

2020

DeSoto County, Florida

Financial Statements
and Independent Auditor's Report

September 30, 2020

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

DESOTO COUNTY, FLORIDA

SEPTEMBER 30, 2020

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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, 2020, 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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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, 2020, 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.

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 25, 2021, 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 25, 2021
Sarasota, Florida

**DESOTO COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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, 2020. 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 2020 by \$57.4 million (*net position*). This is net of a \$26.5 million deficit in unrestricted net position.
- At September 30, 2020, the County's governmental funds reported combined ending fund balances of \$18.6 million, an increase of \$6.1 million for the year.
- At September 30, 2020, unassigned fund balance for the General Fund was \$9.7 million, or 37.4% of total General Fund expenditures and other uses.
- Net capital assets increased by \$3.1 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 supplementary 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 2020. 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, 2020

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 supplementary 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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 statements 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 supplementary 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, 2020**

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 \$57.4 million at the close of the year ended September 30, 2020. 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 2020:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 22,574,529	\$ 17,919,760	\$ 10,856,743	\$ 8,876,663	\$ 33,431,272	\$ 26,796,423
Capital Assets (Net)	57,106,610	54,031,952	32,821,171	34,314,444	89,927,781	88,346,396
Total Assets	79,681,139	71,951,712	43,677,914	43,191,107	123,359,053	115,142,819
Deferred Outflows	14,800,216	12,630,395	716,448	621,005	15,516,664	13,251,400
Current and Other Liabilities	2,601,655	3,521,378	357,445	337,135	2,959,100	3,858,513
Long-Term Liabilities	59,625,694	53,431,385	17,100,140	16,853,065	76,725,834	70,284,450
Total Liabilities	62,227,349	56,952,763	17,457,585	17,190,200	79,684,934	74,142,963
Deferred Inflows	1,727,036	3,158,241	75,151	105,688	1,802,187	3,263,929
Net Position:						
Net Investment in Capital Assets	49,349,921	44,172,106	23,461,911	24,556,127	72,811,832	68,728,233
Restricted	8,447,024	5,371,138	2,630,146	1,422,311	11,077,170	6,793,449
Unrestricted	(27,269,975)	(25,072,141)	769,569	537,786	(26,500,406)	(24,534,355)
Total Net Position	\$ 30,526,970	\$ 24,471,103	\$ 26,861,626	\$ 26,516,224	\$ 57,388,596	\$ 50,987,327

A substantial portion of the County's net position (126.9%) 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 (19.3%) 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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 2020:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues:						
Charges for Services	\$ 10,544,545	\$ 10,352,973	\$ 6,666,630	\$ 5,695,983	\$ 17,211,175	\$ 16,048,956
Operating Grants and Contributions	4,883,360	5,980,231	146,114	152,209	5,029,474	6,132,440
Capital Grants and Contributions	5,602,522	6,445,341	-	342,542	5,602,522	6,787,883
General Revenues:						
Property Taxes	16,558,272	15,627,646	-	-	16,558,272	15,627,646
Other Taxes	10,328,329	10,147,532	-	-	10,328,329	10,147,532
Shared Revenues	5,156,855	5,238,521	-	-	5,156,855	5,238,521
Loan Forgiveness	-	-	-	410,955	-	410,955
Other	607,853	285,158	29,735	197,641	637,588	482,799
Total Revenues	53,681,736	54,077,402	6,842,479	6,799,330	60,524,215	60,876,732
EXPENSES						
General Government	10,085,115	9,942,131	-	-	10,085,115	9,942,131
Public Safety	24,180,083	21,723,806	-	-	24,180,083	21,723,806
Physical Environment	2,289,256	3,503,140	-	-	2,289,256	3,503,140
Transportation	4,745,842	4,757,811	-	-	4,745,842	4,757,811
Economic Environment	918,030	586,939	-	-	918,030	586,939
Human Services	1,872,567	1,885,481	-	-	1,872,567	1,885,481
Culture/Recreation	1,683,003	838,986	-	-	1,683,003	838,986
Court-Related	1,510,967	1,465,783	-	-	1,510,967	1,465,783
Interest on Long-Term Debt	340,130	384,581	-	-	340,130	384,581
Landfill	-	-	1,699,889	1,458,751	1,699,889	1,458,751
Water and Sewer Utility	-	-	4,798,064	4,500,548	4,798,064	4,500,548
Total Expenses	47,624,993	45,088,658	6,497,953	5,959,299	54,122,946	51,047,957
Excess (Deficiency)						
Before Transfers	6,056,743	8,988,744	344,526	840,031	6,401,269	9,828,775
Transfers	(876)	76,556	876	(76,556)	-	-
Change in Net Position	6,055,867	9,065,300	345,402	763,475	6,401,269	9,828,775
Net Position, Beginning of Year:	24,471,103	15,405,803	26,516,224	25,752,749	50,987,327	41,158,552
Net Position, End of Year	\$ 30,526,970	\$ 24,471,103	\$ 26,861,626	\$ 26,516,224	\$ 57,388,596	\$ 50,987,327

**DESOTO COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Governmental Activities

Governmental activities increased the County's net position by \$6.1 million during 2020. Following is further detail of the revenues and expenses for governmental activities in 2020, compared to 2019:

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

	Expenses				Net Revenue (Cost) of Services	
	2020	% of Total	2019	% Change	2020	2019
Functions/Programs						
General Government	\$ 10,085,115	21.2%	\$ 9,942,131	1.4%	\$ (5,382,742)	\$ (6,639,300)
Public Safety	24,180,083	50.8%	21,723,806	11.3%	(16,787,767)	(13,343,162)
Physical Environment	2,289,256	4.8%	3,499,380	-34.6%	(363,278)	(305,386)
Transportation	4,745,842	10.0%	4,757,810	-0.3%	640,189	1,019,787
Economic Environment	918,030	1.9%	586,939	56.4%	(360,180)	(20,191)
Human Services	1,872,567	3.9%	1,885,481	-0.7%	(1,496,666)	(1,234,725)
Culture/Recreation	1,683,003	3.5%	838,986	100.6%	(1,476,425)	(521,663)
Court-Related	1,510,967	3.2%	1,465,783	3.1%	(1,027,567)	(877,131)
Interest on Long-Term Debt	340,130	0.7%	388,342	-12.4%	(340,130)	(388,342)
	<u>\$ 47,624,993</u>	<u>100%</u>	<u>\$ 45,088,658</u>		<u>\$ (26,594,566)</u>	<u>\$ (22,310,113)</u>

Governmental Activities - Revenues by Source

Description	2020	% of Total	2019	% Change
Program Revenues:				
Charges for Services	\$ 10,544,545	19.6%	\$ 10,352,973	1.9%
Operating Grants and Contributions	4,883,360	9.1%	5,980,231	-18.3%
Capital Grants and Contributions	5,602,522	10.4%	6,445,341	-13.1%
General Revenues:				
Property Tax	16,558,272	30.8%	15,627,646	6.0%
Small County Surcharge	2,525,229	4.7%	2,507,661	0.7%
Law Enforcement	3,952,353	7.4%	3,535,562	11.8%
Communications Service	151,397	0.3%	153,743	-1.5%
Tourist Development	69,445	0.1%	73,370	-5.3%
Gas and Fuel Taxes	2,360,809	4.4%	2,586,677	-8.7%
Franchise Fees	1,269,096	2.4%	1,290,519	-1.7%
Pari-Mutual Tax	314,333	0.6%	314,333	0.0%
State Shared Revenue	846,996	1.6%	900,195	-5.9%
Local Shared Revenue	858,293	1.6%	858,293	0.0%
State Sales Tax	3,137,233	5.8%	3,165,700	-0.9%
Miscellaneous	341,333	0.6%	285,158	19.7%
Gain on Disposal of Capital Assets	266,520	0.5%	-	100.0%
	<u>\$ 53,681,736</u>	<u>100%</u>	<u>\$ 54,077,402</u>	

During the year, one new special revenue fund was created, CARES Act fund. Revenues for governmental activities decreased \$662 thousand from the prior year. The increase in revenues was mainly due to reductions in Operating and Capital grants, offset by increases in general revenue from property tax. Expenses for governmental activities increased by \$2.5 million, partly driven by expenses related to CARES Act funding.

**DESOTO COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Business-Type Activities

Business-type activities increased the County's net position by \$345 thousand in 2020 compared to an increase of \$763 thousand in 2019. Following is further detail of the business-type activities financial results for 2020, compared to 2019:

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

	2020			2019		
	Revenues	Expenses	Net	Revenues	Expenses	Net
Functions/Programs:						
Landfill	\$ 2,027,382	\$ 1,699,889	\$ 327,493	\$ 1,981,601	\$ 1,458,751	\$ 522,850
Water and Sewer	4,785,362	4,798,064	(12,702)	4,209,133	4,500,548	(291,415)
	<u>6,812,744</u>	<u>6,497,953</u>	<u>314,791</u>	<u>6,190,734</u>	<u>5,959,299</u>	<u>231,435</u>
General Revenues (Expenses)	29,735	-	29,735	608,596	-	608,596
Transfers	876	-	876	-	76,556	(76,556)
Net	<u>\$ 6,843,355</u>	<u>\$ 6,497,953</u>	<u>\$ 345,402</u>	<u>\$ 6,799,330</u>	<u>\$ 6,035,855</u>	<u>\$ 763,475</u>

Business-Type Activities - Revenues by Source

	2020	% of Total	2019	% of Total
Charges for Services	\$ 6,666,630	97.8%	\$ 5,695,983	83.9%
Operating Grants and Contributions	146,114	2.1%	152,209	2.2%
Capital Grants and Contributions	-	0.0%	342,542	5.0%
Loan Forgiveness	-	0.0%	410,955	6.0%
Miscellaneous	876	0.1%	197,641	2.9%
	<u>\$ 6,813,620</u>	<u>100.0%</u>	<u>\$ 6,799,330</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, 2020

At the end of 2020, the County's governmental funds reported combined ending fund balances of \$18.6 million, an increase of \$6.1 million for the year. At the end of 2020, the County's governmental funds reported combined *restricted fund balances* of \$8.1 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 \$866 thousand. *Unassigned fund balances* totaled \$9.1 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 (\$191 thousand); and 2) for advances to other funds (\$396 thousand).

The General Fund is the chief operating fund of the County. At the end of 2020, unassigned fund balance of the General Fund was \$9.7 million, while total fund balance reached \$10.9 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 37.4% of the total General Fund expenditures and other uses, while total fund balance represents 42.1% of the same amount. During 2020, the fund balance of the General Fund increased \$2.7 million as opposed to a decrease of \$6.3 million as originally budgeted due to effective cost control strategies.

The County Transportation Fund reported a decrease in fund balance of \$171 thousand during 2020, resulting in an ending deficit fund balance of \$144 thousand. The current year decrease occurred due to a large receivable balance that was unavailable at year-end.

The Fire and EMS Fund reported an increase in fund balance of \$2.5 million during 2020, compared to an increase of \$234 thousand in 2019. The fund balance is in a positive position of \$3.3 million at September 30, 2020. The current year increase occurred as a result of a larger Transfer in, and proceeds from the sale of capital assets.

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 reported an increase in net position of \$347 thousand, as compared to an increase net position of \$471 thousand in 2019. This slight decrease compared to prior year is attributable to an increase in operating expenses in 2020.

The Water and Sewer Fund reported a decrease in net position of \$1 thousand, as compared to an increase net position of \$293 thousand in 2019. The prior year increase was attributable to 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, 2020**

Unrestricted net position for proprietary funds are as follows:

Fund	Unrestricted Net Position (Deficit)	
	2020	2019
Landfill	\$ (1,421,972)	\$ (1,612,764)
Water and Sewer	2,191,541	2,150,550
Total	\$ 769,569	\$ 537,786

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 \$856 thousand, mostly related to tax revenues. As shown below, final budgeted expenditures and transfers out increased by \$1.4 million from the original budget, increasing budgeted reserves.

	Original Budget	Final Budget	Difference
General Government	\$ 6,935,242	\$ 6,984,185	\$ 48,943
Public Safety	587,439	592,094	4,655
Physical Environment	430,832	431,549	717
Economic Environment	250,023	243,223	(6,800)
Human Services	1,792,416	1,750,059	(42,357)
Culture/Recreation	1,327,830	1,310,981	(16,849)
Debt Service	16,200	16,200	-
Reserves	5,912,774	7,041,339	1,128,565
Transfers Out	19,077,704	19,354,300	276,596
	\$ 36,330,460	\$ 37,723,930	\$ 1,393,470

The General Fund final actual revenues were \$63 thousand less than the final budget. As shown below, the General Fund actual expenditures and transfers out were \$8.1 million less than the final amended budget. The most significant factor was budgeted reserves of \$7.0 million that were not expended.

General Fund budgeted and actual expenditures and transfers out for 2020 were as follows:

	Actual	Final Budget	Difference
	Expenditures		
General Government	\$ 6,612,676	\$ 6,984,185	\$ 371,509
Public Safety	573,513	592,094	18,581
Physical Environment	327,165	431,549	104,384
Economic Environment	232,414	243,223	10,809
Human Services	1,515,370	1,750,059	234,689
Culture/Recreation	1,098,596	1,310,981	212,385
Debt Service	16,138	16,200	62
Reserves	-	7,041,339	7,041,339
Transfers Out	19,236,822	19,354,300	117,478
	\$ 29,612,694	\$ 37,723,930	\$ 8,111,236

DESOTO COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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, 2020, amounted to \$82.8 million (net of accumulated depreciation and amortization). The total increase in the County's investment in capital assets for the current fiscal year was \$1.6 million or 1.79%. Major capital asset events during 2020 included the following:

- Depreciation expense for governmental activities was \$4.0 million, an increase of \$171 thousand from the prior year. Capital asset additions were \$7.2 million.
- Depreciation expense for business-type activities was \$2.2 million, a decrease of \$314 thousand. Capital asset additions were \$764 thousand.

Following is a summary of the County's capital assets at the end of 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and Easements	\$ 3,395,579	\$ 3,458,059	\$ 3,244,539	\$ 2,959,193	\$ 6,640,118	\$ 6,417,252
Construction in Progress	462,935	6,370,669	50,866	1,020,594	513,801	7,391,263
Buildings and Improvements	31,369,256	31,192,888	1,363,548	4,426,344	32,732,804	35,619,232
Intangibles	551,756	551,756	55,324	52,324	607,080	604,080
Machinery and Equipment - Board	13,269,631	13,169,625	2,530,874	2,189,140	15,800,505	15,358,765
Machinery and Equipment - Sheriff	6,500,167	6,723,611	-	-	6,500,167	6,723,611
Infrastructure	48,856,747	37,378,552	13,077,901	9,086,568	61,934,648	46,465,120
Water Distribution System	-	-	41,161,460	41,159,457	41,161,460	41,159,457
	104,406,071	98,845,160	61,484,512	60,893,620	165,890,583	159,738,780
Less: Accumulated Depreciation	(47,299,461)	(44,813,208)	(28,663,341)	(26,579,176)	(75,962,802)	(71,392,384)
Capital Assets, Net	\$ 57,106,610	\$ 54,031,952	\$ 32,821,171	\$ 34,314,444	\$ 89,927,781	\$ 88,346,396

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 2020, the County's governmental activities had a decrease of \$2.2 million in outstanding long-term debt, primarily with the reduction of installment purchases totaling \$264 thousand, and reduced by scheduled principal payments of \$1.9 million. Business-type activities had a decrease of \$399 thousand in outstanding long-term debt. This was a result of the addition of new installment purchases of \$200 thousand and principal payments of \$599 thousand.

Following is a summary of the County's long-term debt at the end of 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue Bonds	\$ -	\$ -	\$ 6,578,193	\$ 6,828,961	\$ 6,578,193	\$ 6,828,961
Revenue Notes	7,357,042	9,301,224	2,106,198	2,357,332	9,463,240	11,658,556
Installment Purchases	504,359	768,044	674,868	572,024	1,179,227	1,340,068
	\$ 7,861,401	\$ 10,069,268	\$ 9,359,259	\$ 9,758,317	\$ 17,220,660	\$ 19,827,585

**DESOTO COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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 2021 as in 2020, at 8.5060 mills. The Law Enforcement M.S.T.U. increased in 2021 to 2.3000 mills, from 1.5000 mills in 2020. Budgets remained conservative with little activity in upcoming capital improvements. The 2021 general fund budget uses carry over surplus of \$854 thousand to balance.

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, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 14,972,519	\$ 5,129,799	\$ 20,102,318
Restricted Cash and Cash Equivalents	1,037,565	5,302,433	6,339,998
Accounts Receivable, Net	958,885	450,487	1,409,372
Special Assessments Receivable	5,709	215	5,924
Notes Receivable	1,375,000	-	1,375,000
Internal Balances	108,464	(108,464)	-
Due from Other Governments	3,865,113	33,747	3,898,860
Inventories	103,901	45,181	149,082
Prepays	87,373	3,345	90,718
Deposits	60,000	-	60,000
Capital Assets - Non-Depreciated	3,858,514	3,295,405	7,153,919
Capital Assets - Depreciated, Net	53,248,096	29,525,766	82,773,862
Total Assets	79,681,139	43,677,914	123,359,053
Deferred Outflows of Resources			
Contractual Rights	-	200,000	200,000
Deferred Amount on Refunding	104,712	-	104,712
Deferred Outflows Related to Pensions	11,361,414	299,948	11,661,362
Deferred Outflows Related to OPEB	3,334,090	216,500	3,550,590
Total Deferred Outflows of Resources	14,800,216	716,448	15,516,664
Total Assets and Deferred Outflows	94,481,355	44,394,362	138,875,717
Liabilities			
Vouchers Payable	1,012,350	142,193	1,154,543
Accrued Liabilities	643,376	121,090	764,466
Due to Other Governments	93,934	-	93,934
Deposits	612,435	94,162	706,597
Unearned Revenue	239,560	-	239,560
Long-Term Liabilities:			
Due Within One Year	3,734,727	684,459	4,419,186
Due in More Than One Year	55,890,967	16,415,681	72,306,648
Total Liabilities	62,227,349	17,457,585	79,684,934
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	1,281,266	45,537	1,326,803
Deferred Inflows Related to OPEB	445,770	29,614	475,384
Total Deferred Inflows of Resources	1,727,036	75,151	1,802,187
Total Liabilities and Deferred Inflows	63,954,385	17,532,736	81,487,121
Net Position			
Net Investment in Capital Assets	49,349,921	23,461,911	72,811,832
Restricted for:			
Capital Expansion Program	-	2,630,146	2,630,146
Transportation	92,873	-	92,873
Economic Development	2,425,785	-	2,425,785
Other Purposes	5,928,366	-	5,928,366
Unrestricted (Deficit)	(27,269,975)	769,569	(26,500,406)
Total Net Position	\$ 30,526,970	\$ 26,861,626	\$ 57,388,596

See accompanying notes.

