u>39</u>	<u>128,028</u>	<u>3,372,993</u>
(31,505)	(46,532)	-	(357,498)	2,093,936
<u>168,936</u>	<u>(45,524)</u>	<u>-</u>	<u>-</u>	<u>1,459,784</u>
<u>\$ 137,431</u>	<u>\$ (92,056)</u>	<u>\$ -</u>	<u>\$ (357,498)</u>	<u>\$ 3,553,720</u>

**DESOTO COUNTY, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2019**

	Board	Sheriff		
	Indigent Health Trust	Cash Bond Fund	Individual Depositors Fund	Other Suspense Fund
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ 5	\$ 1,005	\$ 272
Accounts Receivable	-	-	-	-
Due from Other Governments	264,242	-	5,118	1,456
<b>Total Assets</b>	<u>264,242</u>	<u>5</u>	<u>6,123</u>	<u>1,728</u>
<b>Liabilities</b>				
Due to Other Governments	-	5	6,123	1,728
Due to Individuals and Businesses	264,242	-	-	-
Deposits	-	-	-	-
<b>Total Liabilities</b>	<u>\$ 264,242</u>	<u>\$ 5</u>	<u>\$ 6,123</u>	<u>\$ 1,728</u>

Sheriff	Clerk of the Courts			Tax Collector		
Inmate Trust Fund	Registry of Court Funds	Special Trust Fund	Child Support Fund	Tax Collector Fund	Totals	
\$ 14,004	\$ 290,678	\$ 296,406	\$ 4,172	\$ 582,036	\$ 1,188,578	
-	-	-	-	14,817	14,817	
-	-	-	-	-	270,816	
<u>14,004</u>	<u>290,678</u>	<u>296,406</u>	<u>4,172</u>	<u>596,853</u>	<u>1,474,211</u>	
14,004	-	1,804	4,172	533,943	561,779	
-	-	294,602	-	-	558,844	
-	290,678	-	-	62,910	353,588	
<u>\$ 14,004</u>	<u>\$ 290,678</u>	<u>\$ 296,406</u>	<u>\$ 4,172</u>	<u>\$ 596,853</u>	<u>\$ 1,474,211</u>	

## **COMPLIANCE SECTION**

**DESOTO COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Grantor/Pass-Through Agency	CFDA/ Number	Contract/ Grant Number	Award Amount	Grant Expenditures
<b>Federal Awards</b>				
<b>U.S. Department of Agriculture</b>				
<b>Natural Resources Conservation Service</b>				
Debris Removal and Bank Stabilization*	10.923	NR184209XXXXC011	\$ 1,484,695	\$ 1,118,318
<b>Total U.S. Department of Housing and Urban Development</b>				<u>1,118,318</u>
<b>U.S. Department of Justice</b>				
Justice Assistance Grant (JAG) Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant - Equipment Grant	16.738	2019-JAGD-DESO-1-N3-015	4,875	4,875
Edward Byrne Memorial Justice Assistance Grant - Equipment Grant	16.738	2019-JAGC-DESO-2-N2-010	25,200	25,200
<b>Total U.S. Department of Justice</b>				<u>30,075</u>
<b>U.S. Department of Transportation, Federal Transit Administration</b>				
Passed Through Florida Department of Transportation:				
Highway Planning and Construction*	20.205	FPN 435014-1-58/68-01	1,192,726	997,684
Formula Grants for Other Than Urbanized Areas	20.509	FPN 431581-1-84-01 AQH81	46,500	42,565
<b>Total U.S. Department of Transportation, Federal Transit Administration</b>				<u>1,040,249</u>
<b>U.S. Environmental Protection Agency</b>				
Passed Through Florida Department of Environmental Protection:				
Capitalization Grants for Drinking Water	66.468	DW140230	1,250,000	961,808
<b>Total U.S. Environmental Protection Agency</b>				<u>961,808</u>
<b>U.S. Election Assistance Commission</b>				
Passed Through Florida Department of State:				
Help America Vote Act (HAVA) Albert Server Grant	90.401	E2391, E2437	69,696	21,634
Help America Vote Act (HAVA) Elections Security Grant	90.401	MOA 2018-2019-004	66,793	66,485
Help America Vote Act (HAVA) Elections Security Grant	90.401	9E102	16,622	4,272
<b>Total U.S. Election Assistance Commission</b>				<u>92,391</u>
<b>U.S. Department of Health and Human Services</b>				
Passed Through Florida Department of Revenue:				
Child Support Enforcement - Reimbursement	93.563	COC14	N/A	48,970
Passed Through Florida Department of Economic Opportunity:				
Low Income Home Energy Assistance Program	93.568	17-EA-0F-07-24-01-010	759,250	238,739
<b>Total U.S. Department of Health and Human Services</b>				<u>287,709</u>
<b>U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)</b>				
Passed Through Florida Division of Emergency Management:				
Disaster Grants - Public Assistance*	97.036	Hurricane Irma Disaster #4337	2,379,220	2,379,220
Passed Through Florida Division of Emergency Management:				
Emergency Management Performance Grants	97.042	19-FG-AF-07-24-01-092	57,447	39,261
Emergency Management Performance Grants	97.042	G0013	57,471	12,382
				<u>51,643</u>
Passed Through Florida Division of Emergency Management:				
Homeland Security Grants	97.067	18-DS-X1-07-24-01-333	14,936	5,999
<b>Total U.S. Department of Homeland Security, FEMA</b>				<u>2,436,862</u>
<b>Total Federal Awards</b>				<u>\$ 5,967,412</u>

\* Denotes major federal awards program.

**DESOTO COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Grantor/Pass-Through Agency	CSFA/ Number	Contract/ Grant Number	Award Amount	Expenditures
<b>State Financial Assistance</b>				
<b>Florida Executive Office of the Governor</b>				
Emergency Management Program	31.063	19-BG-21-07-24-01-049	\$ 105,806	\$ 92,370
Emergency Management Program	31.063	A0049	105,806	23,437
<b>Total Florida Executive Office of the Governor</b>				<u>115,807</u>
<b>Florida Department of Environmental Protection</b>				
Small County Consolidated Grant	37.012	SC905	90,909	90,909
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP14026	950,000	342,542
Wastewater Treatment Facility Construction	37.077	DP140420	2,371,756	144,727
<b>Total Florida Department of Environmental Protection</b>				<u>578,178</u>
<b>Florida Housing Finance Corporation</b>				
State Housing Initiatives Partnership	40.901	Not Stated	350,000	255,441
<b>Total Florida Housing Finance Corporation</b>				<u>255,441</u>
<b>Florida Department of Agriculture and Consumer Services</b>				
Mosquito Control Program	42.003	25590	34,481	34,481
<b>Total Florida Department of Agriculture and Consumer Services</b>				<u>34,481</u>
<b>Florida Department of Financial Services</b>				
Local Government Fire Equipment Grant	43.010	FM442	310,000	310,000
<b>Total Florida Department of Financial Services</b>				<u>310,000</u>
<b>Florida Department of State, Division of Library and Information Services</b>				
State Aid to Libraries	45.030	19-ST-13	101,170	68,240
<b>Total Florida Department of State, Division of Library and Information Services</b>				<u>68,240</u>
<b>Florida Department of Transportation</b>				
Public Transit Service Development Program	55.012	437507-1-84-01 ARU32	162,016	9,128
Small County Outreach Program - C.R. 761 Bridge Scour	55.009	438565 1 54 01 G1468	1,192,201	80,447
Small County Outreach Program - Reynolds St Bridge	55.009	438574 1 54 01 G1470	1,320,146	73,725
Small County Outreach Program - C.R 661	55.009	431884 1 54 01 G0E73	4,048,269	122,884
Small County Outreach Program - C.R 763	55.009	431892 1 54 01 G0E71	723,914	388,855
				<u>665,911</u>
Small County Road Assistance Program - NW Windy Pine**	55.016	436649 1 54 01 G0O25	627,724	4,789
Small County Road Assistance Program - C R 763**	55.016	431892 1 54 02 G0E72	4,687,500	3,922,376
				<u>3,927,165</u>
<b>Total Florida Department of Transportation</b>				<u>4,602,204</u>
<b>Florida Department of Health</b>				
Emergency Medical Services Matching Grant	64.003	M7028	42,750	42,750
Emergency Medical Services County Grant	64.005	C7014	8,763	8,755
<b>Total Florida Department of Health</b>				<u>51,505</u>
<b>Florida Fish and Wildlife Commission</b>				
Florida Boating Improvement Grant	77.006	18072	100,000	54,740
<b>Total State Financial Assistance</b>				<u>\$ 6,070,596</u>

\*\* Denotes major state financial assistance project.

**DESOTO COUNTY, FLORIDA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Note 1 - General**

The accounting policies and presentation of the accompanying schedule of expenditures of federal awards and state financial assistance of DeSoto County, Florida (the County) have been designed to conform with generally accepted accounting principles applicable to governmental units, including the reporting and compliance requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) (federal awards); and Chapter 10.550, *Rules of the Auditor General* of the State of Florida.

The County reporting entity is defined in Note 1 to the County’s basic financial statements for the year ended September 30, 2019. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal awards and state financial assistance passed through other governmental agencies, are included in the schedule.

**Note 2 - Basis of Accounting**

The accompanying schedule of expenditures of federal awards and state financial assistance is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 C to the County’s financial statements.

**Note 3 - Loans Outstanding**

The County has the following loan balances outstanding at September 30, 2019:

<b>Program</b>	<b>CSFA Number</b>	<b>Loan Outstanding</b>
State Housing Initiatives Partnership	40.901	\$ 1,375,000

Only current year loans issued to eligible recipients are included as expenditures on the accompanying schedule.

**Note 4 - Contingencies**

Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to the disallowance of expenditures. Based upon prior experience, the County does not believe that such disallowances, if any, would have a material effect on the financial position of the County.

**DESOTO COUNTY, FLORIDA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Note 5 - Expenditures and Program Income**

The amounts shown as current year expenditures on the accompanying schedule represent only the grant portion of the program/project costs. The total expenditures of the program/project may be more than shown. Program income generated by and expended on a federal or state award during the period of performance is included on this schedule if the program income is added to the award amount or if specifically directed by the awarding agency and/or required by program guidance. Program income that reduces the total allowable expenditures (deduction method) is not included.

**Note 6 - Disaster Public Assistance**

Disaster funding received from the FEMA Public Assistance Program (CFDA 97.036) is based on Project Worksheets (PWs) that outline the eligible expenses and the scope of the project. Expenditures recorded on this Schedule are contingent on when funds are obligated and approved, and the County has incurred eligible expenditures. PWs are categorized as either "small" or "large" based on the total expenses. Small PWs are reported based on the amount obligated, while large PWs are determined by actual eligible expenditures. Approximately \$2,325,829 of eligible expenditures incurred in prior years were reported on the Schedule this year.

**Note 7 - Indirect Costs**

DeSoto County Board of County Commissioners did not elect to use the 10% de minimis cost rate in 2019 as covered in 2 CFR 200.414.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of DeSoto County, Florida (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 9, 2020.

**Internal Control over Financial Reporting**

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

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An Independent Member of the BDO Alliance USA.*

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

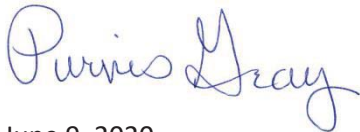
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Compliance and Other Matters**

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

**Purpose of this Report**

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



June 9, 2020  
Sarasota, Florida

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

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

**Report on Compliance for Each Major Federal Program/State Project**

We have audited the DeSoto County, Florida's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2019. The County's major federal programs and state projects are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with Federal Statutes, regulations, and the terms and condition of its federal awards applicable to its federal programs and state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, rules, and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance.

