

**SUMMARY OF
SIGNIFICANT FINDINGS
AND FINANCIAL TRENDS IDENTIFIED IN
LOCAL GOVERNMENT AUDIT REPORTS
FOR THE 2022-23 FISCAL YEAR**

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



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SUMMARY OF SIGNIFICANT FINDINGS AND FINANCIAL TRENDS IDENTIFIED IN LOCAL GOVERNMENT AUDIT REPORTS FOR THE 2022-23 FISCAL YEAR

SUMMARY

This report provides a summary of significant findings identified in local governmental entity¹ audit reports for the 2022-23 fiscal year prepared by independent certified public accountants and filed with us. This report also summarizes the financial trends we identified in those reports and the unaudited annual financial reports filed with and provided to us by the Department of Financial Services (DFS).

Significant Findings

We reviewed the 1,603 local governmental entity 2022-23 fiscal year financial audit reports filed with us for 1,874 entities² (326 county agencies, 310 municipalities, and 1,238 special districts) as of July 31, 2024, and noted that:

- The audit reports for 17 (1 percent) of the entities contained one or more modified opinions, which is the same percentage as the reviewed 2021-22 fiscal year entity audit reports with modified opinions.
- While the audit reports for 1,575 entities contained no findings, the audit reports for 298 entities contained 585 findings, 13 percent more than the 520 findings included in the 2021-22 fiscal year audit reports reviewed.³ The 585 findings included 178 findings (30 percent) similarly reported in the 2021-22 and 2020-21 fiscal year audit reports, a 6 percent decrease when compared to the 186 findings (36 percent) reported in the 2021-22 audit reports that had been similarly reported in the two previous fiscal year audit reports. Many of the findings (31 percent) did not include one or more of the elements required by *Government Auditing Standards (GAS)*⁴ and the Rules of the Auditor General.⁵
- The audit reports for 113 (6 percent), 77 (4 percent), and 30 (2 percent) of the entities disclosed findings classified as financial statement material weaknesses, significant deficiencies, and noncompliance required to be reported in accordance with GAS,⁶ respectively. For the 2021-22 fiscal year, the percentages of audit reports reviewed with those types of findings were 5 percent, 5 percent, and 2 percent, respectively.
- The respective auditors considered 164 (28 percent) of the 585 findings reported to be material weaknesses in internal control over financial reporting, 117 findings (20 percent) to be significant deficiencies, and 46 findings (8 percent) to be noncompliance required by GAS to be reported. For the 2021-22 fiscal year, those type findings represented 22 percent, 22 percent, and

¹ The local governmental entities include counties and certain municipalities and special districts.

² The 1,603 audit reports received through July 31, 2024, included 55 county audit reports that each included separate audits of each county agency. We reviewed the findings separately reported for the county agencies in the county audit reports received and, therefore, reviewed audit reports related to a total of 1,874 local governmental entities.

³ For the 2021-22 fiscal year, we reviewed audit reports for 1,689 local governmental entities. A total of 520 findings were reported for 298 of those entities.

⁴ *Government Auditing Standards 2018 Revision*, paragraphs 6.17 through 6.30.

⁵ Chapter 10.550, Rules of the Auditor General.

⁶ GAS require auditors to report noncompliance with provisions of laws, regulations, contracts, or grant agreements that has a material effect on the financial statements and any other instances of noncompliance with provisions of laws or regulations that warrant the attention of those charged with governance.

9 percent, respectively, of the total findings reported. The material weaknesses and significant deficiencies reported for the 2022-23 and 2021-22 fiscal years primarily related to inadequate separation of duties, accounting records, and financial reporting. The noncompliance findings mainly addressed budget overexpenditures, financial reporting, and noncompliance with bond covenants.

- 22 audit reports contained a total of 35 findings citing Federal awards program noncompliance, control deficiencies, or both; whereas, for the 2021-22 fiscal year, 14 entity audit reports had a total of 21 such findings.
- 11 audit reports contained a total of 14 findings citing State financial assistance project noncompliance, control deficiencies, or both; whereas, for the 2021-22 fiscal year, 3 entity audit reports had a total of 4 such findings.