**DESOTO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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
Governmental Activities							
General Government	\$ 10,085,115	\$ 3,252,869	\$ 1,183,717	\$ 265,787	\$ (5,382,742)	\$ -	\$ (5,382,742)
Public Safety	24,180,083	4,915,650	2,452,997	23,669	(16,787,767)	-	(16,787,767)
Physical Environment	2,289,256	1,880,154	45,824	-	(363,278)	-	(363,278)
Transportation	4,745,842	81,027	1,841	5,303,163	640,189	-	640,189
Economic Environment	918,030	-	557,850	-	(360,180)	-	(360,180)
Human Services	1,872,567	20,456	345,542	9,903	(1,496,666)	-	(1,496,666)
Culture and Recreation	1,683,003	131,285	75,293	-	(1,476,425)	-	(1,476,425)
Court-Related	1,510,967	263,104	220,296	-	(1,027,567)	-	(1,027,567)
Interest on Long-Term Debt	340,130	-	-	-	(340,130)	-	(340,130)
Total Governmental Activities	47,624,993	10,544,545	4,883,360	5,602,522	(26,594,566)	-	(26,594,566)
Business-Type Activities							
Landfill	1,699,889	1,911,760	115,622	-	-	327,493	327,493
Water and Sewer	4,798,064	4,754,870	30,492	-	-	(12,702)	(12,702)
Total Business-Type Activities	6,497,953	6,666,630	146,114	-	-	314,791	314,791
Total	\$ 54,122,946	\$ 17,211,175	\$ 5,029,474	\$ 5,602,522	(26,594,566)	314,791	(26,279,775)
General Revenues							
Taxes:							
Property Tax					16,558,272	-	16,558,272
Small County Surcharge					2,525,229	-	2,525,229
Law Enforcement					3,952,353	-	3,952,353
Communications					151,397	-	151,397
Tourist Development					69,445	-	69,445
Gas and Fuel Taxes					2,360,809	-	2,360,809
Franchise Fees					1,269,096	-	1,269,096
Inter-Governmental Revenue:							
Pari-Mutuel Tax					314,333	-	314,333
State Shared Revenue					846,996	-	846,996
Local Shared Revenue					858,293	-	858,293
State Sales Tax					3,137,233	-	3,137,233
Miscellaneous					341,333	29,735	371,068
Gain on Disposal of Capital Assets					266,520	-	266,520
Transfers in (out)					(876)	876	-
Total General Revenues and Transfers					32,650,433	30,611	32,681,044
Change in Net Position					6,055,867	345,402	6,401,269
Net Position, Beginning of Year					24,471,103	26,516,224	50,987,327
Net Position, End of Year					\$ 30,526,970	\$ 26,861,626	\$ 57,388,596

See accompanying notes.

DESOTO COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>General</u>	<u>County Transportation</u>	<u>Fire and EMS</u>
Assets			
Cash and Cash Equivalents	\$ 8,925,151	\$ -	\$ 2,606,595
Restricted Cash and Cash Equivalents	608,618	-	-
Accounts Receivable, Net	601,927	1,494	332,676
Special Assessments Receivable	-	-	4,782
Notes Receivable, Net	-	-	-
Due from Other Funds	1,056,294	14,466	891,829
Due from Other Governments	971,836	1,646,178	-
Inventories	13,082	90,819	-
Prepays	68,495	2,054	1,735
Deposits	60,000	-	-
Advances to Other Funds	270,578	-	-
Total Assets	<u>12,575,981</u>	<u>1,755,011</u>	<u>3,837,617</u>
Liabilities			
Vouchers Payable	551,842	133,259	148,209
Accrued Liabilities	342,995	37,030	116,097
Due to Other Funds	49,299	634,564	-
Due to Other Governments	93,790	-	144
Deposits	609,620	-	-
Unearned Revenues	19,433	-	-
Advances from Other Funds	-	-	-
Total Liabilities	<u>1,666,979</u>	<u>804,853</u>	<u>264,450</u>
Deferred Inflows			
Unavailable Revenues	38,366	1,094,228	276,463
Fund Balances (Deficits)			
Non-Spendable:			
Prepays and Inventories	81,577	92,873	1,735
Advances to Other Funds	270,578	-	-
Restricted for:			
Economic Development	-	-	-
Streetlighting	-	-	-
Public Safety	-	-	3,294,969
Court-Related Services	-	-	-
Building Code Enforcement	-	-	-
Assigned for:			
Budget Carryforward	853,919	-	-
Mosquito Control	-	-	-
Unassigned (Deficit)	9,664,562	(236,943)	-
Total Fund Balances	<u>10,870,636</u>	<u>(144,070)</u>	<u>3,296,704</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 12,575,981</u>	<u>\$ 1,755,011</u>	<u>\$ 3,837,617</u>

See accompanying notes.

Non-Major Governmental Funds		Total Governmental Funds	
\$	3,440,773	\$	14,972,519
	428,947		1,037,565
	12,688		948,785
	927		5,709
	1,375,000		1,375,000
	26,427		1,989,016
	1,247,099		3,865,113
	-		103,901
	15,089		87,373
			60,000
	124,957		395,535
	<u>6,671,907</u>		<u>24,840,516</u>
	179,040		1,012,350
	39,344		535,466
	1,311,546		1,995,409
	-		93,934
	2,815		612,435
	220,127		239,560
	270,578		270,578
	<u>2,023,450</u>		<u>4,759,732</u>
	<u>43,228</u>		<u>1,452,285</u>
	15,089		191,274
	124,957		395,535
	2,425,663		2,425,663
	7,759		7,759
	1,416,582		4,711,551
	586,045		586,045
	329,846		329,846
	-		853,919
	11,744		11,744
	(312,456)		9,115,163
	<u>4,605,229</u>		<u>18,628,499</u>
\$	<u>6,671,907</u>	\$	<u>24,840,516</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, 2020**

Total Fund Balances of Governmental Funds		\$ 18,628,499
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
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.		1,452,285
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$104,406,071, and the accumulated depreciation is \$47,299,461.		57,106,610
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	\$ 1,134,360	
(Accumulated Amortization)	<u>(1,029,648)</u>	104,712
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	11,361,414	
Deferred Inflows	(1,281,266)	
Net Pension Liability	<u>(35,797,566)</u>	(25,717,418)
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	(7,357,042)	
FEMA Long-Term Payable	(853,771)	
Installment Purchase Obligations	(504,359)	
Interest Payable	(107,910)	
Compensated Absences	<u>(955,626)</u>	(9,778,708)
The other postemployment benefits liability is not recorded in the fund financial statements because it does not utilize current resources:		
Other Postemployment Benefit Liability	(14,157,330)	
Deferred Outflows	3,334,090	
Deferred Inflows	<u>(445,770)</u>	<u>(11,269,010)</u>
Total Net Position of Governmental Activities		\$ 30,526,970

See accompanying notes.

DESOTO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General</u>	<u>County Transportation</u>	<u>Fire and EMS</u>
Revenues			
Taxes	\$ 23,187,252	\$ 1,221,911	\$ -
Special Assessments	-	-	2,810,655
Permits and Fees	1,343,805	17,943	7,805
Intergovernmental Revenues	5,754,912	6,008,512	142,356
Charges for Services	3,484,845	43,351	951,744
Fines and Forfeitures	37,773	-	-
Miscellaneous Revenues	426,093	19,733	15,119
Total Revenues	<u>34,234,680</u>	<u>7,311,450</u>	<u>3,927,679</u>
Expenditures			
Current:			
General Government	9,355,872	-	84,812
Public Safety	12,140,868	-	5,184,608
Physical Environment	327,165	-	-
Transportation	-	8,227,566	-
Economic Environment	232,414	-	-
Human Services	1,515,370	-	-
Culture and Recreation	1,098,596	-	-
Court-Related	1,161,762	-	-
Debt Service:			
Principal Retirement	14,785	170,400	78,499
Interest and Fiscal Charges	1,353	14,118	10,164
(Total Expenditures)	<u>(25,848,185)</u>	<u>(8,412,084)</u>	<u>(5,358,083)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,386,495</u>	<u>(1,100,634)</u>	<u>(1,430,404)</u>
Other Financing Sources (Uses)			
Transfers in	670,107	2,572,341	3,874,841
Transfers (out)	(6,304,369)	(1,647,906)	(259,141)
Distributions of Excess Commissions	(13,115)	-	-
Insurance Proceeds	880	4,894	480
Proceeds from the Sale of Capital Assets	-	-	329,000
Total Other Financing Sources (Uses)	<u>(5,646,497)</u>	<u>929,329</u>	<u>3,945,180</u>
Net Change in Fund Balances	2,739,998	(171,305)	2,514,776
Fund Balances, Beginning of Year	<u>8,130,638</u>	<u>27,235</u>	<u>781,928</u>
Fund Balances, End of Year	<u>\$ 10,870,636</u>	<u>\$ (144,070)</u>	<u>\$ 3,296,704</u>

See accompanying notes.

Non-Major Governmental Funds	Total Governmental Funds
\$ 69,445	\$ 24,478,608
53,095	2,863,750
436,381	1,805,934
5,438,802	17,344,582
2,272,082	6,752,022
90,862	128,635
168,516	629,461
8,529,183	54,002,992
483,885	9,924,569
2,525,750	19,851,226
1,935,097	2,262,262
-	8,227,566
650,380	882,794
310,854	1,826,224
45,574	1,144,170
139,799	1,301,561
2,239,469	2,503,153
240,117	265,752
(8,570,925)	(48,189,277)
(41,742)	5,813,715
3,670,620	10,787,909
(2,577,369)	(10,788,785)
-	(13,115)
-	6,254
-	329,000
1,093,251	321,263
1,051,509	6,134,978
3,553,720	12,493,521
\$ 4,605,229	\$ 18,628,499

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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 6,134,978

**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	\$ 7,172,698	
Capital Asset Donations	9,903	
Capital Asset Disposals	(79,175)	
Depreciation Expense	<u>(4,028,768)</u>	3,074,658

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>2,505,161</u>	2,505,161
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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	30,332	
Other Postemployment Benefits	(566,044)	
Pension Adjustments	(4,353,247)	
Compensated Absences	<u>(74,443)</u>	(4,963,402)

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.

(590,818)

Change in Net Position of Governmental Activities \$ 6,055,867

See accompanying notes.

DESOTO COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-Type Activities - Enterprise Funds		
	Water/Sewer		
	Landfill	Utility	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 2,500,379	\$ 2,629,420	\$ 5,129,799
Accounts Receivable, Net	78,720	371,767	450,487
Assessments Receivable	215	-	215
Due from Other Funds	10,193	6,300	16,493
Due from Other Governments	-	33,747	33,747
Inventories	-	45,181	45,181
Prepays	3,345	-	3,345
Restricted Assets:			
Cash and Cash Equivalents	7,950	178,895	186,845
Total Current Assets	2,600,802	3,265,310	5,866,112
Non-Current Assets:			
Restricted Assets:			
Cash and Cash Equivalents	2,485,442	2,630,146	5,115,588
Capital Assets - Non-Depreciated	768,683	2,526,722	3,295,405
Capital Assets - Depreciated, Net	4,295,485	25,230,281	29,525,766
Total Non-Current Assets	7,549,610	30,387,149	37,936,759
Total Assets	10,150,412	33,652,459	43,802,871
Deferred Outflows of Resources			
Contractual Rights	-	200,000	200,000
Deferred Outflows Related to Pensions	125,396	174,552	299,948
Deferred Outflows related to OPEB	108,250	108,250	216,500
Total Deferred Outflows of Resources	233,646	482,802	716,448
Liabilities			
Current Liabilities:			
Vouchers Payable	12,454	129,739	142,193
Accrued Liabilities	11,297	17,110	28,407
Accrued Interest	-	92,683	92,683
Deposits	7,950	86,212	94,162
Accrued Compensated Absences	2,002	2,436	4,438
Notes Payable	119,990	256,253	376,243
Bonds Payable	-	260,389	260,389
Net Pension Liability	1,162	1,605	2,767
Other Postemployment Benefits	20,311	20,311	40,622
Total Current Liabilities	175,166	866,738	1,041,904
Non-Current Liabilities:			
Accrued Compensated Absences	18,016	21,927	39,943
Notes Payable	554,878	1,849,945	2,404,823
Bonds Payable	-	6,317,804	6,317,804
Net Pension Liability	440,104	612,642	1,052,746
Other Postemployment Benefits	447,590	530,599	978,189
Accrued Landfill Closure/Post-Closure Costs	5,622,176	-	5,622,176
Advances from Other Funds	124,957	-	124,957
Total Non-Current Liabilities	7,207,721	9,332,917	16,540,638
Total Liabilities	7,382,887	10,199,655	17,582,542
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	19,037	26,500	45,537
Deferred Inflows Related to OPEB	14,807	14,807	29,614
Total Deferred Inflows of Resources	33,844	41,307	75,151
Net Position			
Net Investment in Capital Assets	4,389,299	19,072,612	23,461,911
Restricted for:			
Capital Expansion Program	-	2,630,146	2,630,146
Unrestricted (Deficit)	(1,421,972)	2,191,541	769,569
Total Net Position	\$ 2,967,327	\$ 23,894,299	\$ 26,861,626

See accompanying notes.

DESOTO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities - Enterprise Funds		
	Landfill	Water/Sewer	
		Utility	Total
Operating Revenues			
Charges for Services	\$ 1,252,254	\$ 3,728,126	\$ 4,980,380
Special Assessments	638,256	-	638,256
Licenses and Permits	-	922,351	922,351
Miscellaneous Operating Revenues	21,250	104,393	125,643
Total Operating Revenues	1,911,760	4,754,870	6,666,630
Operating Expenses			
Purchased Water	-	662,979	662,979
Personnel Services	550,931	802,208	1,353,139
Contracted Services	167,970	176,843	344,813
Supplies and Materials	31,479	121,028	152,507
Repairs and Maintenance	95,995	518,145	614,140
Other Services and Charges	116,042	167,381	283,423
Utilities	4,830	180,914	185,744
Depreciation	425,845	1,726,678	2,152,523
Amortization	-	40,000	40,000
Provision for Closure and Long-Term Care	280,602	-	280,602
(Total Operating Expenses)	(1,673,694)	(4,396,176)	(6,069,870)
Operating Income (Loss)	238,066	358,694	596,760
Non-Operating Revenues (Expenses)			
Operating Grants	115,622	30,492	146,114
Interest Income	14,557	15,178	29,735
Interest Expense	(25,083)	(297,976)	(323,059)
Gain (Loss) on Disposal of Capital Assets	(1,112)	(103,912)	(105,024)
Total Non-Operating Revenues (Expenses)	103,984	(356,218)	(252,234)
Income (Loss) Before Transfers and Contributions	342,050	2,476	344,526
Operating Transfers			
Operating Transfers in	5,886	-	5,886
Operating Transfers (out)	(1,175)	(3,835)	(5,010)
Total Operating Transfers	4,711	(3,835)	876
Increase (Decrease) in Net Position	346,761	(1,359)	345,402
Net Position, Beginning of Year	2,620,566	23,895,658	26,516,224
Total Net Position, End of Year	\$ 2,967,327	\$ 23,894,299	\$ 26,861,626

See accompanying notes.

DESOTO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities - Enterprise Funds		
	Landfill	Water/Sewer Utility	Total
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 1,906,674	\$ 4,746,619	\$ 6,653,293
Payments to Suppliers	(427,884)	(2,129,764)	(2,557,648)
Payments to Employees	(468,310)	(677,892)	(1,146,202)
Net Cash Provided by (Used in) Operating Activities	<u>1,010,480</u>	<u>1,938,963</u>	<u>2,949,443</u>
Cash Flows from Non-Capital Financing Activities			
Transfers from Other Funds	5,886	-	5,886
Transfers to Other Funds	(1,175)	(3,835)	(5,010)
Interfund Loans (Repayments)	(52,335)	(6,300)	(58,635)
Operating Grants	115,622	30,492	146,114
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>67,998</u>	<u>20,357</u>	<u>88,355</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition/Construction of Capital Assets	(762,205)	(78,503)	(840,708)
New Debt	199,746	-	199,746
Capital Grants	-	685,136	685,136
Principal Paid	(96,903)	(501,902)	(598,805)
Interest Paid	(25,083)	(306,654)	(331,737)
Proceeds from Sale of Capital Assets	76,434	-	76,434
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(608,011)</u>	<u>(201,923)</u>	<u>(809,934)</u>
Cash Flows from Investing Activities			
Interest Received	14,557	15,178	29,735
Net Cash Provided by (Used in) Investing Activities	<u>14,557</u>	<u>15,178</u>	<u>29,735</u>
Net Increase (Decrease) in Cash and Cash Equivalents	485,024	1,772,575	2,257,599
Cash and Cash Equivalents - Beginning of Year	<u>4,508,747</u>	<u>3,665,886</u>	<u>8,174,633</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 4,993,771</u></u>	<u><u>\$ 5,438,461</u></u>	<u><u>\$ 10,432,232</u></u>

See accompanying notes.

DESOTO COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities - Enterprise Funds		
	Landfill	Water/Sewer Utility	Total
Cash and Cash Equivalents Classified as:			
Current Assets	\$ 2,500,379	\$ 2,629,420	\$ 5,129,799
Current Assets - Restricted	7,950	178,895	186,845
Non-Current Assets - Restricted	2,485,442	2,630,146	5,115,588
Total Cash and Cash Equivalents	\$ 4,993,771	\$ 5,438,461	\$ 10,432,232
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	\$ 238,066	\$ 358,694	\$ 596,760
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	425,845	1,726,678	2,152,523
Amortization	-	40,000	40,000
Pension Adjustments	54,470	78,905	133,375
OPEB Adjustments	40,138	40,143	80,281
Provision for Closure and Post-Closure	280,602	-	280,602
Change in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(651)	(8,389)	(9,040)
Decrease (Increase) in Due from Other Governments	-	(342,568)	(342,568)
Decrease (Increase) in Inventories	-	2,873	2,873
Decrease (Increase) in Prepaids	(3,345)	3,098	(247)
Increase (Decrease) in Accounts Payable	(8,223)	34,123	25,900
Increase (Decrease) in Accrued Liabilities	2,212	5,173	7,385
Increase (Decrease) in Deposits	(4,435)	138	(4,297)
Increase (Decrease) in Compensated Absences	(14,199)	95	(14,104)
Total Adjustments	772,414	1,580,269	2,352,683
Net Cash Provided by (Used in) Operating Activities	\$ 1,010,480	\$ 1,938,963	\$ 2,949,443
Non-Cash Investing, Capital, and Financing Activities:			
Capital Assets Transferred to Other Funds	\$ 77,546	\$ -	\$ 77,546
Total Non-Cash Investing, Capital, and Financing Activities:	\$ 77,546	\$ -	\$ 77,546

See accompanying notes.