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

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

**Opinion on Each Major Federal Program and State Project**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2019.

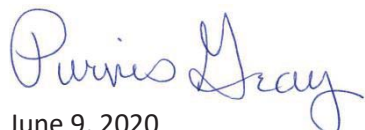
**Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project, 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance 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. *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 consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



June 9, 2020  
Sarasota, Florida

**DESOTO COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Part A - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of Auditor's Report Issued	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Non-compliance material to financial statements noted?	No

**Federal Awards and State Financial Assistance Projects**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of Auditor's Report Issued on Compliance for Major Programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557 for local government entities?	No

**Identification of Major Programs/Projects:**

**Federal Program or Cluster**

<b>U.S. Department of Agriculture</b>	
Debris Removal and Bank Stabilization	CFDA No. 10.923
<b>U.S. Department of Transportation, Federal Transit Administration</b>	
Highway Planning and Construction	CFDA No. 20.205
<b>U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)</b>	
Passed Through Florida Division of Emergency Management Disaster Grants – Public Assistance	CFDA No. 97.036

**State Financial Assistance Projects**

<b>Florida Department of Transportation</b>	
Small County Road Assistance Program	CSFA No. 55.016

**DESOTO COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Dollar threshold used to distinguish between Type A and Type B programs - Federal Programs:	\$750,000
Dollar threshold used to distinguish between Type A and Type B programs - State Programs:	\$750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes

**PART B - FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**PART C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS**

None

**PART D - FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE PROJECTS**

None

**PART E - OTHER ISSUES**

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

No corrective action plan is required because there were no current year findings required to be reported under the *Federal or Florida Single Audit Acts*.

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

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

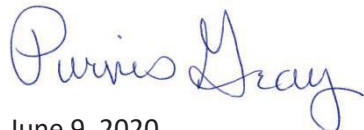
We have examined DeSoto County, Florida's (the County) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2019. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complies, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County 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 non-compliance, 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.

Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

This report is intended solely for the information and use of the Florida Auditor General, DeSoto County 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.



June 9, 2020  
Sarasota, Florida

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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
WITH SECTION 365.172(10) AND SECTION 365.173(2)(d), FLORIDA STATUTES**

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

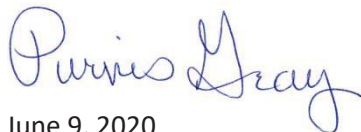
We have examined DeSoto County, Florida's (the County) compliance with Section 365.172(10), Florida Statutes, Authorized Expenditures of E911 Fee and Section 365.173(2)(d), Florida Statutes, Distribution and Use of (E911) Funds, during the fiscal year ended September 30, 2019. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complies, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County 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 non-compliance, 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.

Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

This report 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, DeSoto County 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.



June 9, 2020  
Sarasota, Florida

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## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the basic financial statements of DeSoto County, Florida (the County) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 9, 2020.

### 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of 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 Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs; and Independent Accountant's Reports on an examination conducted in accordance with American Institute of Public Accountants *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 9, 2020, 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. Corrective actions have been taken to address some findings and recommendations made in the preceding financial audit report. Uncorrected findings are noted below:

Current Year Finding No.	2018 Fiscal Year Finding No.	2017 Fiscal Year Finding No.
2019-1	2018-1	2017-1

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## MANAGEMENT LETTER

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The County has disclosed this information in Note 1 of the financial statements and there are no component units.

### Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.557(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the County met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the County 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 the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by 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 did not have any such recommendations.

### Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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 would like to make the following recommendation:

#### ■ 2019-1—Information Technology (IT) Controls

During our review of the County's use of IT in the financial reporting process, we noted opportunities to improve and strengthen the control environment and the quality and integrity of information generated by the IT systems. We recommend that the County review each item below and consider ways to improve their IT environment, and determine a plan to implement the recommendations below:

- **Business Continuity (BCP) and Disaster Recovery Plans (DRP)**—The County has not developed a DRP and the BCP is outdated and has not been tested. The development of a BCP helps an organization be better prepared to act when a disaster occurs. A DRP addresses the recovery of the County's information systems in the event the information systems become unavailable due to a disaster. We recommend the County develop a BCP and a DRP. The plans should be tested and updated at least annually, and application and data file server recovery testing should be performed at the same time.

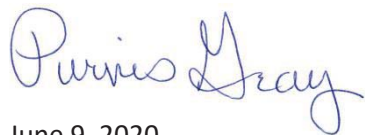
Honorable Members of the Board of County Commissioners  
DeSoto County, Florida

#### MANAGEMENT LETTER

- **Third-Party IT Service Providers**—The County is utilizing a third-party service provider, eFolder, to host its offsite backups. As part of its third-party due diligence, we recommend that Management obtain a SSAE-18 Type 2 attestation report on an annual basis in order to monitor the effectiveness of the vendor’s security and availability controls.
- **Third-Party External Vulnerability Assessment**—An annual third-party external vulnerability assessment is not being performed by an independent third-party. Such an assessment provides an independent third-party assessment of vulnerabilities and the effectiveness of existing IT controls to protect against threats to the County’s security posture. We recommend that Management review the feasibility (cost effectiveness) of having an annual third-party external vulnerability assessment performed by an independent third-party in order to identify any possible configuration deficiencies.
- **Security Awareness Training**—User security awareness training is not being performed. We recommend that the County consider implementing user security awareness training on an annual basis for users who have access to the network, including the new hire process. A record of training should be maintained including the user’s acknowledgment that they understand their responsibility regarding security.
- **User Access**—As recommended by the Florida Auditor General, a periodic review of user privileges should be performed to ensure an appropriate segregation of duties is maintained and the user’s access is necessary. This process should also be reviewed when employees with user access have been terminated.
- **Network Password Configuration**—The current network password security configuration needs to be evaluated for security concerns.

#### 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 Honorable Members of the DeSoto County 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.



June 9, 2020  
Sarasota, Florida

# DeSoto County

## Board of County Commissioners Administrative Services Department

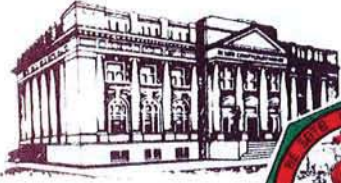
201 East Oak Street, Suite 205

Arcadia, Florida 34266

(863) 993-4587

(863) 993-4643 fax

[www.desotobocc.com](http://www.desotobocc.com)



June 9, 2020

Purvis, Gray and Company  
Certified Public Accountants  
5001 Lakewood Ranch Boulevard, N., Suite 101  
Sarasota, FL 34240

Re: 2019 Audit – Management Response Letter

Our response to Management Letter Comment is as follows:

2019-1-- Information Technology (IT) Controls

- Business Continuity (BCP) and Disaster Recovery Plans (DRP) – The County will update the BCP and develop a DRP. The County will test and review these document plans on an annual basis and amend them if needed.
- Third-Party IT Service Providers – The County is working on obtaining the SSAE-18 Type 2 attestation report on an annual basis from the third-party service provider. The County will review and evaluate the security and availability controls of the service provider.
- Third-Party External Vulnerability Assessment – The County will review the feasibility of having an annual third-party external vulnerability assessment performed by an independent third-party.
- Security Awareness Training – The County is currently working with their I.T. Contractor on putting together security awareness training classes for current users (employees) and for new hired employees during their orientation.
- User Access – The County is now consistently communicating with their I.T. Contractor on current employee's status and notifies them when an employee is terminated or if there is a newly hired employee. The County will also start reviewing user privileges on a quarterly basis.
- Network Password Configuration – The County is working with their I.T. Contractor in updating the County's Password Policy. The County will amend the policy to increase their network password minimum length to 10 characters and enable a setting for password complexity.

Sincerely,

DESOTO COUNTY, FLORIDA

Peter Danao, Administrative Services Director



**AFFIDAVIT**

BEFORE ME, the undersigned authority, personally appeared, **Peter Danao**, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of **DeSoto County**, a county of the State of Florida;
2. **DeSoto County** adopted Ordinances 2020-4 and 2020-5 on March 24, 2020, repealing the county and school board impact fees respectively;
3. For ten years prior to adoption of Ordinances 2020-4 and 2020-5, **DeSoto County** waived county and school board impact fees annually; .and
3. By waiving and repealing the county and school board impact fee ordinances, **DeSoto County** complied with and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

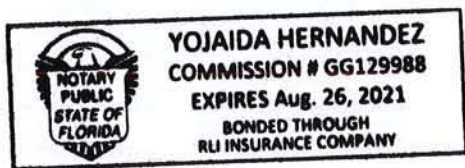
FURTHER AFFIANT SAYETH NAUGHT.

*Peter Danao*

\_\_\_\_\_  
**Peter Danao**

STATE OF FLORIDA  
COUNTY OF DESOTO

SWORN TO AND SUBSCRIBED before me this 5<sup>th</sup> day of June, 2020.



*Yoajida Hernandez*  
\_\_\_\_\_  
NOTARY PUBLIC  
Print Name Yoajida Hernandez

Personally known  or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:

August 26, 2021



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**CLERK OF THE CIRCUIT AND COUNTY COURTS  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the DeSoto County, Florida Clerk of the Circuit and County Courts (the Clerk) as of and for the year ended September 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

## INDEPENDENT AUDITOR'S REPORT

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter - Incomplete Presentation

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 (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons 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 DeSoto County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of DeSoto County, Florida as of September 30, 2019, 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 this matter.

### Emphasis of Matter - COVID-19

As discussed in Note 9 to the financial statements, the COVID-19 pandemic has created economic turmoil as of the date of our report causing significant declines in the financial markets and economic activity overall. The ultimate effect of these items is expected to be significant, but is not quantifiable at this time.

### Other Matters

#### *Required Supplementary Information*

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

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

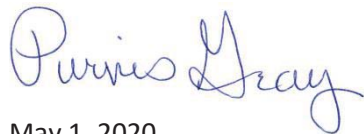
## INDEPENDENT AUDITOR'S REPORT

### *Other Financial Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's financial statements. The combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining statements are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2020, 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 the Clerk's 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.



May 1, 2020  
Sarasota, Florida

## **FINANCIAL STATEMENTS**

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	Major Funds		Total Governmental Funds
	General Fund	Public Records Trust Fund	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 183,644	\$ 137,431	\$ 321,075
Due from Other Governments	13,287	-	13,287
<b>Total Assets</b>	<u>196,931</u>	<u>137,431</u>	<u>334,362</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accrued Payroll and Payroll Taxes	137	-	137
Due to Board of County Commissioners	15,364	-	15,364
Due to Other Governments	177,243	-	177,243
<b>Total Liabilities</b>	<u>192,744</u>	<u>-</u>	<u>192,744</u>
<b>Deferred Inflows</b>			
Unavailable Revenues	4,187	-	4,187
<b>Fund Balances</b>			
Restricted for:			
Records Modernization	-	137,431	137,431
Unassigned	-	-	-
<b>Total Fund Balances</b>	<u>-</u>	<u>137,431</u>	<u>137,431</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 196,931</u>	<u>\$ 137,431</u>	<u>\$ 334,362</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Major Funds		Total Governmental Funds
	General Fund	Public Records Trust Fund	
<b>Revenues</b>			
Intergovernmental Revenues	\$ 279,774	\$ -	\$ 279,774
Charges for Services	809,618	45,292	854,910
Interest	664	181	845
<b>Total Revenues</b>	<u>1,090,056</u>	<u>45,473</u>	<u>1,135,529</u>
<b>Expenditures</b>			
Current:			
General Government:			
Personnel Services	182,243	-	182,243
Operating Expenditures	30,714	37,129	67,843
Capital Outlay	-	39,849	39,849
Court-Related Services:			
Personnel Services	671,138	-	671,138
Operating Expenditures	90,918	-	90,918
<b>(Total Expenditures)</b>	<u>(975,013)</u>	<u>(76,978)</u>	<u>(1,051,991)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>115,043</u>	<u>(31,505)</u>	<u>83,538</u>
<b>Other Financing Sources (Uses)</b>			
Reversion to the State of Florida	(122,679)	-	(122,679)
Transfers in from DeSoto County			
Board of County Commissioners	23,000	-	23,000
Transfers (out) to DeSoto County			
Board of County Commissioners	(15,364)	-	(15,364)
<b>Total Other Financing Sources (Uses)</b>	<u>(115,043)</u>	<u>-</u>	<u>(115,043)</u>
<b>Net Change in Fund Balances</b>	-	(31,505)	(31,505)
<b>Fund Balance, Beginning of Year</b>	-	168,936	168,936
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ 137,431</u>	<u>\$ 137,431</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA  
CLERK OF THE CIRCUIT AND COUNTY COURTS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
SEPTEMBER 30, 2019**

	<u>Total Agency Funds</u>
<b>Assets</b>	
Cash	\$ 591,256
<b>Liabilities</b>	
Due to Other Governments	5,976
Due to Individuals	294,602
Escrow Deposits	290,678
<b>Total Liabilities</b>	<u>\$ 591,256</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements.