Financial Trends

To identify financial trends, we reviewed 1,775 audit reports for the 2022-23 fiscal year, including the 1,603 local governmental entity audit reports filed with us through July 2024, and audit reports we received from 172 other local governmental entities during the period August through October 2024. We also reviewed 155 selected local governmental entity unaudited annual financial reports filed with the DFS and provided to us.

Our reviews of the 1,775 audit reports included a determination of whether the financial statement auditor reported that the entity met one or more of the conditions described in State law⁷ that could cause the entity to be in a state of financial emergency. We also compiled and reviewed reported financial data, for example, fund equity, cash, and investment balances, as applicable, for the 1,603 audit reports filed with us through July 31, 2024, and the 155 annual financial reports. Our reviews disclosed that:

- The audit reports for 2 local governmental entities (Leon County Educational Facilities Authority and SWI Community Development District) included a going concern statement by the respective auditors that questioned the ability of the local governmental entity to continue operations on an ongoing basis. Reports reviewed for the 2021-22 fiscal year for 4 entities (Leon County Educational Facilities Authority, SWI Community Development District, Tampa Bay Area Regional Transit Authority, and Trailer Estates Fire Control District) contained this statement.
- The audit reports for 20 special districts, or 1 percent of the 1,775 entities, reported that the entity met at least one condition described in State law that could cause the entity to be in a state of financial emergency. When compared to our review results for the previous 4 fiscal years, this is the fewest number of entities reported as meeting at least one of the conditions.
- The audit reports for 31 (9 municipalities and 22 special districts), or 2 percent, of the 1,775 entities reported that the entity was experiencing deteriorating financial conditions. The number of entities reported as experiencing deteriorating financial conditions decreased from 35 entities during the 2019-20 fiscal year to 31 entities during the 2022-23 fiscal year.
- Taxable property values and taxes levied for counties and municipalities have increased over the 9-year period 2014 through 2023, with the exception of the decrease in taxes levied for municipalities in 2020. County and municipality taxable property values increased by \$1.5 trillion (110 percent) and \$836 billion (113 percent), respectively, over the 9-year period 2014 through 2023. For that same period, taxes levied increased by \$7.1 billion (102 percent) for counties and by \$4 billion (112 percent) for municipalities.

⁷ Section 218.503(1), Florida Statutes.

- Although not reported in the audit reports, certain financial trends for numerous entities may be indicative of deteriorating financial conditions, including high levels of ad valorem millage rates for lesser-populated counties, insufficient levels of assigned and unassigned fund equity, declining excess revenues over expenditures in governmental funds or decreasing operating incomes (or increasing operating losses) in proprietary funds, and low or declining levels of cash and investments as compared to current liabilities.

BACKGROUND

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

- Deteriorating financial conditions that may cause a condition specified in State law¹¹ to occur if actions are not taken to address such conditions.
- A fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements for which sufficient resources of the local governmental entity, as reported on the fund financial statements, are not available to cover the deficit.

Rules of the Auditor General¹² require the independent auditor to assess the local governmental entity's financial condition and include management letter recommendations addressing any deteriorating financial conditions disclosed by the audit. Rules of the Auditor General¹³ also require the local governmental entity's independent auditor to apply appropriate procedures and to state in the management letter whether or not the local governmental entity met one or more of the conditions specified in State law. When one or more of the conditions has occurred, or will occur if action is not taken to assist the entity, the local governmental entity is to notify the Governor and the Legislative Auditing Committee.¹⁴

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

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

⁹ Section 218.39(1), Florida Statutes.

¹⁰ Section 218.39(5), Florida Statutes.

¹¹ Section 218.503(1), Florida Statutes.

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

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

¹⁴ Section 218.503(2), Florida Statutes.

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

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

We are also required to notify the Legislative Auditing Committee of local governmental entity audit reports that indicate the local government failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.¹⁷ In addition, we are to annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee a summary of significant findings and financial trends identified in local governmental entity audit reports and other financial information, such as information contained in the annual financial reports for entities not required to obtain an audit.¹⁸

SIGNIFICANT FINDINGS

Modified Audit Opinions

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

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

We reviewed 2022-23 fiscal year audit reports for 1,874 local governmental entities¹⁹ (326 county agencies, 310 municipalities, and 1,238 special districts) and noted that the audit reports for 17 (1 percent) of the entities contained one or more modified opinions. Table 1 lists the 17 entities whose 2022-23 fiscal year audit reports included modified opinions.