DESOTO COUNTY, FLORIDA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2020

Assets

Cash and Cash Equivalents	\$ 1,257,779
Accounts Receivable	19,342
Due from Other Governments	<u>286,131</u>
Total Assets	<u><u>1,563,252</u></u>

Liabilities

Due to Other Governments	629,375
Due to Individuals and Businesses	641,854
Due to Other Funds	10,100
Deposits	<u>281,923</u>
Total Liabilities	<u><u>\$ 1,563,252</u></u>

See accompanying notes.

DESOTO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020

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 interfund 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, 2020

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.

DESOTO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

- *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.

DESOTO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

- 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, 2020.

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.

**DESOTO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, were as follows:

Assessment Roll Certified	July 2019
Beginning of Fiscal Year for Which Taxes were Being Levied	October 2019
Property Taxes Levied	October 2019
Tax Bills Issued	November 1, 2019
Property Taxes Due by: For Maximum Discount	November 30, 2019
Delinquent After	March 31, 2020
Tax Certificates (Liens) Sold on Unpaid Property Taxes	May 15, 2020

F. Interfund 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 interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

DESOTO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

G. Interfund Payables and Receivables

Unpaid amounts of current interfund 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 interfund 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, interfund 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, 2020. 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.

DESOTO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

The County's fund balance 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, 2020.

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, 2020, the carrying amount of the County's deposits was \$27,688,230 (including \$1,257,779 in the agency funds, and \$11,865 in cash on hand). 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.

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 2020. 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, 2020:

	Governmental Funds	Proprietary Funds
Major Funds:		
General Fund - Mining Escrow	\$ 608,618	\$ -
Landfill - Closure/Post-Closure	-	2,485,442
Landfill - Deposits	-	7,950
Water/Sewer Utility - Wastewater Impact Fees	-	2,630,146
Water/Sewer Utility - Deposits	-	86,212
Water/Sewer Utility - Accrued Interest	-	92,683
Special Revenue Fund - Court Fees Fund	428,947	-
Total	\$ 1,037,565	\$ 5,302,433

Note 3 - Interfund Receivables, Payables, and Transfers

The composition of short-term interfund balances as of September 30, 2020, is as follows:

	Due to Other Funds	Due from Other Funds	Purpose
Governmental Funds			
General Fund (GF)	\$ 49,299	\$ 1,056,294	Receivables are primarily to cover fund cash shortages in other funds (\$799,431) and for Officer excess fees (\$256,863). Payables are for Officer excess fees.
County Transportation	634,564	14,466	Payables are to GF for cash shortages.
Fire and EMS	-	891,829	Receivables are primarily to cover fund cash shortages in other funds (\$865,655) and for Officer excess fees (\$26,174).
Non-Major Special Revenue	1,311,546	26,427	Receivables are for Officer excess fees. Payables are to GF for cash shortage loan (\$9,188) and for Officer excess fees (\$17,239).
Enterprise Funds			
Landfill	-	10,193	Receivables are for Officer excess fees.
Water/Sewer	-	6,300	Receivables are for Officer excess fees.
Agency Funds			
Flexible Spending	10,100	-	Payables are to reimburse the GF.
	\$ 2,005,509	\$ 2,005,509	

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The composition of interfund advances as of September 30, 2020, is as follows:

	<u>Advance to</u>	<u>Advance from</u>	
General Fund (GF)	\$ 270,578	\$ -	Loan for cash shortage to Debt Service and Golden Melody Lighting
Non-Major Debt Service (DS)	124,957	265,152	Loan to Landfill for Debt Service early payment; Loan to DS for cash shortage
Non-Major Golden Melody Lighting	-	5,426	Loan to Golden Melody Lighting for cash shortage
Landfill	-	124,957	Loan for Debt Service early payment
	<u>\$ 395,535</u>	<u>\$ 395,535</u>	

Interfund transfers consist of the following:

	<u>Transfers in</u>	<u>Transfers (out)</u>	<u>Purpose</u>
Governmental Funds			
General Fund	\$ 670,107	\$ 6,304,369	Transfers in are from Officer excess fees (\$256,863) and administrative costs paid by other funds (\$413,244). Transfers out are to cover various programs in other funds (\$4,924,767), debt service (\$345,119), and for Officer funding (\$1,446,288).
County Transportation	2,572,341	1,647,906	Transfers in are for funding transportation projects. Transfers out are to DS Fund for debt payment (\$1,631,900), and various project costs (\$16,006)
Fire and EMS	3,874,841	259,141	Transfers in are for funding of emergency response projects (\$3,848,667) and from Officer excess fees (\$26,174). Transfers out are to DS Fund for debt payment.
Non-Major Special Revenue	1,343,303	2,467,658	Transfers in are for administration costs and, program costs (\$1,326,064), and from Officer excess fees (\$17,239). Transfers out are primarily for GF administrative costs (\$2,117,707), for funding various programs (\$93,088), and for Officer excess fees (\$256,863).
Non-Major Debt Service	2,236,160	-	Transfers in are to cover debt service payments.
Non-Major Capital Projects	91,157	109,711	Transfers in are for program costs (\$1,196) and construction costs (\$89,961). Transfers out are to GF.
Enterprise Funds			
Landfill	5,886	1,175	Transfers in are from Officer excess fees (\$5,886) and transfers out are for program costs (\$5,010).
Water/Sewer Utility	-	3,835	
	<u>\$ 10,793,795</u>	<u>\$ 10,793,795</u>	

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Note 4 - Other Receivables

Following is a summary of other receivables balances at September 30, 2020:

	<u>Accounts</u>	<u>Special Assessments</u>	<u>Notes</u>	<u>Total</u>
Governmental Funds				
General Fund	\$ 601,927	\$ -	\$ -	\$ 601,927
County Transportation	1,494	-	-	1,494
Fire and EMS	879,023	4,782	-	883,805
Non-Major Special Revenue (Less Allowance)	12,688 (546,347)	927 -	9,326,425 (7,951,425)	9,340,040 (8,497,772)
Total Governmental Funds	<u>948,785</u>	<u>5,709</u>	<u>1,375,000</u>	<u>2,329,494</u>
Enterprise Funds				
Landfill	78,720	215	-	78,935
Water/Sewer Utility (Less Allowance)	383,992 (12,225)	- -	- -	383,992 (12,225)
Total Enterprise Funds	<u>450,487</u>	<u>215</u>	<u>-</u>	<u>450,702</u>
Agency Funds	<u>19,342</u>	<u>-</u>	<u>-</u>	<u>19,342</u>
Totals	<u>\$ 1,418,614</u>	<u>\$ 5,924</u>	<u>\$ 1,375,000</u>	<u>\$ 2,799,538</u>

The entire balance of Notes Receivable at September 30, 2020, 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

Changes in Capital Assets

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

	Beginning Balance 10/01/2019	Additions	Transfers	Disposals	Ending Balance 9/30/2020
Governmental Activities					
Capital Assets, Not Depreciated:					
Land and Easements	\$ 3,458,059	\$ -	\$ -	\$ (62,480)	\$ 3,395,579
Construction in Progress	6,370,669	5,325,244	(11,232,978)	-	462,935
Total Capital Assets, Not Depreciated	<u>9,828,728</u>	<u>5,325,244</u>	<u>(11,232,978)</u>	<u>(62,480)</u>	<u>3,858,514</u>
Capital Assets, Depreciated:					
Buildings and Improvements	31,192,888	354,383	-	(178,015)	31,369,256
Intangibles	551,756	-	-	-	551,756
Machinery and Equipment - Board	13,169,625	546,449	5,299	(451,742)	13,269,631
Machinery and Equipment - Sheriff	6,723,611	699,662	-	(923,106)	6,500,167
Infrastructure	37,378,552	256,863	11,232,978	(11,646)	48,856,747
Total Capital Assets, Depreciated	<u>89,016,432</u>	<u>1,857,357</u>	<u>11,238,277</u>	<u>(1,564,509)</u>	<u>100,547,557</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(17,209,078)	(1,047,178)	-	178,015	(18,078,241)
Intangibles	(535,848)	(10,509)	-	-	(546,357)
Machinery and Equipment - Board	(9,994,194)	(809,859)	(5,299)	451,530	(10,357,822)
Machinery and Equipment - Sheriff	(4,169,207)	(645,738)	-	906,623	(3,908,322)
Infrastructure	(12,904,881)	(1,515,484)	-	11,646	(14,408,719)
Total Accumulated Depreciation	<u>(44,813,208)</u>	<u>(4,028,768)</u>	<u>(5,299)</u>	<u>1,547,814</u>	<u>(47,299,461)</u>
Total Capital Assets, Depreciated	<u>44,203,224</u>	<u>(2,171,411)</u>	<u>11,232,978</u>	<u>(16,695)</u>	<u>53,248,096</u>
Governmental Activities Capital Assets	<u>\$ 54,031,952</u>	<u>\$ 3,153,833</u>	<u>\$ -</u>	<u>\$ (79,175)</u>	<u>\$ 57,106,610</u>

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

Depreciation Expense by Function	
Governmental Activities	
General Government	\$ 275,044
Public Safety (Board)	673,927
Public Safety (Sheriff)	645,738
Physical Environment	17,850
Economic Environment	1,542,635
Transportation	430
Contributed	46,177
Human Services	2,351
Culture/Recreation	789,969
Court Services	34,647
Total Depreciation Expense	
Governmental Activities	<u>\$ 4,028,768</u>

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

	Beginning Balance 10/01/2019	Additions	Transfers	Disposals	Ending Balance 9/30/2020
Landfill Fund					
Capital Assets, Not Depreciated:					
Land	\$ 483,337	\$ 285,346	\$ -	\$ -	\$ 768,683
Construction in Progress	-	-	-	-	-
Total Capital Assets, Not Depreciated	<u>483,337</u>	<u>285,346</u>	<u>-</u>	<u>-</u>	<u>768,683</u>
Capital Assets, Depreciated:					
Buildings and Improvements	3,579,691	3,728	(3,066,524)	-	516,895
Machinery and Equipment	1,530,328	342,481	(5,299)	(6,068)	1,861,442
Infrastructure	7,246,474	54,216	3,066,524	-	10,367,214
Total Capital Assets, Depreciated	<u>12,356,493</u>	<u>400,425</u>	<u>(5,299)</u>	<u>(6,068)</u>	<u>12,745,551</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(167,390)	(282,626)	271,374	-	(178,642)
Machinery and Equipment	(782,050)	(132,352)	5,299	4,956	(904,147)
Infrastructure	(7,085,036)	(10,867)	(271,374)	-	(7,367,277)
Total Accumulated Depreciation	<u>(8,034,476)</u>	<u>(425,845)</u>	<u>5,299</u>	<u>4,956</u>	<u>(8,450,066)</u>
Total Capital Assets, Depreciated	<u>4,322,017</u>	<u>(25,420)</u>	<u>-</u>	<u>(1,112)</u>	<u>4,295,485</u>
Landfill Capital Assets	<u>\$ 4,805,354</u>	<u>\$ 259,926</u>	<u>\$ -</u>	<u>\$ (1,112)</u>	<u>\$ 5,064,168</u>
	Beginning Balance 10/01/2019	Additions	Transfers	Disposals	Ending Balance 9/30/2020
Water/Sewer Utility					
Capital Assets, Not Depreciated:					
Land and Easements	\$ 2,475,856	\$ -	\$ -	\$ -	\$ 2,475,856
Construction in Progress	1,020,594	50,865	(1,020,593)	-	50,866
Total Capital Assets, Not Depreciated	<u>3,496,450</u>	<u>50,865</u>	<u>(1,020,593)</u>	<u>-</u>	<u>2,526,722</u>
Capital Assets, Depreciated:					
Buildings and Improvements	846,653	-	-	-	846,653
Intangibles	52,324	3,000	-	-	55,324
Machinery and Equipment	658,812	24,638	-	(14,018)	669,432
Infrastructure	1,840,094	-	1,018,590	(147,997)	2,710,687
Water Distribution System	41,159,457	-	2,003	-	41,161,460
Total Capital Assets, Depreciated	<u>44,557,340</u>	<u>27,638</u>	<u>1,020,593</u>	<u>(162,015)</u>	<u>45,443,556</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(572,692)	(46,193)	-	-	(618,885)
Intangibles	(52,324)	(188)	-	-	(52,512)
Machinery and Equipment	(495,119)	(43,427)	-	12,752	(525,794)
Infrastructure	(697,160)	(108,652)	990	45,351	(759,471)
Water Distribution System	(16,727,405)	(1,528,218)	(990)	-	(18,256,613)
Total Accumulated Depreciation	<u>(18,544,700)</u>	<u>(1,726,678)</u>	<u>-</u>	<u>58,103</u>	<u>(20,213,275)</u>
Total Capital Assets, Depreciated	<u>26,012,640</u>	<u>(1,699,040)</u>	<u>1,020,593</u>	<u>(103,912)</u>	<u>25,230,281</u>
Water/Sewer Utility Capital Assets	<u>\$ 29,509,090</u>	<u>\$ (1,648,175)</u>	<u>\$ -</u>	<u>\$ (103,912)</u>	<u>\$ 27,757,003</u>

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

Depreciation Expense by Activity	
Business-Type Activities	
Landfill	\$ 425,845
Water/Sewer Utility	1,726,678
Total Depreciation Expense	
Business-Type Activities	\$ 2,152,523

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

	Governmental	Business-Type	Total
Land and Easements	\$ 3,395,579	\$ 3,244,539	\$ 6,640,118
Construction in Progress	462,935	50,866	513,801
Capital Assets - Non-Depreciable	<u>\$ 3,858,514</u>	<u>\$ 3,295,405</u>	<u>\$ 7,153,919</u>
Buildings and Improvements	\$ 31,369,256	\$ 1,363,548	\$ 32,732,804
Intangibles	551,756	55,324	607,080
Machinery and Equipment - Board	13,269,631	2,530,874	15,800,505
Machinery and Equipment - Sheriff	6,500,167	-	6,500,167
Infrastructure	48,856,747	13,077,901	61,934,648
Water Distribution System	-	41,161,460	41,161,460
	<u>100,547,557</u>	<u>58,189,107</u>	<u>158,736,664</u>
(Less Accumulated Depreciation)	(47,299,461)	(28,663,341)	(75,962,802)
Capital Assets - Depreciable	<u>\$ 53,248,096</u>	<u>\$ 29,525,766</u>	<u>\$ 82,773,862</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, 2020:

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	Balance 9/30/19	Additions	Reductions	Balance 9/30/20	Due Within One Year	Long-Term Portion
Governmental Activities						
Notes Payable:						
Revenue Note, Series 2010	\$ 6,165,000	\$ -	\$ (1,480,000)	\$ 4,685,000	\$ 1,515,000	\$ 3,170,000
Sales Tax Refunding						
Revenue Note, Series 2012	854,000	-	(237,000)	617,000	243,000	374,000
Arcadia Bank Note 2016A *	919,857	-	-	919,857	-	919,857
Arcadia Bank Note 2016B *	537,257	-	(122,628)	414,629	131,417	283,212
Arcadia Bank Note 2017 *	825,110	-	(104,554)	720,556	107,609	612,947
Installment Purchases*	768,044	-	(263,685)	504,359	250,360	253,999
Long-Term Debt - At Par	10,069,268	-	(2,207,867)	7,861,401	2,247,386	5,614,015
Other Long-Term Obligations:						
Other Postemployment						
Benefits Liability	11,769,966	3,012,950	(625,586)	14,157,330	625,586	13,531,744
FEMA Long-Term Payable	1,151,065	-	(297,294)	853,771	685,860	167,911
Compensated Absences:						
Board	428,707	383,072	(363,409)	448,370	44,837	403,533
Clerk	38,524	27,786	(19,326)	46,984	4,699	42,285
Property Appraiser	22,981	20,305	(8,403)	34,883	3,488	31,395
Sheriff	378,767	32,657	-	411,424	41,142	370,282
Supervisor	8,900	-	(1,700)	7,200	720	6,480
Tax Collector	3,304	24,587	(21,126)	6,765	677	6,088
Net Pension Liability	29,559,903	9,258,412	(3,020,749)	35,797,566	80,332	35,717,234
Governmental Activities						
Long-Term Liabilities	\$ 53,431,385	\$ 12,759,769	\$ (6,565,460)	\$ 59,625,694	\$ 3,734,727	\$ 55,890,967

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

	Balance 9/30/19	Additions	Reductions	Balance 9/30/20	Due Within One Year	Long-Term Portion
Business-Type Activities						
Bonds and Notes Payable:						
Revenue Bonds	\$ 6,828,961	\$ -	\$ (250,768)	\$ 6,578,193	\$ 260,389	\$ 6,317,804
Notes Payable *	2,357,332	-	(251,134)	2,106,198	256,253	1,849,945
Installment Purchases *	572,024	199,747	(96,903)	674,868	119,990	554,878
Total Long-Term Debt	9,758,317	199,747	(598,805)	9,359,259	636,632	8,722,627
Other Long-Term Obligations:						
Landfill Closure Costs	5,341,575	280,601	-	5,622,176	-	5,622,176
Other Postemployment						
Benefits Liability	820,264	239,166	(40,619)	1,018,811	40,622	978,189
Compensated Absences	58,485	33,244	(47,348)	44,381	4,438	39,943
Net Pension Liability	820,911	321,120	(86,518)	1,055,513	2,767	1,052,746
Business-Type Activities						
Long-Term Liabilities	\$ 16,799,552	\$ 1,073,878	\$ (773,290)	\$ 17,100,140	\$ 684,459	\$ 16,415,681

*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, 2020, consist of the following for governmental activities:

Governmental Activities	Purpose of Issue	Loan Amount	Amount Outstanding	Interest Rate
Revenue Notes:				
Capital Improvement Refunding Note Series 2010 (Matures 2022)	Refunding of Series 2002 Capital Improvement Revenue Bonds	\$ 15,450,000	\$ 4,685,000	2.80%
Sales Tax Refunding Revenue Note Series 2012 (Matures 2022)	Purchase Fire Truck and Refinance Notes	2,280,000	617,000	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	414,629	4.09%
Arcadia Bank Note 2017* (Matures 2026)	To Fund Construction of Fire Station in City of Arcadia	1,100,000	720,556	2.98%
Installment Notes: Lease to Own * (Matures 2021 - 2023)	Various County Equipment	1,261,042	<u>504,359</u>	3.09-4.50%
Total Governmental Activities Notes Payable			<u><u>\$ 7,861,401</u></u>	

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

Remedies in the Event of Default – The debt obligations all allow for the obligors to take whatever legal actions necessary to collect the amounts due in the event of default.