**Reporting Entity**

DeSoto 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) and an appointed County Administrator. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

The DeSoto County, Florida Clerk of the Circuit and County Courts (the Clerk) is an elected constitutional officer of the County as provided by the Constitution of the State of Florida. The Clerk is responsible for the administration and operation of the Clerk's office, including the Circuit and County court systems.

Certain costs of the court systems (communications services; existing radio systems; existing multiagency criminal justice information systems; and the cost of construction or lease, maintenance, utilities, and security of facilities for the trial courts, public defenders' offices, and state attorneys' offices) are required by Article V, *Florida Constitution*, to be funded by the Board. Such costs are not included herein.

For financial statement reporting purposes, the Clerk is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Clerk's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General - Local Governmental Entity Audits*.

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.

GAAP sets forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures of each fund category) for the determination of major funds. Major funds are reported separately in the basic financial statements of the Clerk.

The Clerk reports the following major governmental funds:

■ **Governmental Funds**

- **General Fund**—is a governmental fund used to account for all revenues and expenditures applicable to the general operations of the Clerk that are not accounted for in another fund.

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

- **Public Records Trust Fund**—is a special revenue fund used to account for recording fees and licenses and investment income on the money restricted for record modernization.

In addition, the Clerk also reports the following other fund type:

■ **Fiduciary Funds**

- **Agency Funds**—are fiduciary funds and are used to account for assets received and held by the Clerk in the capacity of an agent for the Board, other governmental agencies, or individuals. Agency funds are custodial in nature and do not involve measurement of changes in financial position. The Clerk has several agency funds for varying purposes.

**Funding of Clerk Activities**

With the implementation of Revision 7 to Article V on July 1, 2004, the Clerk’s activities are now classified as either court or non-court. Both the court and non-court activities are reported within the Clerk’s general fund.

The non-court activities are funded through service charges for recording instruments and documents into the official records, and through transfers in from the Board.

The court activities are funded by fines, fees, service charges, and court cost collections, plus a monthly state appropriation for the projected deficiency. Beginning in 2014, the state appropriation represented an allocation from the Clerks of Court Operations Corporation (CCOC), pursuant to a contract between the CCOC and the Chief Financial Officer of the State of Florida.

The Public Records Trust Fund is funded by a portion of recording fees, 10% of the collections of court-related fines, fees, service charges, and court cost collections.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, and also refers 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. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Clerk considers receivables collected within 30 days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Agency funds are accounted for using the accrual basis of accounting.

**Measurement Focus**

The accounting and financial reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet.



**DESOTO COUNTY, FLORIDA  
CLERK OF THE CIRCUIT AND COUNTY COURTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**Budgetary Requirement**

The budget for the Clerk’s general fund consists of two parts: a budget for non-court activities approved by the Board (the Board Budget); and a budget for court activities approved by the CCOC (the State Budget). Both budgets are on a basis consistent with GAAP. The budget adopted for the Public Records Trust Fund is an internally developed and approved budget, with no legal level of budgetary control.

Budgetary control in the Board Budget is generally at the total appropriations level (before transfers out). Budgetary changes within the total Board Budget are made at the discretion of the Clerk. Amendments that increase total appropriations (before transfers out) must be submitted to the Board. In the case of the State Budget, budgetary control is also at the total appropriations level (including reserves but excluding intergovernmental expenditures). Amendments must be approved by the CCOC.

Included in the required supplementary information section of the accompanying financial statements, is a budget to actual comparison for the general fund and the Public Records Trust Fund. Expenditures for the General Fund are segregated between the State and the Board Budgets to illustrate budgetary compliance.

**Supplemental Funding and Return of “Excess Fees”**

The operations of the Clerk are approved and primarily funded from fees and charges authorized under Florida Statutes, and supplemental appropriations from the CCOC or the Board.

For non-court activities, the supplemental funding from the Board is recorded as transfers in on the accompanying statement of revenues, expenditures, and changes in fund balance. Any excess of revenues and transfers in over expenditures for non-court activities (including child support activities) for the year ending September 30, are reported as transfers out and due to the Board, and are payable by October 31.

For court activities, the supplemental funding from the CCOC is recorded as intergovernmental revenue on the accompanying statement of revenues, expenditures, and changes in fund balance. The amount returned, if any, is recorded as Reversion to the State of Florida under Other Financing Sources (Uses). For the period October 1, 2018 through September 30, 2019, the amount recorded as Due to Other Governments includes \$64,009 of September 2019 revenues, that can be retained to fund 2020 expenditures, as well as \$113,234, which is due to the state.

**Prepaid Items**

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year paid.

**Deferred Inflows/Unavailable Revenues**

Deferred inflows represent revenues that have been earned, but are not available (because they were received more than 30 days after year-end).

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Fund Balances**

Fund balance classifications 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 fund balances.
- **Restricted**—This component of fund balance 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) of the organization’s governing authority. By statute, the Clerk herself is the governing authority. These committed amounts cannot be used for any other purpose unless the Clerk removes or changes the specified use by taking the same type of action (e.g., policy) she employed to constrain those amounts. The Clerk does not have any committed fund balances.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’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: (a) negative unrestricted fund balances in any governmental fund; or (b) 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.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles, 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.

**Note 2 - Cash and Investments**

At year-end, the carrying amount of the Clerk’s deposits was \$911,081 (\$319,825 in governmental funds and \$591,256 in agency funds). All of the Clerk’s public deposits are held in qualified public depositories (QPDs) pursuant to Florida Statutes, Chapter 280. Under this Chapter, each QPD is required to pledge

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

In addition to cash deposits, the Clerk maintains cash on hand for the purpose of making change on transactions. At September 30, 2019, the Clerk held \$1,250 in cash on hand.

**Investments**

The Clerk has not adopted an investment policy and so, by statute, follows the State's guidance set forth in Section 219.075, Florida Statutes, regarding the deposit of funds received and the investment of surplus funds. That section requires local governments without written investment policies, including County officers, to follow the State policy in Section 218.415(17), Florida Statutes. That section authorizes the following investments:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*, as provided in Florida Statute 163.01.
- Securities and Exchange Commission registered money market funds with the highest credit rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in QPDs.
- Direct obligations of the U.S. Treasury.

The Clerk does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Clerk had no investments at year-end, or during the year.

**Note 3 - Capital Assets**

The tangible personal property used by the Clerk in its governmental fund operations, is reported as capital assets in the statement of net position in the County's basic financial statements. Upon acquisition, such assets are recorded as expenditures in the governmental fund types of the Clerk and capitalized at cost in the capital asset accounts of the County. The Clerk maintains custodial responsibility for the capital assets used by her office.

**Note 4 - Accumulated Compensated Absences**

The amount of vested accumulated compensated absences payable under the Clerk's leave policy is reported as a liability in the statement of net position in the County's basic financial statements. That liability is based on earned but unused leave time (vacation and sick) at current pay rates, plus FICA taxes related thereto. Leave time is accrued per the policy based on length of employment, and is payable at 100% upon retirement in good standing. Leave time earned after December 31, 2013, is capped at 500 hours depending on years of service.

**DESOTO COUNTY, FLORIDA  
CLERK OF THE CIRCUIT AND COUNTY COURTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

The policy explains that payouts for unused leave time are subject to funding availability. Non-vested amounts are not accrued and not considered to be significant.

The change in accumulated compensated absences during the year is as follows:

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2019</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	\$ 30,953	\$ 28,367	\$ (20,796)	\$ 38,524	\$ 3,852

These liabilities are not reported in the financial statements of the Clerk but rather are reported in the basic financial statements of the County.

**Note 5 - Florida Retirement System (FRS) Pension Benefits**

The Clerk participates in the FRS for Pension Benefits. A detailed plan description and any liability for employees of the Clerk are included in the financial statements of the County.

**Note 6 - Postemployment Benefits Other than Pensions**

The Clerk participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Clerk are included in the financial statements of the County.

**Note 7 - Risk Management**

The Clerk's office is covered for employee medical, workers' compensation, liability, and casualty risks by the Board. The Board provides coverage as a member of a public risk management pool in amounts that the Board feels are adequate.

The Clerk is also protected under sovereign immunity up to a maximum of \$200,000 per person/\$300,000 per occurrence for claims against the Clerk involving negligence, including automobile and general liability. Negligence claims in excess of the statutory limits set forth in Section 768.28, Florida Statutes, can only be recovered through an act of the State of Florida Legislature.

**Note 8 - Litigation and Contingencies**

From time-to-time, the office of the Clerk is involved as a defendant in certain litigation and claims arising from the ordinary course of operations. In the opinion of legal counsel, the range of potential liabilities will not materially affect the operations of the Clerk's office or the financial position of the County, which would be required to fund any claim payments.

**DESOTO COUNTY, FLORIDA  
CLERK OF THE CIRCUIT AND COUNTY COURTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Note 9 - COVID-19**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the COVID-19 outbreak). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The ultimate effect of the COVID-19 outbreak continues to evolve as of the date of this report, and is expected to be significant, but is not quantifiable at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA  
CLERK OF THE CIRCUIT AND COUNTY COURTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental Revenues	\$ 280,805	\$ 280,805	\$ 279,774	\$ (1,031)
Charges for Services:				
Court Activities	556,545	545,956	604,297	58,341
Non-Court Activities	190,000	190,000	205,321	15,321
Interest	-	-	664	664
<b>Total Revenues</b>	<u>1,027,350</u>	<u>1,016,761</u>	<u>1,090,056</u>	<u>73,295</u>
<b>Expenditures</b>				
Board Budget:				
General Government:				
Personnel Services	185,000	185,000	182,243	2,757
Operating Expenditures	28,000	28,000	30,714	(2,714)
State Budget:				
Court-Related Services:				
Personnel Services	698,350	684,324	671,138	13,186
Operating Expenditures	98,600	98,437	90,918	7,519
Capital Outlay	40,400	44,000	-	44,000
<b>(Total Expenditures)</b>	<u>(1,050,350)</u>	<u>(1,039,761)</u>	<u>(975,013)</u>	<u>64,748</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(23,000)</u>	<u>(23,000)</u>	<u>115,043</u>	<u>138,043</u>
<b>Other Financing Sources (Uses)</b>				
Reversion to the State of Florida	-	-	(122,679)	(122,679)
Transfers in from DeSoto County Board of County Commissioners	23,000	23,000	23,000	-
Transfers (out) to DeSoto County Board of County Commissioners	-	-	(15,364)	(15,364)
<b>Total Other Financing Sources (Uses)</b>	<u>23,000</u>	<u>23,000</u>	<u>(115,043)</u>	<u>(138,043)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DESOTO COUNTY, FLORIDA  
CLERK OF THE CIRCUIT AND COUNTY COURTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2019**

**Note 1 - Budgetary Information**

Budgets are legally adopted for the general fund and are on a basis consistent with generally accepted accounting principles. Budgetary control is exercised at the fund level; net expenditures cannot exceed the budgeted appropriation from the Board of County Commissioners (the Board) or the State of Florida, as amended. Budgetary changes within each fund can be made at the discretion of the Clerk of the Circuit and County Courts. Amendments to increase appropriations must be submitted to the Board or to the State of Florida.

The general fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. The Public Records Trust Fund and all other special revenue fund expenditures are restricted by statute; therefore, these budgets are not approved by the Board or by the State of Florida.



## **OTHER FINANCIAL INFORMATION**

**DESOTO COUNTY, FLORIDA**  
**CLERK OF THE CIRCUIT AND COUNTY COURTS**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2019**

	<u>Registry of Court Fund</u>	<u>Special Trust Fund</u>	<u>Child Support Fund</u>	<u>Total Agency Funds</u>
<b>Assets</b>				
Cash	\$ 290,678	\$ 296,406	\$ 4,172	\$ 591,256
<b>Liabilities</b>				
Due to Other Governments	-	1,804	4,172	5,976
Due to Individuals	-	294,602	-	294,602
Escrow Deposits	290,678	-	-	290,678
<b>Total Liabilities</b>	<u>\$ 290,678</u>	<u>\$ 296,406</u>	<u>\$ 4,172</u>	<u>\$ 591,256</u>

## **OTHER REPORTS**

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

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto 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 the DeSoto County, Florida Clerk of the Circuit and County Courts (the Clerk) as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated May 1, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 the 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 may exist that have not been identified.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

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An Independent Member of the BDO Alliance USA.*

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

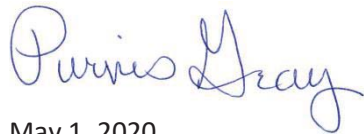
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matter 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.