¹⁷ Section 218.39(8), Florida Statutes.

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

¹⁹ The 1,603 audit reports received through July 31, 2024, included 55 county audit reports that each included separate audits of each county agency. We reviewed the findings separately reported for each of the county agencies in the county audit reports received and, therefore, reviewed audit reports related to a total of 1,874 local governmental entities.

Table 1
Entities with Modified Audit Report Opinions
For the 2022-23 Fiscal Year

	Municipality	Adverse	Qualified	Disclaimer
1	Alford, Town of		✓	
2	Astatula, Town of ^a		✓	
3	Bristol, City of ^a		✓	
4	Chiefland, City of ^a		✓	
5	Greensboro, Town of		✓	
6	Lake Helen, City of ^a		✓	
7	Malabar, Town of ^a		✓	
8	Oak Hill, City of		✓	
9	Sopchoppy, City of ^a		✓	
10	Yankeetown, Town of ^a		✓	
Special District				
1	Big Bend Water Authority ^a		✓	
2	CFM Community Development District ^{a b}	✓	✓	
3	Clearwater Cay Community Development District ^c			✓
4	Meadow Pointe IV Community Development District	✓		
5	Port of the Islands Community Improvement District		✓	
6	Portofino Isles Community Development District ^{a b}	✓	✓	
7	Riverwood Estates Community Development District ^{a b}	✓	✓	
17	Total Number of Audit Reports with Modified Opinions	<u>4</u>	<u>15</u>	<u>1</u>

^a Entity is 1 of 11 entities that also had a qualified opinion for the 2021-22 fiscal year.

^b Entity is 1 of 3 entities that also had an adverse opinion for the 2021-22 fiscal year.

^c Entity also had a disclaimer of opinion for the 2021-22 fiscal year.

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

Specifically, the audit reports for the 17 entities included:

- Qualified opinions for 15 entities (10 municipalities, and 5 special districts). The respective independent auditors issued qualified opinions because the entities, for example, failed to implement GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, excluded component units from the financial statements, or lacked sufficient evidence for proprietary fund revenues. The percentage of 2022-23 fiscal year audit reports reviewed with qualified opinions (1 percent) was the same percentage as the 2021-22 fiscal year audit reports reviewed with qualified opinions.
- Adverse opinions for 4 special districts, 3 of which also included qualified opinions. The adverse opinions resulted from the exclusion of component units from the financial statements. The percentage of 2022-23 fiscal year audit reports reviewed with adverse opinions (less than 1 percent) was the same percentage as the 2021-22 fiscal year audit reports reviewed with adverse opinions.
- Disclaimer of opinion for one special district (Clearwater Cay Community Development District) due to lack of adequate supporting documentation for certain expenditures recorded in the Debt Service Fund. Similarly, the 2021-22 fiscal year Clearwater Cay Community Development District audit report included a disclaimer of opinion.

Twelve (71 percent) of the 17 local governmental entities with modified opinions also had one or more modified opinions for the 2021-22 fiscal year.

Classification of Audit Findings

Auditing standards require auditors to report material weaknesses in internal control and significant control deficiencies that are disclosed during the course of a financial statement audit. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Auditors must also report noncompliance required to be reported by *Government Auditing Standards (GAS)* that has a material effect on a financial statement audit. The classification of an audit finding is dependent upon its potential impact on the specific entity under audit. Therefore, the classification of an audit finding could vary from entity to entity.

For the 2022-23 fiscal year, the financial audit reports we reviewed for the 1,874 local governmental entities included 1,575 entity reports that contained no findings, while the reports for the remaining 298 local governments (16 percent) included a total of 585 findings addressing deficiencies in internal control; instances of noncompliance with applicable laws, rules, or regulations; and other findings. In comparison, 18 percent of the audit reports we reviewed for the 2021-22 fiscal year²⁰ included audit findings.