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 \$4,884,290. Debt service for 2020 was \$1,631,900. Pledged revenues for 2020 (BOCC general fund only) were \$18,666,175.

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 \$637,038. Debt service for 2020 was \$254,093. Pledged revenues for 2020 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 \$1,130,940 and \$449,001, respectively. Debt service for the 2016A and 2016B notes was \$29,897 and \$144,601, 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 \$1,260,304 in 2020. The total principal and interest remaining to be repaid on the note is \$795,460. Debt Service for 2020 was \$127,274.

Bonds and notes/loans outstanding at September 30, 2020, consist of the following for business-type activities:

Business-Type Activities	Purpose of Issue	Loan Amount	Amount Outstanding	Interest Rate
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	\$ 6,578,193	3.80%
Notes Payable: State Revolving Fund Loans * (Matures 2035) (Matures 2030)	Wastewater System Improvements DP63904S DW140230	2,900,528 1,795,946	1,670,548 435,650	2.29% 1.69%
Installment Notes: Caterpillar Financial* (Matures 2022 - 2024)	Compactor Wheel Loader Dozer	625,288 154,581 199,747	344,031 134,994 <u>195,843</u>	2.45% 7.66% 3.63%
Total Business-Type Activities - Bonds and Notes Payable			<u><u>\$ 9,359,259</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 \$9,142,372. Debt service for 2020 was \$507,910. Pledged revenues of the water/wastewater system for 2020 were \$2,105,489.

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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 \$1,972,682. Debt service for 2020 was \$136,047. Pledged revenues of the water/wastewater system for 2020 were \$2,120,667.

The final maturity of SRF loan #DW140230 is in 2023. The total principal and interest remaining to be repaid on the loan is \$447,660. Debt service for 2020 was \$164,600. A legislative appropriation of \$957,000 was awarded to the County in 2016 to offset the principal balances.

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
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	-	-	291,134	31,998
2026-2030	-	-	763,458	62,832
	<u>\$ 5,302,000</u>	<u>\$ 219,327</u>	<u>\$ 2,559,401</u>	<u>\$ 334,028</u>

Fiscal Year	Business-Type Activities			
	Revenue Bond		Direct Borrowings	
	Principal	Interest	Principal	Interest
2021	\$ 260,389	\$ 247,521	\$ 376,243	\$ 68,445
2022	270,377	237,532	565,480	55,956
2023	280,749	227,160	263,477	46,635
2024	291,519	216,390	217,775	38,334
2025	302,702	205,207	202,480	31,086
2026-2030	1,696,860	842,688	577,028	103,207
2031-2035	2,048,273	491,275	578,583	33,627
2036-2040	1,427,324	96,406	-	-
	<u>\$ 6,578,193</u>	<u>\$ 2,564,179</u>	<u>\$ 2,781,066</u>	<u>\$ 377,290</u>

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. During 2020, the County entered into a three-year repayment agreement with FEMA. The outstanding liability owed to FEMA as of September 30, 2020 is \$853,771.

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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, 2020, the County had \$2,485,442 in restricted cash and investments in the landfill fund for these purposes. Of that amount, \$1,240,448 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, 2020, the County has recognized \$5,622,176, or approximately 61% of the remaining estimated closure and post-closure care totaling \$9,286,160. The following table summarizes the estimated remaining closure costs and post-closure costs, and costs incurred through September 30, 2020, by zone:

Zone	Remaining Closure Costs	Remaining Post-Closure Costs	Remaining Total Costs	Percent Filled	Total Liability Relative to Costs	Closing Costs Paid To-Date	Remaining To Be Paid
1	\$ -	\$ 962,520	\$ 962,520	100%	\$ 962,520	\$ -	\$ 962,520
2	-	812,790	812,790	100%	812,790	-	812,790
3	-	1,112,250	1,112,250	100%	1,112,250	-	1,112,250
4	1,806,185	1,561,440	3,367,625	97.2%	3,273,332	(716,331)	2,557,001
5	1,426,755	1,604,220	3,030,975	5.9%	177,615	-	177,615
	<u>\$ 3,232,940</u>	<u>\$ 6,053,220</u>	<u>\$ 9,286,160</u>	<u>68.3%</u>	<u>\$ 6,338,507</u>	<u>\$ (716,331)</u>	<u>\$ 5,622,176</u>

The accrued closure and post-closure care costs are \$5,622,176 at September 30, 2020, 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:

Governmental Activities	Other Purposes
Court-Related Services	\$ 587,097
Public Safety:	
Law Enforcement	504,962
Fire and EMS	3,573,167
E911 Services	484,585
Emergency Management	4,200
Emergency and Disaster Relief	428,535
Street Lighting	7,759
Building Code Enforcements	338,061
Total Governmental Activities	<u>\$ 5,928,366</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. An annual comprehensive 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).

The County's pension expense totaled \$7,171,800 for the fiscal year ended September 30, 2020 (all plans). The County's Deferred Outflows for all plans totaled \$11,661,362, and the County's Deferred Inflows for all plans totaled \$1,326,803. The County's total Net Pension Liability for all plans totaled \$36,853,079 for fiscal year ended September 30, 2020.

For the year ended September 30, 2020, the County's contributions to all plans totaled \$2,924,104. For further information of contributions by plan for each Constitutional Officer, see the schedule below:

	Florida Retirement System	Health Insurance Subsidy	Investment Plan	Total
Board of County Commissioners	\$ 977,073	\$ 123,289	\$ 153,315	\$ 1,253,677
Clerk of Circuit Court	82,782	9,349	3,344	95,475
Property Appraiser	79,878	8,134	2,651	90,663
Tax Collector	87,764	8,894	2,164	98,822
Sheriff	1,148,367	99,394	78,043	1,325,804
Supervisor of Elections	56,612	2,924	127	59,663
	<u>\$ 2,432,476</u>	<u>\$ 251,984</u>	<u>\$ 239,644</u>	<u>\$ 2,924,104</u>

Payables to the Pension Plan. The County reported a payable of \$49,764 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2020.

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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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Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
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
<i>Regular Class Members Initially Enrolled On or After July 1, 2011:</i>	
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
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Regular</i>	
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 2019-20 fiscal year were as follows:

Class	Year Ended June 30, 2020, Percent of Gross Salary		Year Ended June 30, 2021, Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	6.75	3.00	8.28
FRS, Elected County Officers	3.00	47.10	3.00	47.46
FRS, Senior Management Service	3.00	23.69	3.00	25.57
FRS, Special Risk Regular	3.00	23.76	3.00	22.73
DROP - Applicable to Members from All of the Above Classes	0.00	12.94	0.00	15.32
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 \$2,432,476 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2020, the County reported a liability of \$31,510,524 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The County's proportionate share of the net pension liability was based on the County's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the County's proportion was 0.072702936%, which was a decrease of 0.00096068 from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$6,761,403 related to the Plan. At September 30, 2020, 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	\$ 645,588	\$ -
Difference Between Expected and Actual		
Experience	1,205,972	-
Changes of Assumptions	5,704,407	-
Changes in Proportion and Difference Between		
County Contributions and Proportionate Share of		
Contributions	1,121,392	707,365
Net Difference Between Projected and Actual Earnings		
on Pension Plan Investments	<u>1,876,174</u>	<u>-</u>
Total	<u>\$ 10,553,533</u>	<u>\$ 707,365</u>

The deferred outflows of resources related to pensions, totaling \$645,588, 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, 2021. 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>
2021	\$ 1,942,571
2022	2,875,195
2023	2,470,511
2024	1,555,306
2025	<u>356,997</u>
Total	<u>\$ 9,200,580</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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	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Board of County Commissioners	\$ 12,610,623	\$ 3,876,709	\$ 308,183
Clerk of Circuit Court	1,080,450	356,531	18,464
Property Appraiser	1,015,422	390,674	28,349
Tax Collector	1,114,069	357,930	29,452
Sheriff	14,956,490	5,333,533	298,405
Supervisor of Elections	733,470	238,156	24,512
	<u>\$ 31,510,524</u>	<u>\$ 10,553,533</u>	<u>\$ 707,365</u>

Actuarial Assumptions. The total pension liability in the July 1, 2020, 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	2.40%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	6.80%
Long-Term Expected Rate of Return, Net of Investment Expense	6.80%
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, 2020 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:

Asset Class	Target Allocation(1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	<u>100.0%</u>			

Assumed Inflation – Mean 2.4% 1.7%

(1) As outlined in the FRS Pension Plan's investment policy available from Funds We Manage on the SBA's website at www.sbafla.com.

DESOTO COUNTY, FLORIDA
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Discount Rate. The discount rate used to measure the total pension liability was 6.80%. 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 6.90% in the July 1, 2019 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 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
County’s Proportionate Share of the Net Pension Liability	\$ 50,317,011	\$ 31,510,524	\$ 15,803,264

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 Annual Comprehensive 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, 2020, 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, 2020 and 2019, 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 all preceding 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 \$251,984 for the fiscal year ended September 30, 2020.

DESOTO COUNTY, FLORIDA
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2020, the County reported a net pension liability of \$5,342,555 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The County's proportionate share of the net pension liability (HIS) was based on the County's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the County's proportionate share was 0.043756153%, which was a decrease of 0.001516931 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the County recognized pension expense of \$410,398 related to the HIS Plan. At September 30, 2020, 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	\$ 65,259	\$ -
Difference Between Expected and Actual Experience	218,543	4,121
Changes of Assumptions	574,477	310,649
Changes in Proportion and Difference Between County Contributions and Proportionate Share Contributions	245,284	304,668
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,266	-
Total	<u>\$ 1,107,829</u>	<u>\$ 619,438</u>

The deferred outflows of resources related to pensions, totaling \$65,259, 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, 2021. 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>
2021	\$ 94,060
2022	73,942
2023	13,380
2024	73,497
2025	98,781
Thereafter	69,472
Total	<u>\$ 423,132</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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NOTES TO FINANCIAL STATEMENTS
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	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Board of County Commissioners	\$ 2,631,363	\$ 454,636	\$ 349,384
Clerk of Circuit Court	207,267	43,780	22,438
Property Appraiser	169,831	34,599	31,646
Tax Collector	186,112	37,971	15,043
Sheriff	2,086,040	524,229	194,473
Supervisor of Elections	61,942	12,614	6,454
	<u>\$ 5,342,555</u>	<u>\$ 1,107,829</u>	<u>\$ 619,438</u>

Actuarial Assumptions. The total pension liability in the July 1, 2020, 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	2.40%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	2.21%
Long-Term Expected Rate of Return, Net of Investment Expense	N/A
Municipal Bond Index	2.21%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

The actuarial assumptions used in the July 1, 2020 valuation, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate. The discount rate used to measure the total pension liability was 2.21%. 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 3.50% in the July 1, 2019 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 2.21%, 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 (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
County's Proportionate Share of the Net Pension Liability	<u>\$ 6,175,755</u>	<u>\$ 5,342,555</u>	<u>\$ 4,660,583</u>

DESOTO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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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 Annual Comprehensive 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 Annual Comprehensive 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 2019-20 fiscal year were as follows:

Class	Year Ended June 30, 2020		Year Ended June 30, 2021	
	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, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

**DESOTO COUNTY, FLORIDA
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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 \$239,644 for the fiscal year ended September 30, 2020.

Note 9 - Other Postemployment Benefits Plan

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. All other individuals who retire after December 31, 2008 receive no explicit benefit and are expected to pay 100% of the active premium.

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	<u>328</u>
Total	<u><u>375</u></u>

D. Total OPEB Liability

The County's total OPEB liability of \$15,176,141 was measured as of September 30, 2020, and was determined by an actuarial valuation as of October 1, 2018.

DESOTO COUNTY, FLORIDA
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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	2.14%
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) years 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 2.14%. 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:

Balance at September 30, 2019	\$ 12,590,228
Changes for the Year:	
Service Cost	318,150
Interest on the Total OPEB Liability	450,300
Changes in Assumptions or Other Inputs	2,483,671
Benefit Payments	(666,208)
Net Changes	2,585,913
Balance at September 30, 2020	\$ 15,176,141

**DESOTO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Changes in assumptions reflect a change in the discount rate from 3.58% for the reporting period ended September 30, 2019, to 2.14% for the reporting period ended September 30, 2020.

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 (1.14%) or 1 percentage higher (3.14%) than the current rate:

	1.00% Decrease 1.14%	Current Discount Rate 2.14%	1.00% Increase 3.14%
Total OPEB Liability	<u>\$ 17,384,873</u>	<u>\$ 15,176,141</u>	<u>\$ 13,378,104</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:

	1.00% Decrease 3.00% - 7.00%	Healthcare Cost Trend Rates 4.00% - 8.00%	1.00% Increase 5.00% - 9.00%
Total OPEB Liability	<u>\$ 13,079,539</u>	<u>\$ 15,176,141</u>	<u>\$ 17,762,677</u>

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

For the fiscal year ended September 30, 2020, the County recognized OPEB expense of \$1,316,528. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 386,187	\$ -
Change of Assumptions or Other Inputs	3,164,403	475,384
Total	<u>\$ 3,550,590</u>	<u>\$ 475,384</u>

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

For the Year Ending September 30,	Amortization
2021	\$ 544,078
2022	544,078
2023	544,078
2024	544,078
2025	544,078
Thereafter	354,816
Total	<u>\$ 3,075,206</u>

**DESOTO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, 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 non-major funds had deficit fund balances as of September 30, 2020:

<u>Fund Name</u>	<u>Deficit Amounts</u>
Non-Major Funds	
Special Revenue Funds:	
Emergency Management	\$ 31,196
LIHEAP	2,781
Golden Melody	5,361
Curbside Solid Waste	414
CDBG Housing Rehab	3,352
Debt Service	140,195

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.

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, 2020

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 2020, the County's water purchases from the Authority were \$511,467 for base charges and \$151,511 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 2020 included an annual membership fee of \$52,541 and special assessment fee of \$10,763. 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 2020, and the unamortized balance is \$200,000 at September 30, 2020.

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, 2020**

Fiscal Year	Total	
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 \$223,913 was applied against the required 2020 payment of \$270,000. Actual inter-governmental revenue under this agreement for 2020 was \$46,087.

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
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The leases meet the criteria for classification as operating leases for financial reporting. Equipment lease expense was \$22,088 for 2020. The lease was fully repaid during the fiscal year.

Note 15 - COVID 19

As a result of the COVID-19 pandemic, the county incurred additional expenditures which were not budgeted, offset by additional grant revenue from the CARES act. The county and constitutional officers limited work hours during the fiscal year, but did not see a reduction in staff. In general, the county was not significantly impacted.

REQUIRED SUPPLEMENTARY INFORMATION

DESOTO COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BOARD ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 22,578,011	\$ 23,163,607	\$ 23,187,252	\$ 23,645
Permits and Fees	1,300,932	1,336,191	1,343,805	7,614
Inter-Governmental Revenues	5,405,653	5,397,379	5,286,579	(110,800)
Charges for Services	900,792	333,462	341,978	8,516
Fines and Forfeitures	45,100	37,873	37,773	(100)
Miscellaneous Revenues	289,170	343,696	351,899	8,203
Less: 4% Reduction	(763,904)	-	-	-
Total Revenues	<u>29,755,754</u>	<u>30,612,208</u>	<u>30,549,286</u>	<u>(62,922)</u>
Expenditures				
Current:				
General Government	6,935,242	6,984,185	6,612,676	371,509
Public Safety	587,439	592,094	573,513	18,581
Physical Environment	430,832	431,549	327,165	104,384
Economic Environment	250,023	243,223	232,414	10,809
Human Services	1,792,416	1,750,059	1,515,370	234,689
Culture and Recreation	1,327,830	1,310,981	1,098,596	212,385
Debt Service:				
Principal Retirement	14,800	14,800	14,785	15
Interest and Fiscal Charges	1,400	1,400	1,353	47
Reserves	5,912,774	7,041,339	-	7,041,339
(Total Expenditures)	<u>(17,252,756)</u>	<u>(18,369,630)</u>	<u>(10,375,872)</u>	<u>7,993,758</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,502,998</u>	<u>12,242,578</u>	<u>20,173,414</u>	<u>7,930,836</u>
Other Financing Sources (Uses)				
Transfers in	248,273	4,306,381	1,810,233	(2,496,148)
Transfers (out)	(19,077,704)	(19,354,300)	(19,236,822)	117,478
Insurance Proceeds	-	-	880	880
Total Other Financing Sources (Uses)	<u>(18,829,431)</u>	<u>(15,047,919)</u>	<u>(17,425,709)</u>	<u>(2,377,790)</u>
Net Change in Fund Balances	<u>(6,326,433)</u>	<u>(2,805,341)</u>	<u>2,747,705</u>	<u>5,553,046</u>
Fund Balances, Beginning of Year	<u>6,326,433</u>	<u>5,827,390</u>	<u>8,116,565</u>	<u>2,289,175</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 3,022,049</u>	<u>\$ 10,864,270</u>	<u>\$ 7,842,221</u>

DESOTO COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COUNTY TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,330,101	\$ 1,225,246	\$ 1,221,911	\$ (3,335)
Permits and Fees	12,900	17,443	17,943	500
Inter-Governmental Revenues	12,629,684	13,405,628	6,008,512	(7,397,116)
Charges for Services	47,000	43,202	43,351	149
Miscellaneous Revenues	8,012	17,065	19,733	2,668
Total Revenues	<u>14,027,697</u>	<u>14,708,584</u>	<u>7,311,450</u>	<u>(7,397,134)</u>
Expenditures				
Current:				
Transportation	14,969,334	15,175,466	8,227,566	6,947,900
Debt Service:				
Principal Retirement	170,404	170,404	170,400	4
Interest and Fiscal Charges	14,119	14,118	14,118	-
Reserves	-	217,337	-	217,337
(Total Expenditures)	<u>(15,153,857)</u>	<u>(15,577,325)</u>	<u>(8,412,084)</u>	<u>7,165,241</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,126,160)</u>	<u>(868,741)</u>	<u>(1,100,634)</u>	<u>(231,893)</u>
Other Financing Sources (Uses)				
Transfers in	2,556,335	2,570,227	2,572,341	2,114
Transfers (out)	(1,631,900)	(1,645,792)	(1,647,906)	(2,114)
Insurance Proceeds	-	3,400	4,894	1,494
Total Other Financing Sources (Uses)	<u>924,435</u>	<u>927,835</u>	<u>929,329</u>	<u>1,494</u>
Net Change in Fund Balances	(201,725)	59,094	(171,305)	(230,399)
Fund Balances, Beginning of Year	<u>201,725</u>	<u>201,725</u>	<u>27,235</u>	<u>(174,490)</u>
Fund Balances (Deficits), End of Year	<u>\$ -</u>	<u>\$ 260,819</u>	<u>\$ (144,070)</u>	<u>\$ (404,889)</u>