May 1, 2020  
Sarasota, Florida

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

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

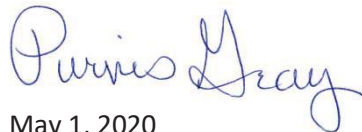
We have examined the DeSoto County, Florida Clerk of the Circuit and County Courts’ (the Clerk) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Clerk’s compliance with those requirements. Our responsibility is to express an opinion on the Clerk’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the 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 non-compliance, 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.

Our examination does not provide a legal determination on the Clerk’s compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

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



May 1, 2020  
Sarasota, Florida

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**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE  
WITH SECTIONS 28.35 AND 28.36, FLORIDA STATUTES**

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

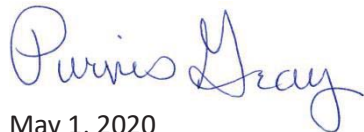
We have examined the DeSoto County, Florida Clerk of the Circuit and County Courts’ (the Clerk) compliance with Sections 28.35 and 28.36, Florida Statutes during the fiscal year ended September 30, 2019, as required by Section 10.556(10)(c), *Rules of the Auditor General*. Management is responsible for the Clerk’s compliance with those requirements. Our responsibility is to express an opinion on the Clerk’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the 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 non-compliance, 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.

Our examination does not provide a legal determination on the Clerk’s compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

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



May 1, 2020  
Sarasota, Florida

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## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 61.181, FLORIDA STATUTES

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

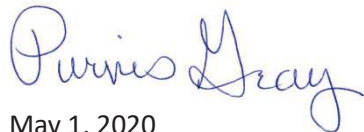
We have examined the DeSoto County, Florida Clerk of the Circuit and County Courts' (the Clerk) compliance with Section 61.181, Florida Statutes during the fiscal year ended September 30, 2019, as required by Section 10.556(10)(d), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the 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 non-compliance, 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.

Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

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



May 1, 2020  
Sarasota, Florida

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## MANAGEMENT LETTER

Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the DeSoto County, Florida Clerk of the Circuit and County Courts (the Clerk) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 1, 2020.

### 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 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, which are dated May 1, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### 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. In that regard, the Clerk was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Clerk does not have any component units.

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Honorable Nadia Daughtrey  
Clerk of the Circuit and County Courts  
DeSoto County, Florida

## MANAGEMENT LETTER

### 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.

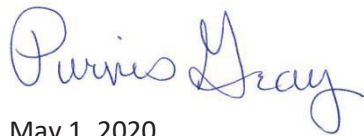
### Additional Matters

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

### Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk and management, and the Board of County Commissioners of DeSoto County, Florida, 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 courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



May 1, 2020  
Sarasota, Florida



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**SHERIFF  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Honorable James Potter  
Sheriff  
DeSoto County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the DeSoto County, Florida Sheriff (the Sheriff) as of and for the year ended September 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

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Honorable James Potter  
Sheriff  
DeSoto County, Florida

## INDEPENDENT AUDITOR'S REPORT

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter - Incomplete Presentation

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 (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons 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 DeSoto County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of DeSoto County, Florida as of September 30, 2019, 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 this matter.

### Other Matters

#### *Required Supplementary Information*

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

#### *Other Financial Information*

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

The combining statements are the responsibility of management, and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the

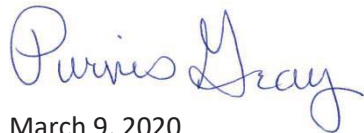
Honorable James Potter  
Sheriff  
DeSoto County, Florida

### INDEPENDENT AUDITOR'S REPORT

underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated in all material respects in relation to the financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2020, 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 the Sheriff's 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.



March 9, 2020  
Sarasota, Florida

## **FINANCIAL STATEMENTS**



**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	<b>Major Funds</b>				
	<b>General Fund</b>	<b>Communications Fund</b>	<b>Inmate Welfare Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash	\$ 1,401,723	\$ 177,286	\$ 224,885	\$ 17,848	\$ 1,821,742
Due from Other Governments	26,088	-	-	-	26,088
Due from Individuals and Businesses	9,836	882	8,332	4,957	24,007
<b>Total Assets</b>	<b>1,437,647</b>	<b>178,168</b>	<b>233,217</b>	<b>22,805</b>	<b>1,871,837</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Vouchers Payable	105,347	4,808	603	-	110,758
Accrued Liabilities	157,001	13,823	-	908	171,732
Unearned Revenue	1,000	-	-	-	1,000
Due to Board of County Commissioners	1,167,474	159,537	-	-	1,327,011
<b>Total Liabilities</b>	<b>1,430,822</b>	<b>178,168</b>	<b>603</b>	<b>908</b>	<b>1,610,501</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Grant Revenue	6,825	-	351	4,763	11,939
<b>Fund Balances</b>					
Restricted for:					
Inmate Benefits	-	-	232,263	-	232,263
Voluntary Extra Duty	-	-	-	2,843	2,843
Education and Training	-	-	-	12,920	12,920
Victim Advocate	-	-	-	1,371	1,371
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>232,263</b>	<b>17,134</b>	<b>249,397</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,437,647</b>	<b>\$ 178,168</b>	<b>\$ 233,217</b>	<b>\$ 22,805</b>	<b>\$ 1,871,837</b>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Communications Fund	Inmate Welfare Fund		
<b>Revenues</b>					
Intergovernmental	\$ 440,159	\$ 10,586	\$ -	\$ -	\$ 450,745
Charges for Service	28,500	-	105,509	49,232	183,241
Interest Income	1,520	137	-	12	1,669
Miscellaneous Income	31,879	-	1,800	-	33,679
<b>Total Revenues</b>	<u>502,058</u>	<u>10,723</u>	<u>107,309</u>	<u>49,244</u>	<u>669,334</u>
<b>Expenditures</b>					
Current:					
Public Safety - Law Enforcement:					
Personnel Services	5,459,308	-	-	49,617	5,508,925
Operating Expenditures	1,140,993	-	-	175	1,141,168
Capital Outlay	504,401	-	-	-	504,401
Public Safety - Corrections:					
Personnel Services	2,558,573	-	-	-	2,558,573
Operating Expenditures	1,281,462	-	49,025	-	1,330,487
Capital Outlay	70,234	-	7,595	-	77,829
Public Safety - Communications:					
Personnel Services	-	737,990	-	-	737,990
Operating Expenditures	-	85,204	-	-	85,204
Court Services -					
Courthouse Security:					
Personnel Services	378,801	-	-	-	378,801
<b>(Total Expenditures)</b>	<u>(11,393,772)</u>	<u>(823,194)</u>	<u>(56,620)</u>	<u>(49,792)</u>	<u>(12,323,378)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(10,891,714)</u>	<u>(812,471)</u>	<u>50,689</u>	<u>(548)</u>	<u>(11,654,044)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from Board of County Commissioners:					
Primary Allocation	12,005,955	972,008	-	-	12,977,963
Supplemental Funding	53,233	-	-	-	53,233
Transfers to Board of County Commissioners	(1,167,474)	(159,537)	-	-	(1,327,011)
<b>Total Other Financing Sources (Uses)</b>	<u>10,891,714</u>	<u>812,471</u>	<u>-</u>	<u>-</u>	<u>11,704,185</u>
<b>Net Change in Fund Balances</b>	-	-	50,689	(548)	50,141
<b>Fund Balances, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>181,574</u>	<u>17,682</u>	<u>199,256</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,263</u>	<u>\$ 17,134</u>	<u>\$ 249,397</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2019**

	<u>Total Agency Funds</u>
<b>Assets</b>	
Cash	\$ 15,286
Due from Others	<u>6,574</u>
<b>Total Assets</b>	<u><u>21,860</u></u>
<b>Liabilities</b>	
Due to Others	<u>21,860</u>
<b>Total Liabilities</b>	<u><u>\$ 21,860</u></u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements:

**Reporting Entity**

DeSoto 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) and an appointed County Administrator. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

The DeSoto County, Florida Sheriff (the Sheriff) is an elected constitutional officer of the County as provided for by the Constitution of the State of Florida. Pursuant to Chapter 129, Florida Statutes, the Sheriff's budget is submitted to the Board for approval. The Board appropriates and distributes to the Sheriff on a monthly basis funds necessary to operate the Sheriff's office. Any excess of appropriations received from the Board over actual expenditures for the fiscal year is required to be returned to the Board within 31 days after the close of the fiscal year.

For financial statement purposes, the Sheriff is deemed to be part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Sheriff's office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

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

GAAP sets forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures of each fund category) for the determination of major funds. Major funds are reported separately in the basic financial statements of the Sheriff.

The Sheriff reports the following major governmental funds:

■ **Governmental Fund Types**

- **General Fund**—a governmental fund—is used to account for all general operations of the Sheriff and all transactions that are not accounted for in another fund.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

- **Communications Fund**—a special revenue fund—is used to account for County-wide dispatch and the proceeds of telephone charges collected for the installation and operation of an Emergency 911 System. The Board receives the charges and transfers them to the Sheriff’s Communications Fund.
- **Inmate Welfare Fund**—a special revenue fund—is used to account for the proceeds from the commissary and pay phone sources that are restricted for inmate benefits.

In addition, the Sheriff also reports the following other fund types:

■ **Governmental Fund Types**

- **Special Revenue Funds**—special revenue funds account for the proceeds of specific revenue sources that are restricted for specified purposes.

■ **Fiduciary Fund Types**

- **Agency Funds**—agency funds are fiduciary funds, which are used to account for assets received and held by the Sheriff in the capacity of a trustee or as an agent for individuals, governmental agencies, and other public organizations. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

**Basis of Accounting**

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

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Grants are the primary revenue source considered to be susceptible to accrual. Expenditures are recognized when the related fund liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Agency funds are accounted for using the accrual basis of accounting.

The Sheriff considers receivables collected within 30 days after year-end to be available and recognizes them as revenues of the current year.

**Measurement Focus**

The accounting and financial reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Budgetary Process**

On or before June 1 of each year, the Sheriff submits a tentative budget for the ensuing fiscal year to the Board. The budgets of the general fund and communications fund are then adopted in the same manner as the budget of the Board.

Budgets are legally adopted for the general fund and communications fund, and are on a basis consistent with GAAP. Budgetary control is exercised at the fund level; net expenditures cannot exceed the budgeted appropriation from the Board, as amended. Budgetary changes within each fund can be made at the discretion of the Sheriff. Amendments to increase appropriations must be submitted to the Board. Budgets were not adopted for the remaining special revenue funds.

**Capital Assets**

Capital assets, which include vehicles and equipment, are recorded as capital outlay expenditures in the governmental funds at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the County-wide statement of net position as part of the basic financial statements of the County. Capital assets acquired under capital leases are capitalized at cost in the County's statement of net position at the time the assets are received. Donated and confiscated capital assets are recorded in the County's statement of net position at acquisition value at the time received. Capital assets are depreciated using the straight-line method over three to twenty-five years. The depreciation expense is recorded in the County-wide statement of activities as part of the basic financial statements of the County.

**Compensated Absences**

All full-time employees of the Sheriff are entitled to annual vacation and sick leave with pay. The employees may accumulate unused vacation leave up to a maximum of 240 hours and can accumulate sick leave with no limit. Accrued vacation leave is paid at termination, while accrued sick leave is only paid to employees who retire. Accrued sick leave is paid at a rate of 25% of the hours accrued, up to a maximum of 480 hours. Vacation and sick leave payments are included in operating costs when payments are made to the employees. The Sheriff does not, nor is he legally required to accumulate financial resources for these unmatured obligations. Accordingly, the liability for compensated absences is not reported in the governmental funds, but rather is reported in the basic financial statements of the County.

**Appropriations from the Board of County Commissioners and Refund of "Excess Fees"**

The County funds the majority of the operating budget of the Sheriff. The payments by the County to fund the operations of the Sheriff are recorded as other financing uses (transfers out) in the basic financial statements of the County, and as other financing sources (transfers in) in the financial statements of the Sheriff.

The Board requires that the excess of the County's appropriations (and other revenues) over expenditures be returned to the Board at the end of the fiscal year in both the general fund and the communications fund. Repayments to the County are recorded as other financing uses (transfers out) in the financial statements of the Sheriff and as other financing sources (transfers in) in the basic financial statements of the County. The amount of undistributed excess appropriations at the end of the fiscal year is reported as amounts due the Board.