Financial Statement Material Weaknesses and Noncompliance Required to be Reported by GAS

One or more findings were considered by the respective auditors to be financial statement material weaknesses in 113 (6 percent) of the 2022-23 fiscal year local governmental entity audit reports we reviewed, which is 1 percent more than the 5 percent of audit reports reviewed that reported material weaknesses for the 2021-22 fiscal year.²¹ In total, the 2022-23 fiscal year audit reports we reviewed included 164 findings (31 findings for 22 county agencies, 74 findings for 46 municipalities, and 59 findings for 45 special districts) considered by the respective auditors to be material weaknesses in internal control over financial reporting. This represents 28 percent of the total findings in the reports reviewed, a 6 percent increase from the percentage of material weakness findings in reports reviewed for the 2021-22 fiscal year. The financial statement material weaknesses reported for the 2022-23 and 2021-22 fiscal years primarily related to inadequate separation of duties, accounting records, financial reporting, revenues and collections, capital assets, and cash controls.

Additionally, the 2022-23 fiscal year audit reports for 30 local governmental entities included a total of 46 findings (1 finding for a county agency, 14 findings for 11 municipalities, and 31 findings for

²⁰ For the 2021-22 fiscal year, we reviewed audit reports for 1,689 local governmental entities. A total of 520 findings were reported for 298 of those entities.

²¹ For the 2021-22 fiscal year, 85 (5 percent) of the 1,689 audit reports we reviewed reported material weaknesses.

18 special districts), or 8 percent of the total findings, considered by the respective auditors to be noncompliance findings required to be reported by GAS. Of the 46 noncompliance findings:

- 2 findings (1 finding for a municipality and 1 finding for a special district) were also classified as material weaknesses. These findings addressed weaknesses in internal controls over compliance with legal provisions for cash transactions and financial reporting.
- 9 findings (4 findings for municipalities and 5 findings for special districts) were also classified as significant deficiencies. These addressed deficiencies in internal controls over financial reporting, expenditures, and payroll and personnel, and noncompliance with policies and procedures.

For the previous fiscal year, 37 local governmental entities had a total of 48 noncompliance findings required to be reported by GAS, including 1 noncompliance finding also classified as a material weakness and 3 noncompliance findings also classified as significant deficiencies. The noncompliance findings for the 2022-23 and 2021-22 fiscal years most commonly addressed budget overexpenditures and noncompliance with bond covenants.

Financial Statement Significant Deficiencies

One or more findings were considered by the respective auditors to be financial statement significant deficiencies in 77 (4 percent) of the 2022-23 fiscal year local governmental entity audit reports we reviewed, a 1 percent decrease from the reports with significant deficiencies we reviewed for the 2021-22 fiscal year. Also, the 2022-23 fiscal year audit reports included a total of 117 findings (20 percent) considered by the respective auditors to be financial statement significant deficiencies, which is 2 percent less than the 22 percent of the previous fiscal year audit reports reviewed that reported significant deficiencies. The financial statement significant deficiencies reviewed for the 2022-23 and 2021-22 fiscal years primarily related to inadequate separation of duties, accounting records, financial reporting, and revenues and collections.

Audit Findings by Category

We received by July 31, 2024, and reviewed 2022-23 fiscal year audit reports for 1,874 local governmental entities, 11 percent more than the 1,689 entities whose 2021-22 fiscal year audit reports we received by July 31, 2023, and reviewed. The number of findings in the reports we received and reviewed increased by 13 percent (from 520 findings for the 2021-22 fiscal year to 585 findings for the 2022-23 fiscal year). The increase in the number and percentage of findings is further discussed under the subheading **Repeated Findings from Previous Fiscal Years**.

As part of our review, we identified categories of findings and grouped, by those categories, the 585 audit findings included for the 1,874 local governmental entities (326 county agencies, 310 municipalities, and 1,238 special districts) in the 2022-23 fiscal year audit reports. A summary of the number of findings, by finding category and by type of local governmental entity, along with comparative previous fiscal year information, is included as **EXHIBIT A** to this report.

Separation of Duties. In audit reports for 3 county agencies (1 percent), 20 municipalities (6 percent), and 18 special districts (1 percent), the respective auditors noted findings regarding an inadequate

separation of duties or responsibilities. These 41 entities represent 2 percent of the entities included in the reports reviewed, the same percentage of entities with similar findings the previous fiscal year. Inadequate separation of duties or responsibilities increases the possibility that errors or fraud may occur without timely detection and diminishes the local governmental entity's ability to properly safeguard assets. For many instances, local governmental entity personnel contended that, due to the small number of staff, it was not economically feasible to further separate duties or responsibilities. However, the auditors frequently recommended that the entity reassign duties and responsibilities or establish compensating controls.