DESOTO COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FIRE AND EMS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$ 2,918,276	\$ 2,842,914	\$ 2,810,655	\$ (32,259)
Permits and Fees	19,000	7,805	7,805	-
Inter-Governmental Revenues	65,451	144,053	142,356	(1,697)
Charges for Services	770,000	930,000	951,744	21,744
Miscellaneous Revenues	9,372	18,504	15,119	(3,385)
Less: 4% Reduction	(116,730)	-	-	-
Total Revenues	<u>3,665,369</u>	<u>3,943,276</u>	<u>3,927,679</u>	<u>(15,597)</u>
Expenditures				
Current:				
General Government	85,492	85,628	84,812	816
Public Safety	5,674,865	5,797,017	5,184,608	612,409
Debt Service:				
Principal Retirement	78,499	78,499	78,499	-
Interest and Fiscal Charges	10,164	10,164	10,164	-
Reserve	47,356	2,370,076	-	2,370,076
(Total Expenditures)	<u>(5,896,376)</u>	<u>(8,341,384)</u>	<u>(5,358,083)</u>	<u>2,983,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,231,007)</u>	<u>(4,398,108)</u>	<u>(1,430,404)</u>	<u>2,967,704</u>
Other Financing Sources (Uses)				
Transfers in	1,955,297	3,874,841	3,874,841	-
Transfers (out)	(259,141)	(259,141)	(259,141)	-
Insurance Proceeds	-	480	480	-
Other Non-Operating	-	(2,370,076)	329,000	2,699,076
Total Other Financing Sources (Uses)	<u>1,696,156</u>	<u>1,246,104</u>	<u>3,945,180</u>	<u>2,699,076</u>
Net Change in Fund Balance	(534,851)	(3,152,004)	2,514,776	5,666,780
Fund Balances, Beginning of Year	<u>534,851</u>	<u>534,851</u>	<u>781,928</u>	<u>247,077</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ (2,617,153)</u>	<u>\$ 3,296,704</u>	<u>\$ 5,913,857</u>

DESOTO COUNTY, FLORIDA
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2020

Total OPEB Liability	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 318,150	\$ 231,144	\$ 275,269
Interest	450,300	459,010	403,256
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	540,661	-
Changes of Assumptions or Other Inputs	2,483,671	1,449,759	(760,615)
Benefit Payments	<u>(666,208)</u>	<u>(593,228)</u>	<u>(432,554)</u>
Net Change in Total OPEB Liability	2,585,913	2,087,346	(514,644)
Total OPEB - Liability Beginning	<u>12,590,228</u>	<u>10,502,882</u>	<u>11,017,526</u>
Total OPEB Liability - Ending	<u><u>\$ 15,176,141</u></u>	<u><u>\$ 12,590,228</u></u>	<u><u>\$ 10,502,882</u></u>
Covered-Employee Payroll	\$ 15,763,626	\$ 15,201,683	\$ 13,287,982
Total OPEB Liability as a Percentage of Covered-Employee Payroll	96.27%	82.82%	79.04%

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, 2020

Note 1 - Change 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:

- **2020:** 2.14%
- **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%
2020	0.072702936%	31,510,524	15,336,406	205.46%	78.85%

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%
2020	0.043756153%	5,342,555	15,336,406	34.84%	3.00%

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%
2020	2,432,476	(2,432,476)	-	15,232,007	15.97%

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%
2020	251,984	(251,984)	-	15,232,007	1.65%

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

DESOTO COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

Note 1 - Changes in Benefits and Assumptions – Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) Pension Plans – 2020

Changes in benefit terms from the year ended June 30, 2019 to June 30, 2020:

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

Changes in assumptions from the year ended June 30, 2019 to June 30, 2020:

- **FRS:** The long-term expected rate of return was decreased from 6.90% to 6.80%, and the active member mortality assumption was updated.
- **HIS:** The municipal rate used to determine total pension liability decreased from 3.50% to 2.21%.

Note 2 - Changes in Benefits and Assumptions – FRS and HRS 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%.

OTHER SUPPLEMENTARY INFORMATION

**DESOTO COUNTY, FLORIDA
COMBINING BALANCE SHEET
GENERAL FUND BY CATEGORY
SEPTEMBER 30, 2020**

	<u>Board of County Commissioners</u>	<u>Clerk of the Courts</u>	<u>Property Appraiser</u>
Assets			
Cash and Cash Equivalents	\$ 7,267,482	\$ 124,228	\$ 178,433
Restricted Cash and Cash Equivalents	608,618	-	-
Accounts Receivable, Net	591,927	-	-
Due from Other Funds	2,301,862	-	-
Due from Other Governments	898,451	10,924	-
Inventories	13,082	-	-
Prepays	54,000	-	-
Deposits	60,000	-	-
Advances to Other Funds	270,578	-	-
Total Assets	<u>12,066,000</u>	<u>135,152</u>	<u>178,433</u>
Liabilities			
Vouchers Payable	381,608	-	9,204
Accrued Liabilities	95,671	21,920	-
Due to Other Funds	105,442	25,818	166,504
Due to Other Governments	590	77,124	2,725
Deposits	609,620	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>1,192,931</u>	<u>124,862</u>	<u>178,433</u>
Deferred Inflows			
Unavailable Revenues	8,799	10,290	-
Fund Balances			
Non-Spendable:			
Prepays and Inventories	67,082	-	-
Advances	270,578	-	-
Assigned for Budget Carryforward	853,919	-	-
Unassigned	9,672,691	-	-
Total Fund Balances	<u>10,864,270</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 12,066,000</u>	<u>\$ 135,152</u>	<u>\$ 178,433</u>

Sheriff	Supervisor of Elections	Tax Collector	Eliminating Entries	Total General Fund
\$ 1,047,371	\$ 33,049	\$ 274,588	\$ -	\$ 8,925,151
-	-	-	-	608,618
-	10,000	-	-	601,927
-	-	-	(1,245,568)	1,056,294
46,596	-	15,865	-	971,836
-	-	-	-	13,082
-	14,495	-	-	68,495
-	-	-	-	60,000
-	-	-	-	270,578
<u>1,093,967</u>	<u>57,544</u>	<u>290,453</u>	<u>(1,245,568)</u>	<u>12,575,981</u>
124,420	36,610	-	-	551,842
216,131	9,273	-	-	342,995
746,343	-	250,760	(1,245,568)	49,299
-	5,295	8,056	-	93,790
-	-	-	-	609,620
3,661	-	15,772	-	19,433
<u>1,090,555</u>	<u>51,178</u>	<u>274,588</u>	<u>(1,245,568)</u>	<u>1,666,979</u>
3,412	-	15,865	-	38,366
-	14,495	-	-	81,577
-	-	-	-	270,578
-	-	-	-	853,919
-	(8,129)	-	-	9,664,562
-	6,366	-	-	10,870,636
<u>\$ 1,093,967</u>	<u>\$ 57,544</u>	<u>\$ 290,453</u>	<u>\$ (1,245,568)</u>	<u>\$ 12,575,981</u>

DESOTO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Board of County Commissioners	Clerk of the Courts	Property Appraiser
Revenues			
Taxes	\$ 23,187,252	\$ -	\$ -
Permits and Fees	1,343,805	-	-
Inter-Governmental Revenues	5,286,579	220,296	-
Charges for Services	341,978	712,761	1,195,725
Fines and Forfeitures	37,773	-	-
Miscellaneous Revenues	351,899	561	9,015
Total Revenues	30,549,286	933,618	1,204,740
Expenditures			
Current:			
General Government	6,612,676	260,643	1,038,236
Public Safety	573,513	-	-
Physical Environment	327,165	-	-
Economic Environment	232,414	-	-
Human Services	1,515,370	-	-
Culture and Recreation	1,098,596	-	-
Court-Related	-	737,835	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	14,785	-	-
Interest and Fiscal Charges	1,353	-	-
(Total Expenditures)	(10,375,872)	(998,478)	(1,038,236)
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,173,414	(64,860)	166,504
Other Financing Sources (Uses)			
Transfers in	1,810,233	103,793	-
Transfers (out)	(19,236,822)	(25,818)	(166,504)
Distribution of Excess Commissions	-	(13,115)	-
Insurance Proceeds	880	-	-
Total Other Financing Sources (Uses)	(17,425,709)	64,860	(166,504)
Net Change in Fund Balances	2,747,705	-	-
Fund Balances, Beginning of Year	8,116,565	-	-
Fund Balances, End of Year	\$ 10,864,270	\$ -	\$ -

Sheriff	Supervisor of Elections	Tax Collector	Eliminating Entries	Total General Fund
\$ -	\$ -	\$ -	\$ -	\$ 23,187,252
-	-	-	-	1,343,805
209,776	38,261	-	-	5,754,912
28,500	2,478	1,203,403	-	3,484,845
-	-	-	-	37,773
63,942	70	606	-	426,093
<u>302,218</u>	<u>40,809</u>	<u>1,204,009</u>	<u>-</u>	<u>34,234,680</u>
-	491,068	953,249	-	9,355,872
11,567,355	-	-	-	12,140,868
-	-	-	-	327,165
-	-	-	-	232,414
-	-	-	-	1,515,370
-	-	-	-	1,098,596
423,927	-	-	-	1,161,762
-	-	-	-	-
-	-	-	-	14,785
-	-	-	-	1,353
<u>(11,991,282)</u>	<u>(491,068)</u>	<u>(953,249)</u>	<u>-</u>	<u>(25,848,185)</u>
<u>(11,689,064)</u>	<u>(450,259)</u>	<u>250,760</u>	<u>-</u>	<u>8,386,495</u>
12,435,407	442,552	-	(14,121,878)	670,107
(746,343)	-	(250,760)	14,121,878	(6,304,369)
-	-	-	-	(13,115)
-	-	-	-	880
<u>11,689,064</u>	<u>442,552</u>	<u>(250,760)</u>	<u>-</u>	<u>(5,646,497)</u>
-	(7,707)	-	-	2,739,998
-	14,073	-	-	8,130,638
<u>\$ -</u>	<u>\$ 6,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,870,636</u>

**DESOTO COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Special Revenue			
	LIHEAP	Kings Crossing Lighting	Peace River Lighting	Ogden Acres Lighting
Assets				
Cash and Cash Equivalents	\$ -	\$ -	\$ 2,070	\$ 834
Restricted Cash and Cash Equivalents	-	-	-	-
Accounts Receivable	96	-	-	-
Special Assessments Receivable	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Funds	-	235	17	19
Due from Other Governments	138,828	-	-	-
Prepays	-	-	-	-
Advances to Other Funds	-	-	-	-
Total Assets	<u>138,924</u>	<u>235</u>	<u>2,087</u>	<u>853</u>
Liabilities				
Vouchers Payable	41,322	-	-	-
Accrued Liabilities	-	-	-	-
Due to Other Funds	97,602	49	-	-
Deposits	-	-	-	-
Unearned Revenue	-	-	-	-
Advances from Other Funds	-	-	-	-
Total Liabilities	<u>138,924</u>	<u>49</u>	<u>-</u>	<u>-</u>
Deferred Inflows				
Unavailable Revenues	2,781	-	-	-
Fund Balances (Deficits)				
Non-Spendable:				
Prepays	-	-	-	-
Advance to Other Funds	-	-	-	-
Restricted for:				
Economic Development	-	-	-	-
Streetlighting	-	186	2,087	853
Public Safety	-	-	-	-
Court-Related Services	-	-	-	-
Building Code Enforcements	-	-	-	-
Assigned for:				
Mosquito Control	-	-	-	-
Unassigned (Deficit)	(2,781)	-	-	-
Total Fund Balances (Deficits)	<u>(2,781)</u>	<u>186</u>	<u>2,087</u>	<u>853</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u>\$ 138,924</u>	<u>\$ 235</u>	<u>\$ 2,087</u>	<u>\$ 853</u>

Special Revenue					
Golden Melody Lighting	Harlem Heights Lighting	Lake Suzy Lighting	Spring Lakes Lighting	E-911 Services	Emergency Management
\$ -	\$ 4,172	\$ 81	\$ 202	\$ 470,992	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	32	-	-	-	-
-	-	-	-	-	-
65	27	85	34	-	2,058
-	-	-	-	12,595	44,839
-	-	-	-	1,500	4,200
-	-	-	-	-	-
<u>65</u>	<u>4,231</u>	<u>166</u>	<u>236</u>	<u>485,087</u>	<u>51,097</u>
-	-	-	-	502	1,872
-	-	-	-	-	5,077
-	-	-	-	-	38,664
-	-	-	-	-	-
-	-	-	-	-	-
5,426	-	-	-	-	-
<u>5,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>502</u>	<u>45,613</u>
-	-	-	-	-	36,680
-	-	-	-	1,500	4,200
-	-	-	-	-	-
-	-	-	-	-	-
-	4,231	166	236	-	-
-	-	-	-	483,085	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(5,361)	-	-	-	-	(35,396)
<u>(5,361)</u>	<u>4,231</u>	<u>166</u>	<u>236</u>	<u>484,585</u>	<u>(31,196)</u>
<u>\$ 65</u>	<u>\$ 4,231</u>	<u>\$ 166</u>	<u>\$ 236</u>	<u>\$ 485,087</u>	<u>\$ 51,097</u>

**DESOTO COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Special Revenue			
	Tourist Development Tax	CDBG Housing Rehab	Mosquito Control	Curbside Solid Waste Collection
Assets				
Cash and Cash Equivalents	\$ 121,353	\$ -	\$ 26,957	\$ -
Restricted Cash and Cash Equivalents	-	-	-	-
Accounts Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	895
Notes Receivable	-	-	-	-
Due from Other Funds	70	-	-	16,757
Due from Other Governments	9,069	32,122	-	-
Prepays	-	-	-	-
Advances to Other Funds	-	-	-	-
Total Assets	<u>130,492</u>	<u>32,122</u>	<u>26,957</u>	<u>17,652</u>
Liabilities				
Vouchers Payable	6,960	8,967	15,213	15,318
Accrued Liabilities	203	-	-	-
Due to Other Funds	-	23,155	-	2,333
Deposits	-	-	-	-
Unearned Revenue	-	-	-	-
Advances from Other Funds	-	-	-	-
Total Liabilities	<u>7,163</u>	<u>32,122</u>	<u>15,213</u>	<u>17,651</u>
Deferred Inflows				
Unavailable Revenues	-	3,352	-	415
Fund Balances (Deficits)				
Non-Spendable:				
Prepays	-	-	-	-
Advance to Other Funds	-	-	-	-
Restricted for:				
Economic Development	123,329	-	-	-
Streetlighting	-	-	-	-
Public Safety	-	-	-	-
Court-Related Services	-	-	-	-
Building Code Enforcements	-	-	-	-
Assigned for:				
Mosquito Control	-	-	11,744	-
Unassigned (Deficit)	-	(3,352)	-	(414)
Total Fund Balances (Deficits)	<u>123,329</u>	<u>(3,352)</u>	<u>11,744</u>	<u>(414)</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u>\$ 130,492</u>	<u>\$ 32,122</u>	<u>\$ 26,957</u>	<u>\$ 17,652</u>

Special Revenue

Building Fund	Dart Trust	SHIP	Hurricane Fund	CARES Act Fund	Court Fees	Law Enforcement Trust
\$ 341,914	\$ -	\$ 1,152,417	\$ 348,705	\$ 47,557	\$ -	\$ 167,851
-	-	-	-	-	428,947	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,375,000	-	-	-	-
3,508	-	-	-	3,088	464	-
-	-	-	79,830	845,031	21,951	707
8,215	-	122	-	-	1,052	-
-	-	-	-	-	-	-
<u>353,637</u>	<u>-</u>	<u>2,527,539</u>	<u>428,535</u>	<u>895,676</u>	<u>452,414</u>	<u>168,558</u>
3,404	-	1,391	-	61,683	15,890	-
9,357	-	-	-	6,805	1,107	-
-	-	3,565	-	827,188	-	-
2,815	-	-	-	-	-	-
-	-	220,127	-	-	-	-
-	-	-	-	-	-	-
<u>15,576</u>	<u>-</u>	<u>225,083</u>	<u>-</u>	<u>895,676</u>	<u>16,997</u>	<u>-</u>
-	-	-	-	-	-	-
8,215	-	122	-	-	1,052	-
-	-	-	-	-	-	-
-	-	2,302,334	-	-	-	-
-	-	-	428,535	-	-	168,558
-	-	-	-	-	434,365	-
329,846	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>338,061</u>	<u>-</u>	<u>2,302,456</u>	<u>428,535</u>	<u>-</u>	<u>435,417</u>	<u>168,558</u>
<u>\$ 353,637</u>	<u>\$ -</u>	<u>\$ 2,527,539</u>	<u>\$ 428,535</u>	<u>\$ 895,676</u>	<u>\$ 452,414</u>	<u>\$ 168,558</u>

**DESOTO COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Special Revenue			
	Sheriff Communication	Sheriff Inmate Welfare	Sheriff Voluntary Extra Duty	Sheriff Education
Assets				
Cash and Cash Equivalents	\$ 277,786	\$ 300,537	\$ 8,286	\$ 15,262
Restricted Cash and Cash Equivalents	-	-	-	-
Accounts Receivable	882	11,005	350	355
Special Assessments Receivable	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
Prepays	-	-	-	-
Advances to Other Funds	-	-	-	-
Total Assets	<u>278,668</u>	<u>311,542</u>	<u>8,636</u>	<u>15,617</u>
Liabilities				
Vouchers Payable	5,449	209	-	-
Accrued Liabilities	16,356	-	439	-
Due to Other Funds	256,863	-	-	-
Deposits	-	-	-	-
Unearned Revenue	-	-	-	-
Advances from Other Funds	-	-	-	-
Total Liabilities	<u>278,668</u>	<u>209</u>	<u>439</u>	<u>-</u>
Deferred Inflows				
Unavailable Revenues	-	-	-	-
Fund Balances (Deficits)				
Non-Spendable:				
Prepays	-	-	-	-
Advance to Other Funds	-	-	-	-
Restricted for:				
Economic Development	-	-	-	-
Streetlighting	-	-	-	-
Public Safety	-	311,333	8,197	15,617
Court-Related Services	-	-	-	-
Building Code Enforcements	-	-	-	-
Assigned for:				
Mosquito Control	-	-	-	-
Unassigned (Deficit)	-	-	-	-
Total Fund Balances (Deficits)	<u>-</u>	<u>311,333</u>	<u>8,197</u>	<u>15,617</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u>\$ 278,668</u>	<u>\$ 311,542</u>	<u>\$ 8,636</u>	<u>\$ 15,617</u>