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Prepaid Items**

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year paid.

**Deferred Inflows**

Deferred inflows represent revenues that have been earned, but are not available (because they were received more than 30 days after year-end).

**Fund Balances**

Fund balance classifications 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 Sheriff does not have any non-spendable fund balances.
- **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) of the Sheriff. These committed amounts cannot be used for any other purpose unless the Sheriff removes or changes the specified use by taking the same type of action (e.g., policy) he employed to constrain those amounts. The Sheriff does not have any committed fund balances.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’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: (a) negative unrestricted fund balances in any governmental fund, or (b) 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.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles, 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.

**DESOTO COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Note 2 - Cash and Cash Equivalents**

**Deposits**

At year-end, the carrying amount of the Sheriff's deposits was \$1,837,028, (\$1,821,742 in governmental funds and \$15,286 in agency funds), and the bank balance was \$1,927,129. The Sheriff's bank deposits are held in qualified public depositories (QPDs) pursuant to Chapter 280, Florida Statutes. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

**Investments**

The Sheriff has not adopted an investment policy and so, by statute, follows the state's guidance set forth in Section 219.075, Florida Statutes regarding the deposit of funds received and the investment of surplus funds. That section requires local governments without written investment policies, including county officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act of 1969*, as provided in Florida Statute 163.01.
- Securities and Exchange Commission registered money market funds with the highest credit rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories.
- Direct obligations of the U.S. Treasury.

The Sheriff does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Sheriff had no investments at year-end, or during the year.

**Note 3 - Capital Assets**

The tangible personal property used by the Sheriff in its governmental fund operations, is reported as capital assets in the statement of net position in the County's basic financial statements. Upon acquisition, such assets are recorded as expenditures in the governmental fund types of the Sheriff. Those assets are capitalized at cost in the capital asset accounts of the County. The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office.

Information on vehicles and equipment used in the operations of the Sheriff's office are presented below:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Capital Asset, Net</u>
<b>Beginning Balance</b>	\$ 6,722,037	\$ (4,713,627)	\$ 2,008,410
Capital Additions	1,190,790	-	1,190,790
Depreciation (Disposals)	-	(614,789)	(614,789)
	<u>(1,189,216)</u>	<u>1,159,209</u>	<u>(30,007)</u>
<b>Ending Balance</b>	<u>\$ 6,723,611</u>	<u>\$ (4,169,207)</u>	<u>\$ 2,554,405</u>



**DESOTO COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

The Sheriff routinely trades in assets when purchasing new assets. The remaining book value of the assets traded in is added to the value of the new asset. Also, some additions were donated from other entities. Following is a reconciliation of 2019 capital asset additions above to capital outlay on the accompanying statement of revenues, expenditures, and changes in fund balance:

	<b>2019</b>
Capital Outlay	\$ 582,229
Assets Paid for by the County	608,561
<b>Total Capital Additions (Above)</b>	<b>\$ 1,190,790</b>

**Note 4 - Accumulated Compensated Absences**

Note 1 describes the policy for accrual and payment of vacation and sick leave. Following is a summary of changes in the compensated absences liability during fiscal year 2019:

<b>Beginning Balance</b>	\$ 379,895
Net Decrease	(1,128)
<b>Ending Balance</b>	<b>\$ 378,767</b>

The portion of the above compensated absences liability estimated to be paid during the next year (current portion) is \$37,876.

**Note 5 - Florida Retirement System (FRS) Pension Benefits**

The Sheriff participates in the Florida Retirement System for Pension Benefits. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

**Note 6 - Postemployment Benefits Other than Pensions**

The Sheriff participates in the plan established by the Board to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

**Note 7 - Risk Management**

The Sheriff's office is covered for workers' compensation and employee medical risks by the Board. The Board provides coverage as a member of a public risk management pool in amounts that the Board feels are adequate.

The Sheriff also participates in the Florida Sheriff's Self-Insurance Program for risks related to professional liability and automobile risks. The funding agreements provide that each fund will be self-sustaining through member premiums and that the Sheriff's liability will reimburse through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

official's liability. Coverage limits for automobile risks are \$300,000 per accident for bodily injury and \$300,000 per accident for property damage. Negligence claims in excess of the statutory limits set forth in Section 768.28, Florida Statutes, can only be recovered through an act of the State of Florida Legislature.

Additionally, the Sheriff has obtained coverage for inmate medical claims up to \$250,000.

**Note 8 - Litigation**

The Sheriff is periodically involved as a defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. It is at least possible that the ultimate liability for known and unknown claims existing at the balance sheet date may be material. However, it is presumed any significant judgments against the Sheriff would be settled by the Board. Accordingly, no contingent liabilities have been accrued in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 314,948	\$ 440,159	\$ 125,211
Charges for Service	-	28,500	28,500	-
Interest Income	-	-	1,520	1,520
Miscellaneous Income	-	-	31,879	31,879
<b>Total Revenues</b>	-	343,448	502,058	158,610
<b>Expenditures</b>				
Current:				
Personnel Services	8,850,474	9,193,922	8,396,682	797,240
Operating Expenditures	2,828,481	2,859,829	2,422,455	437,374
Capital Outlay	317,000	338,885	574,635	(235,750)
Reserves	10,000	10,000	-	10,000
<b>(Total Expenditures)</b>	(12,005,955)	(12,402,636)	(11,393,772)	1,008,864
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(12,005,955)	(12,059,188)	(10,891,714)	1,167,474
<b>Other Financing Sources (Uses)</b>				
Transfers from Board of County Commissioners:				
Primary Allocation	12,005,955	12,005,955	12,005,955	-
Supplemental Funding	-	53,233	53,233	-
Transfers to Board of County Commissioners	-	-	(1,167,474)	(1,167,474)
<b>Total Other Financing Sources (Uses)</b>	12,005,955	12,059,188	10,891,714	(1,167,474)
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance, Beginning of Year</b>	-	-	-	-
<b>Fund Balance, End of Year</b>	\$ -	\$ -	\$ -	\$ -

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COMMUNICATIONS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 10,586	\$ 10,586
Interest Income	-	-	137	137
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>10,723</u>	<u>10,723</u>
<b>Expenditures</b>				
Current:				
Public Safety - Communications:				
Personnel Services	824,785	824,785	737,990	86,795
Operating Expenditures	117,223	117,223	85,204	32,019
Capital Outlay	30,000	30,000	-	30,000
<b>(Total Expenditures)</b>	<u>(972,008)</u>	<u>(972,008)</u>	<u>(823,194)</u>	<u>148,814</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(972,008)</u>	<u>(972,008)</u>	<u>(812,471)</u>	<u>159,537</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Board of County Commissioners	972,008	972,008	972,008	-
Transfers to Board of County Commissioners	-	-	(159,537)	(159,537)
<b>Total Other Financing Sources (Uses)</b>	<u>972,008</u>	<u>972,008</u>	<u>812,471</u>	<u>(159,537)</u>
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance, Beginning of Year</b>	-	-	-	-
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2019**

**Note 1 - Budgetary Information**

Budgets are legally adopted for the general fund and communications fund, and are on a basis consistent with GAAP. Budgetary control is exercised at the fund level; net expenditures cannot exceed the budgeted appropriation from the Board of County Commissioners, as amended. Budgetary changes within each fund can be made at the discretion of the Sheriff. Amendments to increase appropriations must be submitted to the Board.

The General fund and Communications fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. The Inmate Welfare fund and all other special revenue fund expenditures are restricted by statute; therefore, these budgets are not approved by the Board.

## **OTHER FINANCIAL INFORMATION**

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**COMBINING BALANCE SHEET**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	Volunteer Extra Duty Fund	Education Fund	Victim Advocate Fund	Total Non-Major Governmental Funds
<b>Assets</b>				
Cash	\$ 3,751	\$ 12,726	\$ 1,371	\$ 17,848
Due from Individuals and Businesses	4,763	194	-	4,957
<b>Total Assets</b>	<u>8,514</u>	<u>12,920</u>	<u>1,371</u>	<u>22,805</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accrued Liabilities	908	-	-	908
<b>Total Liabilities</b>	<u>908</u>	<u>-</u>	<u>-</u>	<u>908</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Grant Revenue	4,763	-	-	4,763
<b>Total Deferred Inflows of Resources</b>	<u>4,763</u>	<u>-</u>	<u>-</u>	<u>4,763</u>
<b>Fund Balances</b>				
Restricted for:				
Voluntary Extra Duty	2,843	-	-	2,843
Education and Training	-	12,920	-	12,920
Victim Advocate	-	-	1,371	1,371
<b>Total Fund Balances</b>	<u>2,843</u>	<u>12,920</u>	<u>1,371</u>	<u>17,134</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 8,514</u>	<u>\$ 12,920</u>	<u>\$ 1,371</u>	<u>\$ 22,805</u>



**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Volunteer Extra Duty Fund</b>	<b>Education Fund</b>	<b>Victim Advocate Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>Revenues</b>				
Charges for Service	\$ 46,758	\$ 2,399	\$ 75	\$ 49,232
Interest Income	-	12	-	12
<b>Total Revenues</b>	<u>46,758</u>	<u>2,411</u>	<u>75</u>	<u>49,244</u>
<b>Expenditures</b>				
Current:				
Public Safety - Law Enforcement:				
Personnel Services	49,617	-	-	49,617
Operating Expenditures	-	-	175	175
<b>(Total Expenditures)</b>	<u>(49,617)</u>	<u>-</u>	<u>(175)</u>	<u>(49,792)</u>
<b>Net Change in Fund Balances</b>	(2,859)	2,411	(100)	(548)
<b>Fund Balances, Beginning of Year</b>	<u>5,702</u>	<u>10,509</u>	<u>1,471</u>	<u>17,682</u>
<b>Fund Balances, End of Year</b>	<u>\$ 2,843</u>	<u>\$ 12,920</u>	<u>\$ 1,371</u>	<u>\$ 17,134</u>

**DESOTO COUNTY, FLORIDA**  
**SHERIFF**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2019**

	<b>Cash Bond Fund</b>	<b>Individual Depositors Fund</b>	<b>Other Suspense Fund</b>	<b>Inmate Trust Fund</b>	<b>Total Agency Funds</b>
<b>Assets</b>					
Cash	\$ 5	\$ 1,005	\$ 272	\$ 14,004	\$ 15,286
Due from Others	-	5,118	1,456	-	6,574
<b>Total Assets</b>	<u>5</u>	<u>6,123</u>	<u>1,728</u>	<u>14,004</u>	<u>21,860</u>
<b>Liabilities</b>					
Due to Others	5	6,123	1,728	14,004	21,860
<b>Total Liabilities</b>	<u>\$ 5</u>	<u>\$ 6,123</u>	<u>\$ 1,728</u>	<u>\$ 14,004</u>	<u>\$ 21,860</u>

## **OTHER REPORTS**

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

Honorable James Potter  
Sheriff  
DeSoto County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the DeSoto County, Florida Sheriff (the Sheriff) as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2020, which was modified to state that the financial statements are not intended to be a complete presentation of DeSoto County, Florida, as a whole.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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 may exist that have not been identified.

**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, non-compliance with which could have a direct and material effect on

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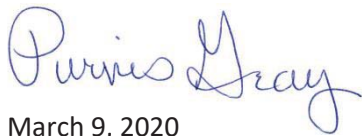
Honorable James Potter  
Sheriff  
DeSoto County, Florida

**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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 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.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

March 9, 2020  
Sarasota, Florida

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE  
WITH FLORIDA STATUTE, SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Honorable James Potter  
Sheriff  
DeSoto County, Florida

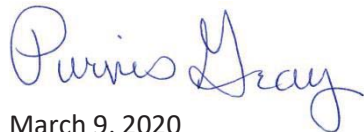
We have examined the DeSoto County, Florida Sheriff’s (the Sheriff) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Sheriff’s compliance with those requirements. Our responsibility is to express an opinion on the Sheriff’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied, in all material respects, with the 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 judgment, including an assessment of the risks of material non-compliance, 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.

Our examination does not provide a legal determination on the Sheriff’s compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

This report 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, the Sheriff, its management, and the Board of County Commissioners of DeSoto County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



March 9, 2020  
Sarasota, Florida

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## MANAGEMENT LETTER

Honorable James Potter  
Sheriff  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the DeSoto County, Florida Sheriff (the Sheriff) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 9, 2020.