Budget Administration. In audit reports for 6 county agencies (2 percent), 23 municipalities (7 percent), and 33 special districts (3 percent), the respective auditors noted findings regarding inadequate budgetary controls and noncompliance with legal requirements for adopting and amending the budget. These 62 entities represent 3 percent of the 1,874 entities, a 1 percent decrease from the percentage of entities with similar findings the previous fiscal year. The findings addressed problems relating to the entity's failure to properly adopt a budget, inadequate budgetary policies, failure to budget for all funds or projects, and overexpended budgets. Budget administration problems may affect an entity's ability to demonstrate to the citizenry the proper use of public resources and could result in inefficient or inappropriate use of resources, resulting in deteriorating financial conditions.

Accounting Records. In audit reports for 21 county agencies (6 percent), 33 municipalities (11 percent), and 24 special districts (2 percent), the respective auditors noted findings regarding inadequate accounting or other records, lack of subsidiary records or failure to timely reconcile subsidiary records to general ledger control accounts, and improper recording of accounting transactions. These 78 entities represent 4 percent of the 1,874 entities, the same percentage of entities with similar findings the previous fiscal year. Accounting record deficiencies may reduce an entity's ability to effectively monitor use of public resources and increase the risk of inappropriate or inefficient use of resources. Improperly recorded transactions also could affect the reliability of the entity's reporting of financial position and results of operations.

Financial Reporting. In audit reports for 6 county agencies (2 percent), 30 municipalities (10 percent), and 33 special districts (3 percent), the respective auditors noted findings relating to deficiencies in reporting financial data either externally or within the local governmental entity. These 69 entities represent 4 percent of the 1,874 entities, the same percentage of entities with similar findings the previous fiscal year. Financial reporting problems may affect an entity's ability to demonstrate compliance with legal, contractual, and financial reporting requirements and to provide assurance to interested parties (including its governing body) that the entity's financial condition is sound and the entity is efficiently and appropriately using public resources.

Cash. In audit reports for 2 county agencies (1 percent), 15 municipalities (5 percent), and 14 special districts (1 percent), the respective auditors noted findings regarding inadequate controls or noncompliance with legal requirements pertaining to cash on hand or held by banks. These 31 entities represent 2 percent of the 1,874 entities, a 1 percent increase from the percentage of entities with similar findings the previous fiscal year. The findings addressed inadequate or untimely bank reconciliations, inaccurate recording of cash transactions, and other cash accountability issues, including noncompliance with applicable legal requirements. Noncompliance with legal requirements for cash and cash

accountability deficiencies increase the risk of unauthorized disbursements and cash losses and thwart the prompt detection of such disbursements and losses.

Capital Assets. In the audit reports for 7 county agencies (2 percent), 15 municipalities (5 percent), and 9 special districts (1 percent), the respective auditors noted findings regarding noncompliance with legal requirements for acquiring or disposing capital assets or the improper use of, and lack of accountability for, capital assets. These 31 entities represent 2 percent of the 1,874 entities, a 1 percent increase from the percentage of entities with similar findings the previous fiscal year. The findings addressed inadequate or lack of capital asset records, failure to timely reconcile subsidiary capital asset records to general ledger control accounts, failure to perform an annual inventory and compare the inventory results to the capital asset records, improper capital asset acquisitions, and unauthorized capital asset disposals. Noncompliance with legal requirements for capital assets and capital asset accountability deficiencies may affect an entity's ability to demonstrate that it has efficiently and appropriately acquired, disposed of, and safeguarded capital assets and increase the risk that such assets could be misappropriated without prompt detection and resolution.

Debt Administration. In the audit reports for 4 municipalities (1 percent) and 17 special districts (1 percent), the respective auditors noted findings that cited the entities' failure to make debt principal and interest payments when due, noncompliance with debt reserve requirements, or other noncompliance with bond covenants or other debt agreements. These 21 entities represent 1 percent of the 1,874 entities, the same percentage of entities with similar findings the previous fiscal year. Debt administration deficiencies may affect an entity's ability to obtain and repay debt and could contribute to deteriorating financial conditions.