Special Revenue		Debt Service	Capital Projects		Total Non-Major Governmental Funds
Sheriff Victim Advocate	Clerk of Court Records Modernization	Debt Service Fund	Construction	Special Projects	
\$ 1,257	\$ 152,540	\$ -	\$ -	\$ -	\$ 3,440,773
-	-	-	-	-	428,947
-	-	-	-	-	12,688
-	-	-	-	-	927
-	-	-	-	-	1,375,000
-	-	-	-	-	26,427
-	-	-	29,105	33,022	1,247,099
-	-	-	-	-	15,089
-	-	124,957	-	-	124,957
<u>1,257</u>	<u>152,540</u>	<u>124,957</u>	<u>29,105</u>	<u>33,022</u>	<u>6,671,907</u>
-	860	-	-	-	179,040
-	-	-	-	-	39,344
-	-	-	29,105	33,022	1,311,546
-	-	-	-	-	2,815
-	-	-	-	-	220,127
-	-	265,152	-	-	270,578
-	<u>860</u>	<u>265,152</u>	<u>29,105</u>	<u>33,022</u>	<u>2,023,450</u>
-	-	-	-	-	43,228
-	-	-	-	-	15,089
-	-	124,957	-	-	124,957
-	-	-	-	-	2,425,663
-	-	-	-	-	7,759
1,257	-	-	-	-	1,416,582
-	151,680	-	-	-	586,045
-	-	-	-	-	329,846
-	-	-	-	-	11,744
-	-	(265,152)	-	-	(312,456)
<u>1,257</u>	<u>151,680</u>	<u>(140,195)</u>	<u>-</u>	<u>-</u>	<u>4,605,229</u>
<u>\$ 1,257</u>	<u>\$ 152,540</u>	<u>\$ 124,957</u>	<u>\$ 29,105</u>	<u>\$ 33,022</u>	<u>\$ 6,671,907</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, 2020

	Special Revenue			
		Kings		Ogden
	LIHEAP	Crossing Lighting	Peace River Lighting	Acres Lighting
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	25,432	1,826	2,002
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	295,346	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous Revenues	-	49	105	9
Total Revenues	295,346	25,481	1,931	2,011
Expenditures				
Current:				
General Government	-	763	55	80
Public Safety	-	-	-	-
Physical Environment	-	24,278	1,382	62
Economic Environment	-	-	-	1,705
Human Services	260,326	-	-	-
Culture and Recreation	-	-	-	-
Court-Related	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
(Total Expenditures)	(260,326)	(25,041)	(1,437)	(1,847)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	35,020	440	494	164
Other Financing Sources (Uses)				
Transfers in	-	235	17	19
Transfers (out)	(37,801)	-	-	-
Total Other Financing Sources (Uses)	(37,801)	235	17	19
Net Change in Fund Balances	(2,781)	675	511	183
Fund Balances (Deficits),				
Beginning of Year	-	(489)	1,576	670
Fund Balances (Deficits) End of Year	\$ (2,781)	\$ 186	\$ 2,087	\$ 853

Special Revenue					
Golden Melody Lighting	Harlem Heights Lighting	Lake Suzy Lighting	Spring Lakes Lighting	E-911 Services	Emergency Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,564	3,233	9,205	3,833	-	-
-	-	-	-	-	-
-	-	-	-	120,000	154,767
-	-	-	-	57,665	-
-	-	-	-	-	-
9	21	17	8	2,377	-
7,573	3,254	9,222	3,841	180,042	154,767
210	86	275	115	-	-
-	-	-	-	128,440	260,569
7,150	2,260	8,640	3,774	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(7,360)	(2,346)	(8,915)	(3,889)	(128,440)	(260,569)
213	908	307	(48)	51,602	(105,802)
65	27	85	35	-	105,806
-	-	-	-	(56,967)	(3,750)
65	27	85	35	(56,967)	102,056
278	935	392	(13)	(5,365)	(3,746)
(5,639)	3,296	(226)	249	489,950	(27,450)
\$ (5,361)	\$ 4,231	\$ 166	\$ 236	\$ 484,585	\$ (31,196)

DESOTO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue			
	Tourist	CDBG	Mosquito	Curbside
	Development	Housing		Solid Waste
	Tax	Rehab	Control	Collection
Revenues				
Taxes	\$ 69,445	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	46,926	31,035	-
Charges for Services	-	-	-	1,827,062
Fines and Forfeitures	-	-	-	-
Miscellaneous Revenues	607	-	7	2,071
Total Revenues	70,052	46,926	31,042	1,829,133
Expenditures				
Current:				
General Government	-	-	-	54,300
Public Safety	18	-	380	-
Physical Environment	-	-	-	1,887,551
Economic Environment	77,344	6,400	-	-
Human Services	-	-	50,528	-
Culture and Recreation	-	-	-	-
Court-Related	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
(Total Expenditures)	(77,362)	(6,400)	(50,908)	(1,941,851)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(7,310)	40,526	(19,866)	(112,718)
Other Financing Sources (Uses)				
Transfers in	-	-	8,624	112,304
Transfers (out)	-	(43,878)	-	-
Total Other Financing Sources (Uses)	-	(43,878)	8,624	112,304
Net Change in Fund Balances	(7,310)	(3,352)	(11,242)	(414)
Fund Balances (Deficits),				
Beginning of Year	130,639	-	22,986	-
Fund Balances (Deficits) End of Year	\$ 123,329	\$ (3,352)	\$ 11,744	\$ (414)

Special Revenue					
Building Fund	Dart Trust	SHIP	Hurricane Fund	CARES Act Fund	Court Fees Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
436,381	-	-	-	-	-
-	1,816	370,642	929,985	2,502,751	-
3,275	-	-	-	-	143,711
-	-	-	-	-	67,887
13,574	5,933	136,927	-	1,584	127
<u>453,230</u>	<u>7,749</u>	<u>507,569</u>	<u>929,985</u>	<u>2,504,335</u>	<u>211,725</u>
460	-	-	-	-	36,088
436,221	-	-	256,863	597,965	-
-	-	-	-	-	-
-	-	564,931	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	139,799
-	-	-	-	-	-
-	-	-	-	-	-
<u>(436,681)</u>	<u>-</u>	<u>(564,931)</u>	<u>(256,863)</u>	<u>(597,965)</u>	<u>(175,887)</u>
16,549	7,749	(57,362)	673,122	1,906,370	35,838
5,902	-	-	-	-	125,000
-	(26,792)	(24,381)	-	(1,906,370)	(110,856)
<u>5,902</u>	<u>(26,792)</u>	<u>(24,381)</u>	<u>-</u>	<u>(1,906,370)</u>	<u>14,144</u>
22,451	(19,043)	(81,743)	673,122	-	49,982
315,610	19,043	2,384,199	(244,587)	-	385,435
<u>\$ 338,061</u>	<u>\$ -</u>	<u>\$ 2,302,456</u>	<u>\$ 428,535</u>	<u>\$ -</u>	<u>\$ 435,417</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, 2020

	Special Revenue				
	Law		Sheriff	Sheriff	
	Enforcement	Sheriff	Inmate	Voluntary	Sheriff
	Trust	Communication	Welfare	Extra Duty	Education
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Intergovernmental Revenues	3,652	10,586	-	-	-
Charges for Services	-	-	131,348	54,977	2,684
Fines and Forfeitures	22,975	-	-	-	-
Miscellaneous Revenues	747	176	4,000	-	13
Total Revenues	27,374	10,762	135,348	54,977	2,697
Expenditures					
Current:					
General Government	-	-	-	-	-
Public Safety	-	739,083	56,278	49,623	-
Physical Environment	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Court-Related	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
(Total Expenditures)	-	(739,083)	(56,278)	(49,623)	-
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	27,374	(728,321)	79,070	5,354	2,697
Other Financing Sources (Uses)					
Transfers in	-	985,184	-	-	-
Transfers (out)	-	(256,863)	-	-	-
Total Other Financing Sources (Uses)	-	728,321	-	-	-
Net Change in Fund Balances	27,374	-	79,070	5,354	2,697
Fund Balances (Deficits),					
Beginning of Year	141,184	-	232,263	2,843	12,920
Fund Balances (Deficits) End of Year	\$ 168,558	\$ -	\$ 311,333	\$ 8,197	\$ 15,617

Special Revenue		Debt Service	Capital Projects		Total Non-Major Governmental Funds
Sheriff Victim Advocate	Clerk of Court Records Modernization	Debt Service Fund	Construction	Special Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,445
-	-	-	-	-	53,095
-	-	-	-	-	436,381
-	-	195,287	265,787	510,222	5,438,802
196	51,164	-	-	-	2,272,082
-	-	-	-	-	90,862
-	155	-	-	-	168,516
<u>196</u>	<u>51,319</u>	<u>195,287</u>	<u>265,787</u>	<u>510,222</u>	<u>8,529,183</u>
-	37,070	-	354,383	-	483,885
310	-	-	-	-	2,525,750
-	-	-	-	-	1,935,097
-	-	-	-	-	650,380
-	-	-	-	-	310,854
-	-	-	-	45,574	45,574
-	-	-	-	-	139,799
-	-	2,239,469	-	-	2,239,469
-	-	240,117	-	-	240,117
<u>(310)</u>	<u>(37,070)</u>	<u>(2,479,586)</u>	<u>(354,383)</u>	<u>(45,574)</u>	<u>(8,570,925)</u>
<u>(114)</u>	<u>14,249</u>	<u>(2,284,299)</u>	<u>(88,596)</u>	<u>464,648</u>	<u>(41,742)</u>
-	-	2,236,160	89,961	1,196	3,670,620
-	-	-	(1,365)	(108,346)	(2,577,369)
-	-	2,236,160	88,596	(107,150)	1,093,251
<u>(114)</u>	<u>14,249</u>	<u>(48,139)</u>	<u>-</u>	<u>357,498</u>	<u>1,051,509</u>
<u>1,371</u>	<u>137,431</u>	<u>(92,056)</u>	<u>-</u>	<u>(357,498)</u>	<u>3,553,720</u>
<u>\$ 1,257</u>	<u>\$ 151,680</u>	<u>\$ (140,195)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,605,229</u>

DESOTO COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2020

	Board		Sheriff	
	Indigent Health Trust	Flexible Spending	Cash Bond Fund	Individual Depositors Fund
Assets				
Cash and Cash Equivalents	\$ -	\$ 9,182	\$ 8	\$ 996
Accounts Receivable	-	918	-	-
Due from Other Governments	284,777	-	-	-
Total Assets	<u>284,777</u>	<u>10,100</u>	<u>8</u>	<u>996</u>
Liabilities				
Due to Other Governments	-	-	8	996
Due to Individuals and Businesses	284,777	-	-	-
Due to Other Funds	-	10,100	-	-
Deposits	-	-	-	-
Total Liabilities	<u>\$ 284,777</u>	<u>\$ 10,100</u>	<u>\$ 8</u>	<u>\$ 996</u>

Sheriff		Clerk of the Courts			Tax Collector		Totals
Other Suspense Fund	Inmate Trust Fund	Registry of Court Funds	Special Trust Fund	Child Support Fund	Tax Collector Fund		
\$ -	\$ 36,650	\$ 193,029	\$ 322,058	\$ 3,471	\$ 692,385	\$ 1,257,779	
-	-	-	-	-	18,424	19,342	
1,354	-	-	-	-	-	286,131	
<u>1,354</u>	<u>36,650</u>	<u>193,029</u>	<u>322,058</u>	<u>3,471</u>	<u>710,809</u>	<u>1,563,252</u>	
1,354	-	-	1,631	3,471	621,915	629,375	
-	36,650	-	320,427	-	-	641,854	
-	-	-	-	-	-	10,100	
-	-	193,029	-	-	88,894	281,923	
<u>\$ 1,354</u>	<u>\$ 36,650</u>	<u>\$ 193,029</u>	<u>\$ 322,058</u>	<u>\$ 3,471</u>	<u>\$ 710,809</u>	<u>\$ 1,563,252</u>	

COMPLIANCE SECTION

DESOTO COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Grantor/Pass-Through Agency	CFDA/CSFA Number	Contract/ Grant Number	Award Amount	Grant Expenditures
Federal Awards				
U.S. Department of Housing and Urban Development				
Passed Through Florida Department of Economic Opportunity: Florida Small Cities CDBG	14.228	19DB-OJ-07-24-01-H02	\$ 750,000	\$ 50,278
Total U.S. Department of Housing and Urban Development				<u>50,278</u>
U.S. Department of Justice				
Passed Through Florida Department of Law Enforcement: State Criminal Alien Assistance Program	16.606	2019-AP-BX-1256	16,379	16,379
Justice Assistance Grant (JAG) Program Cluster: Edward Byrne Memorial Justice Assistance Grant - K-9 Grant	16.738	2020-JAGC-DESO-1-Y5-049	23,669	23,669
Edward Byrne Memorial Justice Assistance Grant - Equipment Grant	16.738	2019-JAGD-DESO-1-N3-015	4,875	4,875
				<u>28,544</u>
Total U.S. Department of Justice				<u>44,923</u>
U.S. Department of Transportation				
Federal Transit Administration				
Passed Through Florida Department of Transportation: Highway Planning and Construction	20.205	FPN 435014-1-58/68-01	1,192,726	33,955
Formula Grants for Other Than Urbanized Areas	20.509	FPN 431581-1-84-01 G1362	1,816	1,816
Total U.S. Department of Transportation, Federal Transit Administration				<u>35,771</u>
U.S. Department of Treasury				
Passed Through Florida Division of Emergency Management: COVID-19 - Coronavirus Relief Fund - CARES Act Funding Agreement*	21.019	Y2297	6,630,880	2,504,335
Passed Through Florida Housing Finance Corporation: COVID-19 - Coronavirus Relief Fund - CARES Act Funding Agreement*	21.019	047-2020	240,768	20,642
Total U.S. Department of Treasury				<u>2,524,977</u>
U.S. Election Assistance Commission				
Passed Through Florida Department of State: Help America Vote Act Grant	90.401	E2391, E2437	69,696	20,183
Help America Vote Act Grant	90.401	19.E.FA.000.295	8,041	8,041
Help America Vote Act Grant	90.401	N/A	34,290	28,998
Total U.S. Election Assistance Commission				<u>57,222</u>
U.S. Department of Health and Human Services				
Passed Through Florida Department of Revenue: Child Support Enforcement - Reimbursement	93.563	COC14	53,509	53,509
Passed Through Florida Department of Economic Opportunity: Low Income Home Energy Assistance Program	93.568	17-EA-0F-07-24-01-010	449,434	234,641
COVID-19 - Low Income Home Energy Assistance Program	93.568	17-EA-0F-07-24-01-010	159,373	63,486
				<u>298,127</u>
Total U.S. Department of Health and Human Services				<u>351,636</u>
U.S. Department of Homeland Security,				
Federal Emergency Management Agency (FEMA)				
Passed Through Florida Division of Emergency Management: Disaster Grants - Public Assistance	97.036	Hurricane Irma Disaster #4337	3,148,090	768,870
Passed Through Florida Division of Emergency Management: Wind Retrofit Project	97.039	H0169	276,323	265,787
Passed Through Florida Division of Emergency Management: Emergency Management Performance Grants	97.042	G0013	57,471	45,016
Emergency Management Performance Grants	97.042	G0102	57,666	10,522
COVID-19 Supplemental	97.042	G0162	8,898	8,893
				<u>64,431</u>
Total U.S. Department of Homeland Security, FEMA				<u>1,099,088</u>
Total Expenditures of Federal Awards				<u>\$ 4,163,895</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, 2020

Grantor/Pass-Through Agency	CFDA/CSFA Number	Contract/ Grant Number	Award Amount	Expenditures
State Financial Assistance				
Florida Executive Office of the Governor				
Emergency Management Preparedness and Assistance Base Grant	31.063	A0049	\$ 105,806	\$ 73,932
Emergency Management Preparedness and Assistance Base Grant	31.063	A100	105,806	17,265
Total Florida Executive Office of the Governor				<u>91,197</u>
Florida Department of Environmental Protection				
Small County Consolidated Grant	37.012	SC005	90,909	90,909
Total Florida Department of Environmental Protection				<u>90,909</u>
Florida Housing Finance Corporation				
State Housing Initiatives Partnership	40.901	SHIP	389,060	570,294
Total Florida Housing Finance Corporation				<u>570,294</u>
Florida Department of Agriculture and Consumer Services				
Mosquito Control Program	42.003	26484	34,497	31,035
Total Florida Department of Agriculture and Consumer Services				<u>31,035</u>
Florida Department of State, Division of Library and Information Services				
State Aid to Libraries	45.030	20-ST-13	75,293	75,293
Total Florida Department of State, Division of Library and Information Services				<u>75,293</u>
Florida Department of Transportation				
Small County Outreach Program - C.R. 761 Bridge Scour**	55.009	G1468	1,192,201	1,084,220
Small County Outreach Program - C.R 661**	55.009	G0E73	4,048,269	3,326,158
Small County Outreach Program - Reynolds St Bridge**	55.009	G1470	1,320,146	31,231
Small County Outreach Program - SW Senate Street**	55.009	G1F18	1,852,048	109,213
				<u>4,550,822</u>
Small County Road Assistance Program - C R 763	55.016	G0E72	4,687,500	517,451
Small County Road Assistance Program - Durrance St	55.016	G1F25	839,179	57,407
Small County Road Assistance Program - Hillsborough Ave	55.016	G1F24	1,592,234	125,486
				<u>700,344</u>
Total Florida Department of Transportation				<u>5,251,166</u>
Florida Fish and Wildlife Commission				
Derelict Vessel Removal Grant	77.005	19284	20,000	9,150
Florida Boating Improvement Grant	77.006	18072	100,000	33,022
Total Florida Fish and Wildlife Commission				<u>42,172</u>
Total Expenditures of State Financial Assistance			<u>\$</u>	<u>6,152,066</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, 2020**

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, 2020. 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, 2020:

Program	CSFA Number	Loan Outstanding
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, 2020

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 100% 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 2020 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, 2020, 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 25, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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 25, 2021
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, 2020. 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 Audit 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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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, 2020.