### 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 the American Institute of Certified Public Accountants *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 March 9, 2020, 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. There were no findings or recommendations made in the preceding annual financial audit report.

### 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. In that regard, the Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Sheriff does not have any component units.

### 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.

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Honorable James Potter  
Sheriff  
DeSoto County, Florida

## MANAGEMENT LETTER

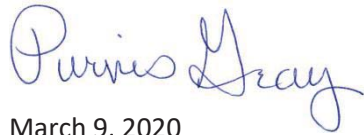
### **Additional Matters**

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

### **Purpose of the 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, the Sheriff, its management, and the Board of County Commissioners of DeSoto County, Florida, 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 courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

March 9, 2020  
Sarasota, Florida



TAX COLLECTOR

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**TAX COLLECTOR  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the general fund (major fund) and the aggregate remaining fund information of the DeSoto County, Florida Tax Collector (the Tax Collector) as of and for the year ended September 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund (major fund) and the aggregate remaining fund

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Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

## INDEPENDENT AUDITOR'S REPORT

information of the Tax Collector as of September 30, 2019, and the changes in financial position of the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter - Incomplete Presentation**

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 (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons 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 DeSoto County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of DeSoto County, Florida as of September 30, 2019, 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 this matter.

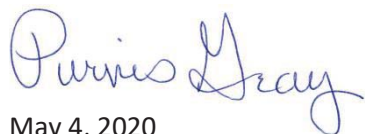
### **Other Matters**

#### *Required Supplementary Information*

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2020, 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 the Tax Collector's 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.



May 4, 2020  
Sarasota, Florida

## **FINANCIAL STATEMENTS**

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**BALANCE SHEET**  
**GENERAL FUND (MAJOR FUND)**  
**SEPTEMBER 30, 2019**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 266,990
Due from Other Taxing Districts	15,881
<b>Total Assets</b>	<u>282,871</u>
 <b>Liabilities, Deferred Inflows, and Fund Balance</b>	
<b>Liabilities</b>	
Due to Board of County Commissioners	245,741
Due to Other Taxing Agencies	8,547
Unearned Revenue	12,702
<b>Total Liabilities</b>	<u>266,990</u>
 <b>Deferred Inflows of Resources</b>	
Unavailable Revenue	<u>15,881</u>
 <b>Fund Balance</b>	 <u>-</u>
 <b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	 <u>\$ 282,871</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND (MAJOR FUND)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Revenues**

Commissions and Fees:

Board of County Commissioners	\$ 777,784
Other Governmental Units	283,820
Delinquent Tax Fees	85,303
Other Taxing Districts	18,505
Interest	265
Miscellaneous	393

<b>Total Revenues</b>	1,166,070
-----------------------	-----------

**Expenditures**

Current:

General Government:

Personnel Services	801,555
Operating Expenditures	103,736
Capital Outlay	15,038

<b>(Total Expenditures)</b>	(920,329)
-----------------------------	-----------

<b>Excess of Revenues Over Expenditures</b>	245,741
---	---------

**Other Financing (Uses) Sources**

Distribution of Excess Commissions to DeSoto County,  
Florida, Board of County Commissioners

(245,741)

<b>Total Other Financing (Uses) Sources</b>	(245,741)
---	-----------

<b>Net Change in Fund Balance</b>	-
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<b>Fund Balance, Beginning of Year</b>	-
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<b>Fund Balance, End of Year</b>	\$ -
----------------------------------	------

See accompanying notes.

**DESOTO COUNTY, FLORIDA  
TAX COLLECTOR  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
SEPTEMBER 30, 2019**

**Assets**

Cash and Cash Equivalents	\$ 582,036
Accounts Receivable	14,817
<b>Total Assets</b>	<u>596,853</u>

**Liabilities**

Due to Other Governments	533,943
Escrow Deposits	62,910
<b>Total Liabilities</b>	<u>\$ 596,853</u>

See accompanying notes.



**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

**Reporting Entity**

DeSoto 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) and an appointed County Administrator. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

The DeSoto County, Florida Tax Collector (the Tax Collector) is an elected constitutional officer of the County as provided for by the Constitution of the State of Florida. Pursuant to Chapter 195.087, Florida Statutes, the Tax Collector's budget is submitted annually to the Florida Department of Revenue for approval and a copy is forwarded to the Board for coordination with the Board's budget. Any excess revenues received over expenditures made are remitted at year-end to the taxing districts.

As provided in Florida Statutes, the Tax Collector periodically notifies the Board and other governmental agencies of the commissions and fees due to the Tax Collector. By statute, commissions and fees attributable to the school board are paid by the Board.

For financial reporting purposes, the Tax Collector is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Tax Collector's office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

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, deferred inflows, 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 major governmental fund:

- **The General Fund**—a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Tax Collector that are not required either legally or by GAAP to be accounted for in another fund.

**DESOTO COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

In addition, the Tax Collector also reports the following other fund type:

- **The Agency Fund**—fiduciary funds, are custodial in nature and do not involve measurement of changes in financial position (assets equal liabilities). The agency fund is used primarily for the following:
  - To account for the collection of certain state taxes and fees, including motor vehicle registration fees and the subsequent remittance of those fees (less commission) to the State of Florida.
  - To account for the collection and distribution of local taxes and licenses, including real and personal property taxes.

**Basis of Accounting**

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

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Agency funds are accounted for using the accrual basis of accounting.

Charges for services on the collection of property taxes are recognized as revenue in the fiscal year for which taxes are levied, provided they are collected within 30 days after the end of the fiscal year (if not, they are deferred). Certain other miscellaneous revenues are recorded as revenues when received because they are generally not measurable until actually received. Investment revenues are recorded as earned.

**Measurement Focus**

The accounting and financial reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**Budgetary Requirement**

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes.

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

A budget is legally adopted for the general fund and is on a basis consistent with GAAP. Budgetary control is at the expenditure classification level (personnel services, operating expenditures, and capital outlay). Budgetary changes within expenditure classification are made at the discretion of the Tax Collector. Amendments between expenditure classifications must be notified to the State of Florida Department of Revenue.

**Property Tax Collections**

Chapter 197, Florida Statutes, governs property tax collection.

*Current Taxes*

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

*Unpaid Taxes—Sale of Tax Certificates*

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

*Tax Deeds*

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

**Refund of “Excess Fees”**

Florida Statutes provide that the excess of the Tax Collector’s fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by each governmental agency bear to total fee income of the office. The amount of undistributed excess fees at the end of the fiscal year is reported as amounts due to Board of County Commissioners and due to other taxing agencies.

The County pays a major portion of the fees collected by the Tax Collector. The payments by the County are recorded as operating expenditures in the basic financial statements of the County, and as charges for services revenue in the financial statements of the Tax Collector. Repayments to the County are recorded as other financing uses (transfers out) in the financial statements of the Tax Collector and as other financing sources (transfers in) in the basic financial statements of the County.

**Prepaid Items**

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year paid.

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Deferred Inflows and Unearned Revenue**

Deferred inflows represent revenues that have been earned, but are not available (because they were received more than 30 days after year-end). Unearned revenue represents the portion of biennial service fees attributable to future years.

**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. Actual results could differ from estimates.

**Note 2 - Cash and Investments**

**Cash**

At year-end, the carrying amount of the Tax Collector's deposits was \$844,826 (\$262,790 in governmental funds and \$582,036 in agency funds). All of the Tax Collector's public deposits are held in qualified public depositories (QPDs) pursuant to Florida Statutes, Chapter 280. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

In addition to cash deposits, the Tax Collector maintains cash on hand for the purpose of making change on transactions. At September 30, 2019, the Tax Collector held \$4,200 in cash on hand.

**Investments**

The Tax Collector has not adopted an investment policy and so, by statute, follows the state's guidance set forth in Section 219.075, Florida Statutes, regarding the deposit of funds received and the investment of surplus funds. That section requires local governments without written investment policies, including County officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

- a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act of 1969*, as provided in Florida Statute 163.01.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest-bearing time deposits or savings accounts in qualified public depositories.
- d. Direct obligations of the United States Treasury.

The Tax Collector does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Tax Collector had no investments at year-end or during the year.

**DESOTO COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Note 3 - Capital Assets**

The tangible personal property used by the Tax Collector in its governmental fund operations is reported as capital assets in the statement of net position in the County's basic financial statements. Upon acquisition, such assets are recorded as expenditures in the general fund of the Tax Collector and capitalized at cost in the capital asset accounts of the County. The Tax Collector maintains custodial responsibility for the capital assets used by her office.

**Note 4 - Accumulated Compensated Absences**

The amount of vested accumulated compensated absences payable under the Tax Collector's vacation policy, is reported as a liability in the statement of net position in the County's basic financial statements. That liability includes earned but unused vacation, as well as FICA taxes related thereto. Vacation time is accrued based on length of employment. After six months of service, vacation time is paid out hour for hour upon separation from employment. Non-vested amounts are not considered to be significant.

The change in accumulated compensated absences during the year is as follows:

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2019</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	\$ 7,736	\$ 23,663	\$ (28,095)	\$ 3,304	\$ 380

These liabilities are not reported on the fund statements for the Tax Collector but rather on the basic financial statements of the County.

**Note 5 - Florida Retirement System (FRS) Pension Benefits**

The Tax Collector participates in the FRS for Pension Benefits. A detailed plan description and any liability for employees of the Tax Collector are included in the financial statements of the County.

**Note 6 - Postemployment Benefits Other Than Pensions**

The Tax Collector participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Tax Collector are included in the financial statements of the County.

**Note 7 - Risk Management**

The Tax Collector's office is covered for employee medical, workers' compensation, and liability and casualty risks by the Board. The Board provides coverage as a member of a public risk management pool in amounts that the Board feels are adequate.

**DESOTO COUNTY, FLORIDA**  
**TAX COLLECTOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

The Tax Collector is also protected under sovereign immunity up to a maximum of \$200,000 per person/\$300,000 per occurrence for claims against the Tax Collector involving negligence, including automobile and general liability. Negligence claims in excess of the statutory limits set forth in Section 768.28, Florida Statutes, can only be recovered through an act of the State of Florida Legislature.

**Note 8 - Litigation**

From time-to-time, the office of the Tax Collector is involved as a defendant in certain litigation and claims arising from the ordinary course of operations. In the opinion of legal counsel, the range of potential liabilities will not materially affect the operations of the Tax Collector's office or the combined financial position of the County, which would be required to fund any claim payments.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA  
TAX COLLECTOR  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND (MAJOR FUND)  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Commissions and Fees:				
Board of County Commissioners	\$ 740,000	\$ 740,000	\$ 777,784	\$ 37,784
Other Governmental Units	298,560	298,560	283,820	(14,740)
Delinquent Tax Fees	100,000	100,000	85,303	(14,697)
Other Taxing Districts	30,000	30,000	18,505	(11,495)
Interest	500	500	265	(235)
Miscellaneous	1,500	1,500	393	(1,107)
<b>Total Revenues</b>	<u>1,170,560</u>	<u>1,170,560</u>	<u>1,166,070</u>	<u>(4,490)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personnel Services	820,217	820,217	801,555	18,662
Operating Expenditures	167,585	152,547	103,736	48,811
Capital Outlay	-	15,038	15,038	-
<b>(Total Expenditures)</b>	<u>(987,802)</u>	<u>(987,802)</u>	<u>(920,329)</u>	<u>67,473</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>182,758</u>	<u>182,758</u>	<u>245,741</u>	<u>62,983</u>
<b>Other Financing Sources (Uses)</b>				
Distribution of Excess Commissions to DeSoto County, Florida, Board of County Commissioners	(182,758)	(182,758)	(245,741)	(62,983)
<b>Total Other Financing Sources (Uses)</b>	<u>(182,758)</u>	<u>(182,758)</u>	<u>(245,741)</u>	<u>(62,983)</u>
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance, Beginning of Year</b>	-	-	-	-
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



## **OTHER REPORTS**

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

Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the general fund and the aggregate remaining fund information of the DeSoto County, Florida Tax Collector (the Tax Collector) as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated May 4, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. 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 may exist that have not been identified.

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Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

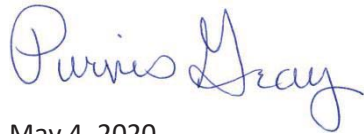
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 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.



May 4, 2020  
Sarasota, Florida

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

Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

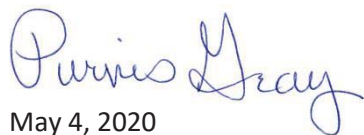
We have examined the DeSoto County, Florida Tax Collector's (the Tax Collector) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2019. Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Tax Collector complies, in all material respects, with the 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 judgment, including an assessment of the risks of material non-compliance, 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.

Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

This report 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, the Tax Collector, its management, and the Board of County Commissioners of DeSoto County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



May 4, 2020  
Sarasota, Florida

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## MANAGEMENT LETTER

Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the financial statements of the general fund and the aggregate remaining fund information of the DeSoto County, Florida Tax Collector (the Tax Collector), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 4, 2020.

### 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 May 4, 2020, 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. There were no findings or recommendations made in the preceding annual financial audit report.

### 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. In that regard, the Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Tax Collector does not have any component units.

### 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.

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Honorable Kathryn J. Hill  
Tax Collector  
DeSoto County, Florida

## MANAGEMENT LETTER

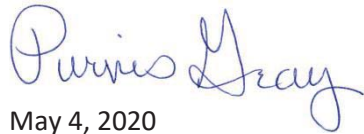
### **Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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, the Tax Collector, her management team, and the Board of County Commissioners of DeSoto County, Florida, 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 courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

May 4, 2020  
Sarasota, Florida



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**PROPERTY APPRAISER  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the general fund (major fund) of the DeSoto County, Florida Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund (major fund) of the Property Appraiser, as of September 30, 2019,

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Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

## INDEPENDENT AUDITOR'S REPORT

and the changes in financial position, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter – Incomplete Presentation**

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 (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of the general fund (major fund), only for that portion of the general fund (major fund) of DeSoto County, Florida that is attributable to the Property Appraiser. They do not purport to, and do not present fairly the financial position of DeSoto County, Florida as of September 30, 2019, 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 this matter.

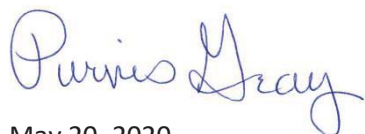
### **Other Matters**

#### *Required Supplementary Information*

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2020, 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 the Property Appraiser's 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.



May 20, 2020  
Sarasota, Florida

## **FINANCIAL STATEMENTS**

**DESOTO COUNTY, FLORIDA  
PROPERTY APPRAISER  
BALANCE SHEET  
GENERAL FUND (MAJOR FUND)  
SEPTEMBER 30, 2019**

<b>Assets</b>	
Cash	\$ 158,938
<b>Total Assets</b>	<u>158,938</u>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts Payable and Accrued Expenses	8,114
Due to DeSoto County Board of County Commissioners	148,100
Due to Other Governments	<u>2,724</u>
<b>Total Liabilities</b>	<u>158,938</u>
<b>Fund Balance</b>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 158,938</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND (MAJOR FUND)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Revenues**

Charges for Services:

DeSoto County Board of County Commissioners

\$ 1,063,233

Other Taxing Agencies

16,830

Interest Income

228

Miscellaneous

1,978

**Total Revenues**

1,082,269

**Expenditures**

Current:

General Government:

Personnel Services

717,236

Operating Expenditures

213,660

Capital Outlay

3,273

**(Total Expenditures)**

(934,169)

**Excess of Revenues Over Expenditures**

148,100

**Other Financing Sources (Uses)**

Distribution of Excess Appropriations to DeSoto County

Board of County Commissioners

(148,100)

**Total Other Financing Sources (Uses)**

(148,100)

**Net Change in Fund Balance**

-

**Fund Balance, Beginning of Year**

-

**Fund Balance, End of Year**

\$ -

See accompanying notes.

**DESOTO COUNTY, FLORIDA**  
**PROPERTY APPRAISER**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements:

**Reporting Entity**

DeSoto 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) and managed by an appointed County Administrator. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of the State of Florida.

The DeSoto County, Florida Property Appraiser (the Property Appraiser) is an elected constitutional officer of the County as provided for by the Constitution of the State of Florida. Pursuant to the Florida Statutes, the Property Appraiser's budget is submitted annually to the Florida Department of Revenue, Division of Ad Valorem Tax, for approval, and a copy is forwarded to the Board.

Fees earned by the Property Appraiser (equal to the amount of the amended budget) are billed quarterly to the Board and other governmental agencies in proportion to prior year taxes levied, or in the case of non-ad valorem districts, by other reasonable methods. By statute, fees attributable to municipalities and school boards are paid by the Board.

For financial statement reporting purposes, the Property Appraiser is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Property Appraiser's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General - Local Governmental Entity Audits*.

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

The Property Appraiser reports the following fund type:

- **Governmental Fund**
  - **Major Fund**
    - ▶ **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 another fund.

**DESOTO COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Basis of Accounting**

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

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid.

Charges for services on the assessment of property are recognized as revenue in the fiscal year earned, provided they are collected within 30 days after the end of the fiscal year (if not, they are deferred). Certain other miscellaneous revenues are recorded as revenues when received because they are generally not measurable until actually received. Interest income is recorded as earned.

**Measurement Focus**

The accounting and financial reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. The governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that, generally, only current assets and current liabilities are included in the balance sheet.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**Refund of “Excess Fees”**

Florida Statutes provide that the excess of the Property Appraiser’s fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by each governmental agency. The amount of undistributed excess fees at the end of the fiscal year is reported as amounts due to the Board and other governmental agencies.

The County pays a major portion of the fees collected by the Property Appraiser. The payments by the County are recorded as operating expenditures in the basic financial statements of the County, and as charges for services revenues in the financial statements of the Constitutional Officer. Repayments to the County are recorded as other financing uses (transfers out) in the financial statements of the Constitutional Officer and as other financing sources (transfers in) in the basic financial statements of the County.

**Prepaid Items**

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year paid.

**Use of Estimates**

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

**DESOTO COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Note 2 - Cash and Investments**

**Cash**

At year-end, the carrying amount of the Property Appraiser's deposits was \$158,838. All of the Property Appraiser's public deposits are held in qualified public depositories (QPDs) pursuant to Florida Statutes, Chapter 280. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

In addition to cash deposits, the Property Appraiser maintains cash on hand for the purpose of making change on transactions. At September 30, 2019, the Property Appraiser held \$100 in cash on hand.

**Investments**

The Property Appraiser has not adopted an investment policy and so, by statute, follows the state's guidance set forth in Section 219.075, Florida Statutes, regarding the deposit of funds received and the investment of surplus funds. That Section requires local governments without written investment policies, including County officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

- a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*, as provided in Florida Statute 163.01.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest-bearing time deposits or savings accounts in qualified public depositories.
- d. Direct obligations of the United States Treasury.

The Property Appraiser does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Property Appraiser had no investments at year-end, or during the year.

**Note 3 - Capital Assets**

The tangible personal property used by the Property Appraiser is reported as capital assets in the statement of net position in the County's basic financial statements. Upon acquisition, such assets are recorded as expenditures in the general fund of the Property Appraiser and capitalized at cost in the capital asset accounts of the County. The Property Appraiser maintains custodial responsibility for the capital assets used by his office.



**DESOTO COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Note 4 - Accumulated Compensated Absences**

The amount of vested accumulated compensated absences payable under the Property Appraiser's annual leave and sick leave policy is reported as a liability in the statement of net position in the County's basic financial statements. That liability includes earned but unused vacation, as well as payroll taxes related thereto. Annual vacation is accrued based on length of employment. After six months of service, annual vacation is paid out hour for hour upon separation from employment.

The change in accumulated compensated absences during the year is as follows:

	Balance October 1, 2018	Additions	Retirements	Balance September 30, 2019	Due Within One Year
Accrued Compensated Absences	\$ 21,503	\$ 17,625	\$ (16,147)	\$ 22,981	\$ 2,298

**Note 5 - Florida Retirement System (FRS) Pension Benefits**

The Property Appraiser participates in the FRS for Pension Benefits. A detailed plan description and any liability for employees of the Property Appraiser are included in the financial statements of the County.

**Note 6 - Postemployment Benefits Other than Pensions**

The Property Appraiser participates in the plan established by the Board to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Property Appraiser are included in the financial statements of the County.

**Note 7 - Risk Management**

The Property Appraiser's Office is covered for employee medical, workers' compensation, liability, and casualty risks by the Board. The Board provides coverage as a member of a public risk management pool in amounts that the Board feels are adequate.

The Property Appraiser is also protected under sovereign immunity up to a maximum of \$200,000 per person/\$300,000 per occurrence for claims against the Property Appraiser involving negligence, including automobile and general liability. Negligence claims in excess of the statutory limits set forth in Section 768.28, Florida Statutes, can only be recovered through an act of the State of Florida Legislature.

**Note 8 - Litigation**

From time-to-time, there are lawsuits pending against the Property Appraiser. These usually deal with the valuation and assessment of real properties in the County and the denial of exemptions. The Property Appraiser and legal counsel are of the opinion that the outcome of these lawsuits will not have a material adverse effect on the financial position of the Property Appraiser.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA  
PROPERTY APPRAISER  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND (MAJOR FUND)  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services:				
DeSoto County Board of County Commissioners	\$ 1,061,821	\$ 1,063,233	\$ 1,063,233	\$ -
Other Taxing Agencies	19,554	19,554	16,830	(2,724)
Interest Income	-	-	228	228
Miscellaneous	-	-	1,978	1,978
<b>Total Revenues</b>	<u>1,081,375</u>	<u>1,082,787</u>	<u>1,082,269</u>	<u>(518)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personnel Services	852,404	815,816	717,236	98,580
Operating Expenditures	168,921	228,421	213,660	14,761
Capital Outlay	-	-	3,273	(3,273)
Reserve	60,050	38,550	-	38,550
<b>(Total Expenditures)</b>	<u>(1,081,375)</u>	<u>(1,082,787)</u>	<u>(934,169)</u>	<u>148,618</u>
<b>Excess of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>148,100</u>	<u>148,100</u>
<b>Other Financing Sources (Uses)</b>				
Distribution of Excess Appropriations to DeSoto County Board of County Commissioners	-	-	(148,100)	(148,100)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(148,100)</u>	<u>(148,100)</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DESOTO COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2019**

**Note 1 - Budgetary Requirement**

On or before June 1 of each year, DeSoto County, Florida Property Appraiser (the Property Appraiser) submits a tentative budget for the ensuing fiscal year to the Florida Department of Revenue, and a copy is forwarded to the Board of County Commissioners.

A budget is legally adopted only for the general fund and is on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is at the expenditure classification level (personnel services, operating expenditures, and capital outlay).

Budgetary changes within expenditure classification are made at the discretion of the Property Appraiser. Amendments between expenditure classifications must be submitted to the State of Florida Department of Revenue. The Property Appraiser exceeded the capital outlay budget by \$3,273 for fiscal year ended September 30, 2019. However, expenditures in total did not exceed the budget.

## **OTHER REPORTS**

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

Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the general fund (major fund) of the DeSoto County, Florida Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2020.

**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) to determine the 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 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 may exist that have not been identified.

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Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

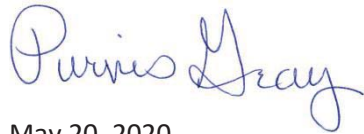
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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.



May 20, 2020  
Sarasota, Florida

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

Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

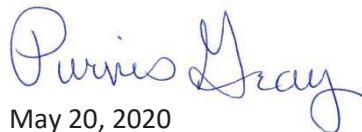
We have examined the DeSoto County, Florida Property Appraiser’s (the Property Appraiser) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2019. Management is responsible for the Property Appraiser’s compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Property Appraiser complied, in all material respects, with the 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 judgment, including an assessment of the risks of material non-compliance, 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.

Our examination does not provide a legal determination on the Property Appraiser’s compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

This report 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, the Property Appraiser, management, and the Board of County Commissioners of DeSoto County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



May 20, 2020  
Sarasota, Florida

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## MANAGEMENT LETTER

Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the financial statements of the general fund (major fund) of the DeSoto County, Florida Property Appraiser (the Property Appraiser) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 20, 2020.

### 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 May 20, 2020, 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. There were no findings or recommendations made in the preceding annual financial audit report.

### 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. In that regard, the Property Appraiser was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Property Appraiser does not have any component units.