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 25, 2021
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, 2020**

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

U.S. Department of The Treasury	
Passed Through Florida Emergency Management	
COVID-19 - Coronavirus Relief Fund – CARES Act Funding Agreement	CFDA No. 21.019

State Financial Assistance Projects

Florida Department of Transportation	
Small County Outreach Program	CSFA No. 55.009

**DESOTO COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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 – INVESTMENTS 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, *Local Government Investment Policies*, during the fiscal year ended September 30, 2020. 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 requirements of Section 218,415, Florida Statutes, *Local Government Investment Policies*, during the fiscal year ended September 30, 2020.

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 25, 2021
Sarasota, Florida

**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, 2020. 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 requirements of 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, 2020.

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 25, 2021
Sarasota, Florida

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, 2020, and have issued our report thereon dated June 25, 2021.

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 25, 2021, 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 the audit findings and recommendations made in the preceding 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. The County has disclosed this information in Note 1 of the financial statements and there are no component units.

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DeSoto County, Florida

MANAGEMENT LETTER

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not 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 did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the 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 25, 2021
Sarasota, Florida

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 16 day of June, 2021.

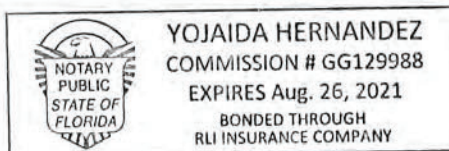
Yojaida Hernandez

NOTARY PUBLIC
Print Name Yojaida 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, 2020

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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, 2020, 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, 2020, 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, 2020, 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 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

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

INDEPENDENT AUDITOR'S REPORT

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 28, 2021, 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 28, 2021
Sarasota, Florida

FINANCIAL STATEMENTS

DESOTO COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Public Records Trust Fund</u>	
Assets			
Cash and Cash Equivalents	\$ 124,228	\$ 152,540	\$ 276,768
Due from Other Governments	10,924	-	10,924
Total Assets	<u>135,152</u>	<u>152,540</u>	<u>287,692</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	-	860	860
Accrued Payroll and Payroll Taxes	21,920	-	21,920
Due to Board of County Commissioners	25,818	-	25,818
Due to Other Governments	77,124	-	77,124
Total Liabilities	<u>124,862</u>	<u>860</u>	<u>125,722</u>
Deferred Inflows			
Unavailable Revenues	10,290	-	10,290
Fund Balances			
Restricted for:			
Records Modernization	-	151,680	151,680
Total Fund Balances	<u>-</u>	<u>151,680</u>	<u>151,680</u>
Total Liabilities and Fund Balances	<u>\$ 135,152</u>	<u>\$ 152,540</u>	<u>\$ 287,692</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, 2020

	Major Funds		Total Governmental Funds
	General Fund	Public Records Trust Fund	
Revenues			
Intergovernmental Revenues	\$ 220,296	\$ -	\$ 220,296
Charges for Services	712,761	51,164	763,925
Interest	561	155	716
Total Revenues	<u>933,618</u>	<u>51,319</u>	<u>984,937</u>
Expenditures			
Current:			
General Government:			
Personnel Services	229,481	-	229,481
Operating Expenditures	31,162	37,070	68,232
Court-Related Services:			
Personnel Services	664,072	-	664,072
Operating Expenditures	73,763	-	73,763
(Total Expenditures)	<u>(998,478)</u>	<u>(37,070)</u>	<u>(1,035,548)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(64,860)</u>	<u>14,249</u>	<u>(50,611)</u>
Other Financing Sources (Uses)			
Reversion to the State of Florida	(13,115)	-	(13,115)
Transfers in from DeSoto County Board of County Commissioners	103,793	-	103,793
Transfers (out) to DeSoto County Board of County Commissioners	(25,818)	-	(25,818)
Total Other Financing Sources (Uses)	<u>64,860</u>	<u>-</u>	<u>64,860</u>
Net Change in Fund Balances	-	14,249	14,249
Fund Balance, Beginning of Year	-	137,431	137,431
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 151,680</u>	<u>\$ 151,680</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2020**

	<u>Total Agency Funds</u>
Assets	
Cash	\$ 518,558
Liabilities	
Due to Other Governments	5,102
Due to Individuals	320,427
Escrow Deposits	193,029
Total Liabilities	<u>\$ 518,558</u>

See accompanying notes.

DESOTO COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020

- **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, 2020

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 (RSI) section of the accompanying financial statements, is a budget to actual comparison for the general fund. Expenditures for the general fund are segregated between the State and the Board Budgets to illustrate budgetary compliance. As described in the Note to RSI, the Public Records Trust Fund expenditures are restricted by statute, and are not included in the RSI.

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, 2019 through September 30, 2020, the amount recorded as Due to Other Governments includes \$57,447 of September 2020 revenues that can be retained to fund 2021 expenditures, as well as \$19,677, 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, 2020

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 \$794,076 (\$275,518 in governmental funds and \$518,558 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, 2020

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, 2020, 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, is payable at 100% upon retirement in good standing, and is capped at 400 hours depending on years of service.

**DESOTO COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2020</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	\$ 38,524	\$ 27,786	\$ (19,326)	\$ 46,984	\$ 4,698

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 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.

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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 165,705	\$ 165,705	\$ 220,296	\$ 54,591
Charges for Services:				
Court Activities	687,535	691,682	530,093	(161,589)
Non-Court Activities	199,000	199,000	182,668	(16,332)
Interest	-	-	561	561
Total Revenues	1,052,240	1,056,387	933,618	(122,769)
Expenditures				
Board Budget:				
General Government:				
Personnel Services	206,793	270,793	229,481	41,312
Operating Expenditures	32,000	32,000	31,162	838
State Budget:				
Court-Related Services:				
Personnel Services	733,490	731,157	664,072	67,085
Operating Expenditures	101,750	101,750	73,763	27,987
Capital Outlay	18,000	24,480	-	24,480
(Total Expenditures)	(1,092,033)	(1,160,180)	(998,478)	161,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,793)	(103,793)	(64,860)	38,933
Other Financing Sources (Uses)				
Reversion to the State of Florida	-	-	(13,115)	(13,115)
Transfers in from DeSoto County				
Board of County Commissioners	39,793	103,793	103,793	-
Transfers (out) to DeSoto County				
Board of County Commissioners	-	-	(25,818)	(25,818)
Total Other Financing Sources (Uses)	39,793	103,793	64,860	(38,933)
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -

**DESOTO COUNTY, FLORIDA
CLERK OF THE CIRCUIT AND COUNTY COURTS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020**

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, and are not included as required supplementary information.

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, 2020

	Registry of Court Fund	Special Trust Fund	Child Support Fund	Total Agency Funds
Assets				
Cash	\$ 193,029	\$ 322,058	\$ 3,471	\$ 518,558
Liabilities				
Due to Other Governments	-	1,631	3,471	5,102
Due to Individuals	-	320,427	-	320,427
Escrow Deposits	193,029	-	-	193,029
Total Liabilities	<u>\$ 193,029</u>	<u>\$ 322,058</u>	<u>\$ 3,471</u>	<u>\$ 518,558</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, 2020, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

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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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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 28, 2021
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, 2020, 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, 2020.

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 28, 2021
Sarasota, Florida

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE
WITH FLORIDA STATUTE SECTIONS 28.35 AND 28.36 – CERTAIN COURT-RELATED FUNCTIONS**

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 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, during the fiscal year ended September 30, 2020, 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 requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, during the fiscal year ended September 30, 2020.

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 28, 2021
Sarasota, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTE SECTION 61.181 – ALIMONY AND CHILD SUPPORT PAYMENTS

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, *Depository for Alimony Transactions, Support, Maintenance, and Support Payments; Fees*, during the fiscal year ended September 30, 2020, 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 requirements of Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support Payments; Fees*, during the fiscal year ended September 30, 2020.

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 28, 2021
Sarasota, Florida

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, 2020, and have issued our report thereon dated May 28, 2021.

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 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 May 28, 2021, 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 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 28, 2021
Sarasota, Florida

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

**SHERIFF
DESOTO COUNTY, FLORIDA**

SEPTEMBER 30, 2020

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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, 2020, 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, 2020, 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, 2020, 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.

Supplementary 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 June 22, 2021, 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.



June 22, 2021
Sarasota, Florida

FINANCIAL STATEMENTS

DESOTO COUNTY, FLORIDA
SHERIFF
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Major Funds					Total Governmental Funds
	General Fund	Communications Fund	Inmate Welfare Fund	Voluntary Extra Duty Fund	Non-Major Governmental Funds	
Assets						
Cash	\$ 1,047,371	\$ 277,786	\$ 300,537	\$ 8,286	\$ 16,519	\$ 1,650,499
Due from Other Governments	26,454	-	-	-	-	26,454
Due from Individuals and Businesses	20,142	882	11,005	350	355	32,734
Total Assets	<u>1,093,967</u>	<u>278,668</u>	<u>311,542</u>	<u>8,636</u>	<u>16,874</u>	<u>1,709,687</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Vouchers Payable	124,420	5,449	209	-	-	130,078
Accrued Liabilities	216,131	16,356	-	439	-	232,926
Unearned Revenue	3,661	-	-	-	-	3,661
Due to Board of County Commissioners	746,343	256,863	-	-	-	1,003,206
Total Liabilities	<u>1,090,555</u>	<u>278,668</u>	<u>209</u>	<u>439</u>	<u>-</u>	<u>1,369,871</u>
Deferred Inflows of Resources						
Unavailable Grant Revenue	3,412	-	-	-	-	3,412
Fund Balances						
Restricted for:						
Inmate Benefits	-	-	311,333	-	-	311,333
Voluntary Extra Duty	-	-	-	8,197	-	8,197
Education and Training	-	-	-	-	15,617	15,617
Victim Advocate	-	-	-	-	1,257	1,257
Total Fund Balances	<u>-</u>	<u>-</u>	<u>311,333</u>	<u>8,197</u>	<u>16,874</u>	<u>336,404</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,093,967</u>	<u>\$ 278,668</u>	<u>\$ 311,542</u>	<u>\$ 8,636</u>	<u>\$ 16,874</u>	<u>\$ 1,709,687</u>

See accompanying notes.

DESOTO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Major Funds					Total Governmental Funds
	General Fund	Communications Fund	Inmate Welfare Fund	Voluntary Extra Duty Fund	Non-Major Governmental Funds	
Revenues						
Intergovernmental	\$ 209,776	\$ 10,586	\$ -	\$ -	\$ -	\$ 220,362
Charges for Service	28,500	-	131,348	54,977	2,880	217,705
Interest Income	1,304	176	-	-	13	1,493
Miscellaneous Income	62,638	-	4,000	-	-	66,638
Total Revenues	302,218	10,762	135,348	54,977	2,893	506,198
Expenditures						
Current:						
Public Safety - Law Enforcement:						
Personnel Services	5,558,212	-	-	49,545	-	5,607,757
Operating Expenditures	1,127,100	-	-	78	310	1,127,488
Capital Outlay	610,801	-	-	-	-	610,801
Public Safety - Corrections:						
Personnel Services	2,681,983	-	-	-	-	2,681,983
Operating Expenditures	1,476,556	-	56,278	-	-	1,532,834
Capital Outlay	72,891	-	-	-	-	72,891
Public Safety - Communications:						
Personnel Services	-	623,529	-	-	-	623,529
Operating Expenditures	-	89,676	-	-	-	89,676
Capital Outlay	-	9,405	-	-	-	9,405
Public Safety - E-911 Coordinators:						
Personnel Services	39,812	16,473	-	-	-	56,285
Court Services - Court House Security:						
Personnel Services	423,927	-	-	-	-	423,927
(Total Expenditures)	(11,991,282)	(739,083)	(56,278)	(49,623)	(310)	(12,836,576)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,689,064)	(728,321)	79,070	5,354	2,583	(12,330,378)
Other Financing Sources (Uses)						
Transfers from Board of County Commissioners:						
Primary Allocation	12,370,808	968,469	-	-	-	13,339,277
Supplemental Funding	64,599	16,715	-	-	-	81,314
Transfers to Board of County Commissioners	(746,343)	(256,863)	-	-	-	(1,003,206)
Total Other Financing Sources (Uses)	11,689,064	728,321	-	-	-	12,417,385
Net Change in Fund Balances	-	-	79,070	5,354	2,583	87,007
Fund Balances, Beginning of Year	-	-	232,263	2,843	14,291	249,397
Fund Balances, End of Year	\$ -	\$ -	\$ 311,333	\$ 8,197	\$ 16,874	\$ 336,404

See accompanying notes.

DESOTO COUNTY, FLORIDA
SHERIFF
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2020

	<u>Total Agency Funds</u>
Assets	
Cash	\$ 37,654
Due from Others	1,354
Total Assets	<u>39,008</u>
Liabilities	
Due to Others	39,008
Total Liabilities	<u>\$ 39,008</u>

See accompanying notes.

DESOTO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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-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.

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, 2020

- **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.
- **Voluntary Extra Duty Fund**—a special revenue fund—is used to account for contracts of the employment of Sheriff’s deputies, during off-duty hours, for public or private security services.

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, 2020

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, 2020

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, 2020

Note 2 - Cash and Cash Equivalents

Deposits

At year-end, the carrying amount of the Sheriff's deposits was \$1,688,153, (\$1,650,499 in governmental funds and \$37,654 in agency funds), and the bank balance was \$1,731,643. 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:

**DESOTO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Capital Asset, Net</u>
Beginning Balance	\$ 6,723,611	\$ (4,169,207)	\$ 2,554,404
Capital Additions	699,662	-	699,662
Depreciation	-	(645,738)	(645,738)
(Disposals)	<u>(923,106)</u>	<u>906,623</u>	<u>(16,483)</u>
Ending Balance	<u>\$ 6,500,167</u>	<u>\$ (3,908,322)</u>	<u>\$ 2,591,845</u>

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 2020 capital asset additions above to capital outlay on the accompanying statement of revenues, expenditures, and changes in fund balance:

	<u>2020</u>
Capital Outlay	\$ 693,097
Assets Included in Capital Outlay in Prior Year	<u>6,565</u>
Total Capital Additions (Above)	<u>\$ 699,662</u>

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 2020:

Beginning Balance	\$ 378,767
Net Increase	<u>32,657</u>
Ending Balance	<u>\$ 411,424</u>

The portion of the above compensated absences liability estimated to be paid during the next year (current portion) is \$41,142.

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.

DESOTO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 324,084	\$ 209,776	\$ (114,308)
Charges for Service	-	28,500	28,500	-
Interest Income	-	-	1,304	1,304
Miscellaneous Income	-	-	62,638	62,638
Total Revenues	-	352,584	302,218	(50,366)
Expenditures				
Current:				
Personnel Services	9,128,215	9,490,701	8,703,934	786,767
Operating Expenditures	2,925,769	2,953,224	2,603,656	349,568
Capital Outlay	317,000	352,044	683,692	(331,648)
Reserves	10,000	10,000	-	10,000
(Total Expenditures)	(12,380,984)	(12,805,969)	(11,991,282)	814,687
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,380,984)	(12,453,385)	(11,689,064)	764,321
Other Financing Sources (Uses)				
Transfers from Board of County Commissioners:				
Primary Allocation	12,330,556	12,388,786	12,370,808	(17,978)
Supplemental Funding	50,428	64,599	64,599	-
Transfers to Board of County Commissioners	-	-	(746,343)	(746,343)
Total Other Financing Sources (Uses)	12,380,984	12,453,385	11,689,064	(764,321)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

DESOTO COUNTY, FLORIDA
SHERIFF
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNICATIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 10,586	\$ 10,586
Interest Income	-	-	176	176
Total Revenues	<u>-</u>	<u>-</u>	<u>10,762</u>	<u>10,762</u>
Expenditures				
Current:				
Public Safety - Communications:				
Personnel Services	836,799	836,799	640,002	196,797
Operating Expenditures	135,143	135,143	89,676	45,467
Capital Outlay	13,000	13,000	9,405	3,595
(Total Expenditures)	<u>(984,942)</u>	<u>(984,942)</u>	<u>(739,083)</u>	<u>245,859</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(984,942)</u>	<u>(984,942)</u>	<u>(728,321)</u>	<u>256,621</u>
Other Financing Sources (Uses)				
Transfers from Board of County Commissioners				
Primary Allocation	968,469	968,469	968,469	-
Supplemental Funding	16,473	16,473	16,715	242
Transfers to Board of County Commissioners	-	-	(256,863)	(256,863)
Total Other Financing Sources (Uses)	<u>984,942</u>	<u>984,942</u>	<u>728,321</u>	<u>(256,621)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DESOTO COUNTY, FLORIDA
SHERIFF
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

Note 1 - Budgetary Information

Budgets are legally adopted for the general fund and communications 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, 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 of County Commissioners.

SUPPLEMENTARY INFORMATION

DESOTO COUNTY, FLORIDA
SHERIFF
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Education Fund	Victim Advocate Fund	Total Non-Major Governmental Funds
Assets			
Cash	\$ 15,262	\$ 1,257	\$ 16,519
Due from Individuals and Businesses	355	-	355
Total Assets	<u>15,617</u>	<u>1,257</u>	<u>16,874</u>
Fund Balances			
Restricted for:			
Education and Training	15,617	-	15,617
Victim Advocate	-	1,257	1,257
Total Fund Balances	<u>15,617</u>	<u>1,257</u>	<u>16,874</u>
Total Fund Balances	<u>\$ 15,617</u>	<u>\$ 1,257</u>	<u>\$ 16,874</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, 2020

	Education Fund	Victim Advocate Fund	Total Non-Major Governmental Funds
Revenues			
Charges for Service	\$ 2,684	\$ 196	\$ 2,880
Interest Income	13	-	13
Total Revenues	<u>2,697</u>	<u>196</u>	<u>2,893</u>
Expenditures			
Current:			
Public Safety - Law Enforcement:			
Operating Expenditures	-	310	310
(Total Expenditures)	<u>-</u>	<u>(310)</u>	<u>(310)</u>
Net Change in Fund Balances	2,697	(114)	2,583
Fund Balances, Beginning of Year	<u>12,920</u>	<u>1,371</u>	<u>14,291</u>
Fund Balances, End of Year	<u>\$ 15,617</u>	<u>\$ 1,257</u>	<u>\$ 16,874</u>

DESOTO COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2020

	Cash Bond Fund	Individual Depositors Fund	Other Suspense Fund	Inmate Trust Fund	Total Agency Funds
Assets					
Cash	\$ 8	\$ 996	\$ -	\$ 36,650	\$ 37,654
Due from Others	-	-	1,354	-	1,354
Total Assets	<u>8</u>	<u>996</u>	<u>1,354</u>	<u>36,650</u>	<u>39,008</u>
Liabilities					
Due to Others	8	996	1,354	36,650	39,008
Total Liabilities	<u>\$ 8</u>	<u>\$ 996</u>	<u>\$ 1,354</u>	<u>\$ 36,650</u>	<u>\$ 39,008</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, 2020, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2021.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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

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



June 22, 2021
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, 2020, 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, 2020.