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Honorable David A. Williams, CFA  
Property Appraiser  
DeSoto County, Florida

## MANAGEMENT LETTER

### 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.

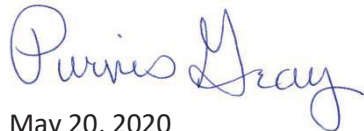
### Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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, the Property Appraiser, its management team, and the Board of County Commissioners of DeSoto County, Florida, 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 courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



May 20, 2020  
Sarasota, Florida



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**SUPERVISOR OF ELECTIONS  
DESOTO COUNTY, FLORIDA**

**SEPTEMBER 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the general fund (major fund) of the DeSoto County, Florida Supervisor of Elections (the Supervisor of Elections) as of and for the year ended September 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund (major fund) of the Supervisor of Elections as of September 30, 2019, and the changes in financial position of the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

## INDEPENDENT AUDITOR'S REPORT

### **Emphasis of Matter – Incomplete Presentation**

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 (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of the general fund (major fund), only for that portion of the general fund of DeSoto County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of DeSoto County, Florida as of September 30, 2019, 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 this matter.

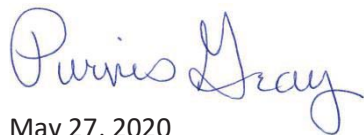
### **Other Matters**

#### *Required Supplementary Information*

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2020, 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 the Supervisor of Elections' 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.



May 27, 2020  
Sarasota, Florida

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
BALANCE SHEET  
GENERAL FUND (MAJOR FUND)  
SEPTEMBER 30, 2019**

<b>Assets</b>	
Cash	\$ 25,806
Prepaid Items	14,073
<b>Total Assets</b>	<u>39,879</u>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts Payable	470
Unearned Revenue	8,041
Due to DeSoto County Board of County Commissioners	17,295
<b>Total Liabilities</b>	<u>25,806</u>
<b>Fund Balance</b>	
Non-Spendable	<u>14,073</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 39,879</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
GENERAL FUND (MAJOR FUND)  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b>Revenues</b>	
Charges for Services	\$ 4,333
Intergovernmental Revenues	70,757
Interest Income	32
<b>Total Revenues</b>	75,122
<b>Expenditures</b>	
Current:	
General Government:	
Personnel Services	278,825
Operating Expenditures	134,845
Capital Outlay	56,508
<b>(Total Expenditures)</b>	(470,178)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(395,056)
<b>Other Financing Sources (Uses)</b>	
Transfers in from DeSoto County, Board of County Commissioners	411,221
Transfers (out) to DeSoto County Board of County Commissioners	(17,295)
<b>Total Other Financing Sources (Uses)</b>	393,926
<b>Net Change in Fund Balance</b>	(1,130)
<b>Fund Balance, Beginning of Year</b>	15,203
<b>Fund Balance, End of Year</b>	\$ 14,073

See accompanying notes.



**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements:

**Reporting Entity**

DeSoto 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) and an appointed County Administrator. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

The DeSoto County, Florida Supervisor of Elections (the Supervisor of Elections) is an elected constitutional officer of the County as provided for by the Constitution of the State of Florida. Pursuant to Chapter 129, Florida Statutes, the Supervisor of Elections' budget is submitted annually to the Board for approval. The Board distributes the funds necessary to operate the Supervisor of Elections' office on a monthly basis. Any excess of appropriations received from the Board over actual expenditures for the fiscal year is required to be returned to the Board within 31 days after the close of the fiscal year.

For financial statement reporting purposes, the Supervisor of Elections is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Supervisor of Elections' office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Supervisor of Elections are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Supervisor of Elections reports the following fund type:

- **Governmental Fund**
  - **Major Fund**
    - ▶ **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 another fund.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Basis of Accounting**

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

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which is not recorded until paid.

The Supervisor of Elections considers receivables collected within 30 days after year-end to be available and recognizes them as revenues of the current year.

**Measurement Focus**

The accounting and financial reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**Prepaid Items**

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year the service is rendered.

**Unearned Revenue**

Unearned revenue represents revenue attributable to future years.

**Return of “Excess Fees”**

The County funds a major portion of the operating budget of the Supervisor of Elections (net of grants and miscellaneous receipts). The payments by the County to fund the operations of the Supervisor of Elections are recorded as transfers out in the basic financial statements of the County, and as other financing sources in the financial statements of the Supervisor of Elections. The Board requires that the excess of the County’s appropriations (and other revenues) over expenditures be returned to the Board at the end of the fiscal year. Repayments to the County are recorded as other financing uses (transfers out) in the financial statements of the Supervisor of Elections and as other financing sources (transfers in) in the basic financial statements of the County. The amount of undistributed excess appropriations at the end of the fiscal year, if any, is reported as amounts due to the Board.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Fund Balances**

Fund balance classifications 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 Supervisor of Elections has a non-spendable fund balance of \$14,073 as of September 30, 2019.
- **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. The Supervisor of Elections does not have any Restricted fund balances as of September 30, 2019.
- **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) of the Supervisor. These committed amounts cannot be used for any other purpose unless the Supervisor of Elections removes or changes the specified use by taking the same type of action (e.g., policy) employed to constrain those amounts. The Supervisor of Elections does not have any committed fund balances as of September 30, 2019.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s 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: (a) negative unrestricted fund balances in any governmental fund, or (b) 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.

**Use of Estimates**

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

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Note 2 - Cash and Investments**

At year-end, the carrying amount of the Supervisor of Elections' deposits was \$17,765. All of the Supervisor of Elections' public deposits are held in qualified public depositories (QPDs) pursuant to Florida Statutes, Chapter 280. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type of depositor in default.

In addition to cash deposits, the Supervisor of Elections maintained cash on hand of \$8,041 at September 30, 2019.

**Investments**

The Supervisor of Elections has not adopted an investment policy and so, by statute, follows the state's guidance set forth in Section 219.075, Florida Statutes regarding the deposit of funds received and the investment of surplus funds. That section requires local governments without written investment policies, including County officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Inter-local Cooperation Act*, as provided in Florida Statute 163.01.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories.
- Direct obligations of the United States Treasury.

The Supervisor of Elections does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Supervisor of Elections had no investments at year-end or during the year.

**Note 3 - Capital Assets**

The tangible personal property used by the Supervisor of Elections is reported as capital assets in the statement of net position in the County's basic financial statements. Upon acquisition, such assets are recorded as expenditures in the general fund of the Supervisor of Elections and capitalized at cost in the capital asset accounts of the County. The Supervisor of Elections maintains custodial responsibility for the capital assets used by his office.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**Note 4 - Accumulated Compensated Absences**

The amount of vested accumulated compensated absences payable under the Supervisor of Elections' annual leave policy is reported as a liability in the statement of net position in the County's basic financial statements. That liability includes earned but unused vacation, as well as payroll taxes related thereto. The change in accumulated compensated absences during the year is as follows:

<b>Beginning Balance</b>	\$	8,200
Net Increase		700
<b>Ending Balance</b>	<b>\$</b>	<b>8,900</b>

Upon termination of employment, employees with more than ten years of service can receive payment for half their accumulated sick leave. Non-vested amounts are not considered to be significant. The portion of the compensated absences liability estimated to be paid during the next year (current portion) is \$890.

**Note 5 - Florida Retirement System Pension Benefits**

The Supervisor of Elections participates in the Florida Retirement System (FRS) for pension benefits. A detailed plan description and any liability for employees of the Supervisor of Elections are included in the financial statements of the County.

**Note 6 - Postemployment Benefits Other than Pensions**

The Supervisor of Elections participates in the plan established by the Board to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Supervisor of Elections are included in the financial statements of the County.

**Note 7 - Risk Management**

The Supervisor of Elections' office is covered for employee medical, workers' compensation, liability, and casualty risks by the Board. The Board provides coverage as a member of a public risk management pool in amounts that the Board feels are adequate.

The Supervisor of Elections is also protected under sovereign immunity up to a maximum of \$200,000 per person/\$300,000 per occurrence for claims against the Supervisor of Elections involving negligence, including automobile and general liability. Negligence claims in excess of the statutory limits set forth in Section 768.28, Florida Statutes, can only be recovered through an act of the State of Florida Legislature.

**Note 8 - Litigation**

From time-to-time, the office of the Supervisor of Elections is involved as a defendant in certain litigation and claims arising from the ordinary course of operations. In the opinion of legal counsel, the range of potential liabilities will not materially affect the operations of the Supervisor of Elections' office or the financial position of the County, which would be required to fund any claims payments.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND (MAJOR FUND)  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$ -	\$ -	\$ 4,333	\$ 4,333
Intergovernmental Revenues	-	-	70,757	70,757
Interest Income	-	-	32	32
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>75,122</u>	<u>75,122</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personnel Services	277,862	277,862	278,825	(963)
Operating Expenditures	133,359	133,359	134,845	(1,486)
Capital Outlay	-	-	56,508	(56,508)
<b>(Total Expenditures)</b>	<u>(411,221)</u>	<u>(411,221)</u>	<u>(470,178)</u>	<u>(58,957)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(411,221)</u>	<u>(411,221)</u>	<u>(395,056)</u>	<u>16,165</u>
<b>Other Financing Sources</b>				
Transfers in from DeSoto County, Board of County Commissioners	411,221	411,221	411,221	-
Transfers (out) to DeSoto County Board of County Commissioners	-	-	(17,295)	(17,295)
<b>Total Other Financing Sources</b>	<u>411,221</u>	<u>411,221</u>	<u>393,926</u>	<u>(17,295)</u>
<b>Net Change in Fund Balance</b>	-	-	(1,130)	(1,130)
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>15,203</u>	<u>15,203</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,073</u>	<u>\$ 14,073</u>

See accompanying note.

**DESOTO COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2019**

**Note 1 - Budgetary Requirement**

On or before June 1 of each year, DeSoto County, Florida Supervisor of Elections (the Supervisor of Elections) submits a tentative budget for the ensuing fiscal year to the DeSoto County Board of County Commissioners (the Board). The budget is adopted in the same manner as the budget of the Board.

A budget is legally adopted only for the general fund and is on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is exercised at the fund level; net expenditures cannot exceed the budgeted appropriation from the Board, as amended. Budgetary changes within the fund can be made at the discretion of the Supervisor of Elections. Amendments to increase the Board appropriation must be submitted to the Board.

The Supervisor of Elections did not obtain a budget amendment for an increase in Capital Outlay. The increase was funded by an increase in Intergovernmental Revenue resulting from the receipt of a Federal grant in the amount of \$66,485 during the 2019 fiscal year.



## **OTHER REPORTS**

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

Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the general fund of the DeSoto County, Florida Supervisor of Elections (the Supervisor of Elections) as of and for the year ended September 30, 2019, and the related notes to the financial statements and have issued our report thereon dated May 27, 2020.

**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) to determine the 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 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 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 may exist that have not been identified.

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Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

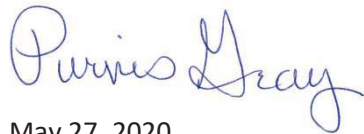
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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.



May 27, 2020  
Sarasota, Florida

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

Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

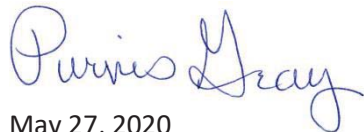
We have examined DeSoto County, Florida Supervisor of Elections' (the Supervisor of Elections) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2019. The Supervisor of Elections' management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Supervisor of Elections complied, in all material respects, with the 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 judgment, including an assessment of the risks of material non-compliance, 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.

Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In our opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2019.

This report 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, the Supervisor of Elections, its management, and the Board of County Commissioners of DeSoto County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



May 27, 2020  
Sarasota, Florida

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## MANAGEMENT LETTER

Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

### Report on the Financial Statements

We have audited the financial statements of the general fund of the DeSoto County, Florida Supervisor of Elections (the Supervisor of Elections) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 27, 2020.

### 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 American Institute of Certified Public Accountants *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 May 27, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### 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. In that regard, the Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Supervisor of Elections.

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Honorable Mark F. Negley  
Supervisor of Elections  
DeSoto County, Florida

## MANAGEMENT LETTER

### 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.

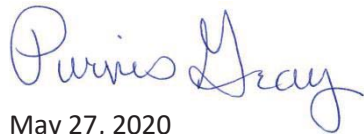
### Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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, the Supervisor of Elections, and the Board of County Commissioners of DeSoto County, Florida, 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 courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



May 27, 2020  
Sarasota, Florida