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.



June 22, 2021
Sarasota, Florida

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, 2020, and have issued our report thereon dated June 22, 2021.

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 June 22, 2021, 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.



June 22, 2021
Sarasota, Florida

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

**TAX COLLECTOR
DESOTO COUNTY, FLORIDA**

SEPTEMBER 30, 2020

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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, 2020, 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, 2020, 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, 2020, 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 December 3, 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.



December 3, 2020
Sarasota, Florida

FINANCIAL STATEMENTS

DESOTO COUNTY, FLORIDA
TAX COLLECTOR
BALANCE SHEET
GENERAL FUND (MAJOR FUND)
SEPTEMBER 30, 2020

Assets	
Cash and Cash Equivalents	\$ 274,588
Due from Other Taxing Districts	15,865
Total Assets	290,453
 Liabilities, Deferred Inflows, and Fund Balance	
Liabilities	
Due to Board of County Commissioners	250,760
Due to Other Taxing Agencies	8,056
Unearned Revenue	15,772
Total Liabilities	274,588
 Deferred Inflows of Resources	
Unavailable Revenue	15,865
 Fund Balance	-
 Total Liabilities, Deferred Inflows, and Fund Balance	\$ 290,453

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, 2020**

Revenues

Commissions and Fees:

Board of County Commissioners	\$ 812,546
Other Governmental Units	276,605
Delinquent Tax Fees	96,204
Other Taxing Districts	18,048
Interest	289
Miscellaneous	317

Total Revenues	1,204,009
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Expenditures

Current:

General Government:

Personnel Services	832,243
Operating Expenditures	121,006

(Total Expenditures)	(953,249)
-----------------------------	-----------

Excess of Revenues Over Expenditures	250,760
---	---------

Other Financing Sources (Uses)

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

(250,760)

Total Other Financing Sources (Uses)	(250,760)
---	-----------

Net Change in Fund Balance	-
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Fund Balance, Beginning of Year	-
--	---

Fund Balance, End of Year	\$ -
----------------------------------	------

See accompanying notes.

**DESOTO COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2020**

Assets

Cash and Cash Equivalents	\$ 692,385
Accounts Receivable	18,424
Total Assets	<u>710,809</u>

Liabilities

Due to Other Governments	621,915
Escrow Deposits	88,894
Total Liabilities	<u>\$ 710,809</u>

See accompanying notes.

DESOTO COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020

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.

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.

**DESOTO COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 of the taxes being 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.

Deferred Inflows of Resources

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

Unearned Revenue

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.

**DESOTO COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

Note 2 - Cash and Investments

Cash

At year-end, the carrying amount of the Tax Collector's deposits was \$962,773 (\$270,388 in governmental funds and \$692,385 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, 2020, 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.

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.

**DESOTO COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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:

	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020	Due Within One Year
Accrued Compensated Absences	\$ 3,304	\$ 24,587	\$ (21,126)	\$ 6,765	\$ 2,712

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.

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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Commissions and Fees:				
Board of County Commissioners	\$ 773,000	\$ 773,000	\$ 812,546	\$ 39,546
Other Governmental Units	303,060	303,060	276,605	(26,455)
Delinquent Tax Fees	95,000	95,000	96,204	1,204
Other Taxing Districts	26,881	26,881	18,048	(8,833)
Interest	500	500	289	(211)
Miscellaneous	1,500	1,500	317	(1,183)
Total Revenues	<u>1,199,941</u>	<u>1,199,941</u>	<u>1,204,009</u>	<u>4,068</u>
Expenditures				
Current:				
General Government:				
Personnel Services	836,371	856,457	832,243	24,214
Operating Expenditures	167,585	167,585	121,006	46,579
(Total Expenditures)	<u>(1,003,956)</u>	<u>(1,024,042)</u>	<u>(953,249)</u>	<u>70,793</u>
 Excess of Revenues Over Expenditures	 <u>195,985</u>	 <u>175,899</u>	 <u>250,760</u>	 <u>74,861</u>
Other Financing Sources (Uses)				
Distribution of Excess Commissions to DeSoto County, Florida, Board of County Commissioners	(195,985)	(175,899)	(250,760)	(74,861)
Total Other Financing Sources (Uses)	<u>(195,985)</u>	<u>(175,899)</u>	<u>(250,760)</u>	<u>(74,861)</u>
 Net Change in Fund Balance	 -	 -	 -	 -
 Fund Balance, Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balance, End of Year	 <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, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 3, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.



December 3, 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, 2020. 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, 2020.

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.



December 3, 2020
Sarasota, Florida

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, 2020, and have issued our report thereon dated December 3, 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 December 3, 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.



December 3, 2020
Sarasota, Florida

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

**PROPERTY APPRAISER
DESOTO COUNTY, FLORIDA**

SEPTEMBER 30, 2020

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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, 2020, 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, 2020, and the changes in financial position, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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Honorable David A. Williams, CFA
Property Appraiser
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 (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, 2020, 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 June 25, 2021, 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.



June 25, 2021
Sarasota, Florida

FINANCIAL STATEMENTS

**DESOTO COUNTY, FLORIDA
PROPERTY APPRAISER
BALANCE SHEET
GENERAL FUND (MAJOR FUND)
SEPTEMBER 30, 2020**

Assets	
Cash	\$ 178,433
Total Assets	<u>178,433</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable and Accrued Expenses	9,204
Due to DeSoto County Board of County Commissioners	166,504
Due to Other Governments	2,725
Total Liabilities	<u>178,433</u>
Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 178,433</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, 2020

Revenues

Charges for Services:

DeSoto County Board of County Commissioners

\$ 1,179,154

Other Taxing Agencies

16,570

Interest Income

236

Miscellaneous

8,780

Total Revenues

1,204,740

Expenditures

Current:

General Government:

Personnel Services

750,395

Operating Expenditures

284,468

Capital Outlay

3,373

(Total Expenditures)

(1,038,236)

Excess of Revenues Over Expenditures

166,504

Other Financing Sources (Uses)

Distribution of Excess Appropriations to DeSoto County

Board of County Commissioners

(166,504)

Total Other Financing Sources (Uses)

(166,504)

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, 2020**

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, Article VIII, Section 1(d). The Property Appraiser is part of the primary government of the County. 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.

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.

DESOTO COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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.

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.

Note 2 - Cash and Investments

Cash

At year-end, the carrying amount of the Property Appraiser’s deposits was \$178,333. 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.

**DESOTO COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

In addition to cash deposits, the Property Appraiser maintains cash on hand for the purpose of making change on transactions. At September 30, 2020, 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.

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:

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2020</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	\$ 22,981	\$ 20,305	\$ (8,403)	\$ 34,883	\$ 3,488

**DESOTO COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services:				
DeSoto County Board of County Commissioners	\$ 1,180,332	\$ 1,179,154	\$ 1,179,154	\$ -
Other Taxing Agencies	19,295	19,295	16,570	(2,725)
Interest Income	-	-	236	236
Miscellaneous	-	-	8,780	8,780
Total Revenues	<u>1,199,627</u>	<u>1,198,449</u>	<u>1,204,740</u>	<u>6,291</u>
Expenditures				
Current:				
General Government:				
Personnel Services	857,574	814,896	750,395	64,501
Operating Expenditures	170,524	318,024	284,468	33,556
Capital Outlay	-	5,400	3,373	2,027
Reserve	171,529	60,129	-	60,129
(Total Expenditures)	<u>(1,199,627)</u>	<u>(1,198,449)</u>	<u>(1,038,236)</u>	<u>160,213</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>166,504</u>	<u>166,504</u>
Other Financing Sources (Uses)				
Distribution of Excess Appropriations to DeSoto County Board of County Commissioners	-	-	(166,504)	(166,504)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(166,504)</u>	<u>(166,504)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<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 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, 2020, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.



June 25, 2021
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, *Local Government Investment Policies*, during the fiscal year ended September 30, 2020. 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 requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the fiscal year ended September 30, 2020.

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.



June 25, 2021
Sarasota, Florida

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, 2020, and have issued our report thereon dated June 25, 2021.

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 June 25, 2021, 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.



June 25, 2021
Sarasota, Florida

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

**SUPERVISOR OF ELECTIONS
DESOTO COUNTY, FLORIDA**

SEPTEMBER 30, 2020

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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, 2020, 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, 2020, 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, 2020, 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 June 22, 2021, 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.



June 22, 2021
Sarasota, Florida

DESOTO COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND (MAJOR FUND)
SEPTEMBER 30, 2020

Assets	
Cash	\$ 33,049
Due from Other Governments	10,000
Prepaid Items	14,495
Total Assets	<u><u>57,544</u></u>
 Liabilities and Fund Balance	
Liabilities	
Accounts Payable	36,610
Accrued Expenses	9,273
Due to Others	5,295
Total Liabilities	<u>51,178</u>
 Fund Balance	
Non-Spendable	14,495
Unassigned	(8,129)
Total Fund Balance	<u>6,366</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 57,544</u></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, 2020**

Revenues	
Charges for Services	\$ 2,478
Intergovernmental Revenues	38,261
Interest Income	70
Total Revenues	<u>40,809</u>
 Expenditures	
Current:	
General Government:	
Personnel Services	276,557
Operating Expenditures	209,048
Capital Outlay	5,463
(Total Expenditures)	<u>(491,068)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(450,259)</u>
 Other Financing Sources	
Transfers in from DeSoto County, Board of County Commissioners	<u>442,552</u>
Total Other Financing Sources	<u>442,552</u>
 Net Change in Fund Balance	 (7,707)
 Fund Balance, Beginning of Year	 <u>14,073</u>
 Fund Balance, End of Year	 <u>\$ 6,366</u>

See accompanying notes.

**DESOTO COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, Article VIII, Section 1(d), and is a part of the primary government of the County. 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, 2020**

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.

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.

Excess of Expenditures over Appropriations

For the fiscal year ended September 30, 2020, the Supervisor of Elections’ expenditures exceeded appropriations by \$17,707. A budget amendment was approved by the Board in the amount of \$10,000, resulting in net excess of expenditures over appropriations in the amount of \$7,707.

**DESOTO COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 \$14,495 as of September 30, 2020.
- **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, 2020.
- **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 of Elections. 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, 2020.
- **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, 2020**

Note 2 - Cash and Investments

At year-end, the carrying amount of the Supervisor of Elections' deposits was \$33,049. 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.

The Supervisor of Elections maintained no cash on hand at September 30, 2020.

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 Interlocal 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, 2020**

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:

Beginning Balance	\$	8,900
Net Decrease		(1,700)
Ending Balance	\$	7,200

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 \$720.

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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ -	\$ -	\$ 2,478	\$ 2,478
Intergovernmental Revenues	-	-	38,261	38,261
Interest Income	-	-	70	70
Total Revenues	<u>-</u>	<u>-</u>	<u>40,809</u>	<u>40,809</u>
Expenditures				
Current:				
General Government:				
Personnel Services	278,792	278,792	276,557	2,235
Operating Expenditures	153,760	163,760	209,048	(45,288)
Capital Outlay	-	-	5,463	(5,463)
(Total Expenditures)	<u>(432,552)</u>	<u>(442,552)</u>	<u>(491,068)</u>	<u>(48,516)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(432,552)</u>	<u>(442,552)</u>	<u>(450,259)</u>	<u>(7,707)</u>
Other Financing Sources				
Transfers in from DeSoto County, Board of County Commissioners	432,552	442,552	442,552	-
Total Other Financing Sources	<u>432,552</u>	<u>442,552</u>	<u>442,552</u>	<u>-</u>
Net Change in Fund Balance	-	-	(7,707)	(7,707)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>14,073</u>	<u>14,073</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,366</u>	<u>\$ 6,366</u>

See accompanying note.

**DESOTO COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020**

Note 1 - Budgetary Requirement

On or before June 1 of each year, the 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.

In accordance with Florida Statute 129.201, the Supervisor of Elections' budget as approved by the County Commission is included in the general county budget, and is subject to the same provisions of laws as the County's annual budget. As such, the Supervisor of Elections' budget must regulate its expenditures, and funds may not be expended except pursuant to the adopted budget. As of September 30, 2020, the Supervisor of Elections' expenditures exceeded the amended budget by \$48,516, which was funded with \$40,809 of unanticipated revenues, resulting in an excess of expenditures over appropriations in the amount of \$7,707.

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, 2020, and the related notes to the financial statements and have issued our report thereon dated June 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Supervisor of Elections' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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. We did identify a deficiency in internal control, described below, that we consider to be a significant deficiency:

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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***

■ **2020-1 Segregation of Duties**

Criteria: Defined best practices state that segregation of duties is a basic building block of sustainable risk management and internal controls for a business.

Condition: The Supervisor of Elections is responsible for all accounting functions in the office. During our audit, we identified instances where the Supervisor of Elections receives the mail, enters invoices, writes checks, signs checks, and reconciles the bank statements. The Supervisor of Elections also authorizes purchases and payroll, and records and reconciles all transactions.

Cause: Poorly designed policies and procedures and factors beyond the control of management.

Effect: Lack of segregation of incompatible duties can result in errors or irregularities that will not be prevented, or detected and corrected, on a timely basis.

Recommendation: We recommend that the Supervisor of Elections review internal control policies and procedures to limit the risks resulting from lack of segregation of duties. Such mitigating controls could include additional involvement from the outsourced CPA or assistance from the DeSoto County Board of County Commissioners' Finance Department.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of non-compliance or other matters that is required to be reported under *Government Auditing Standards*.

■ **2020-2 Expenditures in Excess of Budgeted Appropriations**

Criteria: In accordance with Florida Statute 129.201, the Supervisor of Elections budget as approved by the County Commission is included in the general county budget, and is subject to the same provisions of laws as the County's annual budget. As such, the Supervisor of Elections' budget must regulate its expenditures, and funds may not be expended except pursuant to the adopted budget.

Condition: As of September 30, 2020, the Supervisor of Elections' expenditures exceeded the amended budget by \$48,516, which was funded with \$40,809 of unanticipated revenues, resulting in an excess of expenditures over appropriations in the amount of \$7,707.

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***

Cause: Inconsistent and incorrect implementation of the Florida Statutes. Expenditures initially exceeded appropriations by \$17,707. Subsequent to year-end, a budget amendment request in the amount of \$10,000 was approved by the Board of County Commissioners, however was not large enough to fund the entire excess of expenditures.

Effect: The Supervisor of Elections' fiscal year 2020 budget was not appropriately amended, and, therefore, is not in compliance with Florida Statute 129.06(1), which requires all expenditures of the Supervisor of Elections to be within the adopted budget, as amended.

Recommendation: We recommend that the Supervisor of Elections implement a process to review expenditures and monitor the budget on a monthly basis, and communicate with the Board of County Commissioners if unanticipated expenditures will be incurred.

The Supervisor of Elections' Response to Findings

The Supervisor of Elections' response to the findings identified in our audit is included in the accompanying management letter. The Supervisor of Elections' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



June 22, 2021
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, *Local Government Investment Policies*, during the fiscal year ended September 30, 2020. 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 requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the fiscal year ended September 30, 2020.

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 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.



June 22, 2021
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, 2020, and have issued our report thereon dated June 22, 2021.

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 June 22, 2021, 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 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 would like to draw your attention to the following matter:

■ 2020-3 Financial Close and Reporting

Condition – At the commencement of final fieldwork, it was noted that the preliminary working trial balance did not reflect all of the required closing entries. As a result, several adjustments were required after we began the audit process, including entries to adjust beginning fund balance, accrue unrecorded receivables and liabilities, and reverse prior year accruals.

Effect – The lack of an effective financial close and reporting process increases the risk that material misstatements will not be detected and corrected in a timely manner. It also results in delays in performing and completing the audit.

Recommendation – We recommend that the Supervisor of Elections evaluate his monthly and yearly financial close and reporting process. In addition, the Supervisor of Elections should perform variance analysis throughout the year over major balance sheet and income statement accounts in order to identify and correct any errors in a timely manner.

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 noted the following:

■ 2020-4 Doing Business with and Employment of Relatives

Florida Statute Section 112.313(3) prohibits a public officer from doing business with one's own agency; including any business entity of which the officer's spouse or child has a material interest. During the fiscal year, the Supervisor of Elections purchased services from an entity controlled by a relative, for a total of \$1,841.

Florida Statute Section 112.3135(2)(a) restricts the employment of relatives in or to a position in the agency in which the official is serving. During the fiscal year, the Supervisor of Elections hired a relative as an election worker, paying this individual a total of \$790.

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.

Honorable Mark F. Negley
Supervisor of Elections
DeSoto County, Florida

MANAGEMENT LETTER

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".

June 22, 2021
Sarasota, Florida



MARK F. NEGLEY

SUPERVISOR OF ELECTIONS

DeSoto County, Florida

June 22, 2021

Purvis, Gray & Company, LLP
5001 Lakewood Ranch Blvd., Suite #101
Sarasota, FL 34240

Dear Sirs,

We have received and reviewed your audit of the financial statements of the DeSoto County Supervisor of Elections for the year ended September 30, 2020.

Current Year Findings:

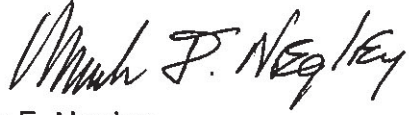
- 2020-1 Segregation of Duties
- 2020-2 Expenditures in Excess of Budgeted Appropriations
- 2020-3 Period Closing Routine for Financial Reporting
- 2020-4 Doing Business with and Employment of Relatives

Supervisor of Elections Response:

We do acknowledge the matters disclosed on page thirteen and seventeen, of your management letter and agree with the recommendations of the auditors.

- 2020-1 In 2021 the Supervisor of Elections will include additional involvement from an outsourced CPA to monitor fiscal activity on a monthly basis, and limit the risks resulting from a lack of segregation of duties.
- 2020-2 In 2021 the Supervisor of Elections will include additional involvement from an outsourced CPA to monitor fiscal activity on a monthly basis, so that we can communicate with the Board of County Commissioners, should we anticipate any unanticipated expenditures.
- 2020-3 In 2021 the Supervisor of Elections will include additional involvement from an outsourced CPA to monitor fiscal activity on a monthly basis, and perform variance analysis testing throughout the year over balance sheet and income statement accounts in order to identify and correct any errors in a timely manner.
- 2020-4 In 2021 the Supervisor of Elections will not knowingly do business with, or employ any known relative, even in a temporary or emergency situation.

Sincerely,

A handwritten signature in black ink that reads "Mark F. Negley". The signature is written in a cursive style with a large initial "M".

Mark F. Negley
Supervisor of Elections

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