Revenues and Collections. In the audit reports for 9 county agencies (3 percent), 20 municipalities (6 percent), and 9 special districts (1 percent), the respective auditors noted findings that disclosed inadequate controls or noncompliance with legal requirements pertaining to revenues and accounts receivable. These 38 entities represent 2 percent of the 1,874 entities, the same percentage of entities with similar findings the previous fiscal year. The findings addressed improper recording of revenue or accounts receivable transactions, improper documentation supporting receipts, lack of an adequate fee structure, untimely deposits, and deposits not made intact. Revenue and accounts receivable deficiencies may affect an entity's ability to ensure that collections are safeguarded against loss from unauthorized use or disposition. Failure to assess and collect all revenues to which the entity is entitled could contribute to deteriorating financial conditions.

Payroll and Personnel Administration. In the audit reports for 1 county agency (less than 1 percent), 12 municipalities (4 percent), and 6 special districts (less than 1 percent), the respective auditors noted findings that identified inadequate controls or noncompliance with legal requirements pertaining to payroll and personnel administration. These 19 entities represent 1 percent of the 1,874 entities, the same percentage of entities with similar findings the previous fiscal year. The findings addressed improper authorization and payment of salaries and benefits to employees, improper recording of payroll or personnel transactions, and failure to properly classify or account for personnel matters. Deficiencies in payroll and personnel administration increase the risk that employees may be incorrectly compensated and employee leave balances may not be accurate.

Expenditures and Expenses. In the audit reports for 4 county agency (1 percent), 2 municipalities (1 percent), and 8 special districts (1 percent), the respective auditors noted findings regarding deficiencies in expending public funds. These 14 entities represent 1 percent of the 1,874 entities, the same percentage of entities with similar findings the previous fiscal year. The findings addressed expenditures or expenses that were not properly documented, approved, or recorded; not executed efficiently; or not made in accordance with laws, rules, ordinances, or other guidelines. Expenditure and expense deficiencies increase the risk of improper payments and the inappropriate or inefficient use of public resources.

Other Findings. Auditors also noted a total of 126 other findings in audit reports for 106 local governmental entities (25 county agencies, 45 municipalities, and 36 special districts). These 106 entities represent 6 percent of the 1,874 entities, which is a 2 percent increase from the percentage of entities with similar other findings reported for the previous fiscal year. These other findings included, for example, findings regarding deteriorating financial condition, deficit fund balance/net assets, failure to follow established policies and procedures, and information technology control deficiencies.

Federal Awards Program and State Financial Assistance Project Findings

Federal Uniform Guidance²² establishes Federal awards program audit requirements and State law²³ establishes State financial assistance project audit requirements. In any fiscal year a local governmental entity expends award amounts that meet the audit threshold requirements, the entity must have the applicable Federal or State Single Audit. In the audit reports, independent auditors are required to opine on major Federal program and major State project compliance requirements, as applicable, and the auditors may classify audit findings as material weaknesses, significant deficiencies, or noncompliance that has a direct and material effect on major program or project compliance.

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

The audit reports for 22 local governmental entities included a total of 35 findings addressing Federal awards program noncompliance, control deficiencies, or both. The findings cited noncompliance with the

²² Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

²³ Section 215.97, Florida Statutes.

Federal awards program²⁴ compliance requirements of Activities Allowed or Unallowed, Eligibility, Procurement and Suspension and Debarment, Reporting, and Period of Performance. For example:

- 9 local governmental entities were cited for a total of 13 findings addressing major Federal awards program control deficiencies considered by the respective auditors to be material weaknesses in internal controls over major Federal program compliance. Whereas, for the 2021-22 fiscal year, 6 entities were cited with a total of 7 findings considered to be material weaknesses in internal controls over major Federal program compliance.
- 14 local governmental entities were cited for a total of 16 findings considered by the respective auditors to be significant deficiencies, and 1 of those findings was also considered to be Federal awards program noncompliance required to be reported. For the 2021-22 fiscal year, the respective auditors for 11 entities considered a total of 13 findings addressing Federal awards programs to be significant deficiencies and 1 of those findings was considered to be Federal awards program noncompliance required to be reported.
- 4 local governmental entity audit reports each had a finding that identified Federal awards program questioned costs. The questioned costs cited in the 4 findings totaled \$1,992,098 (\$1,822,104 for incurring costs for work performed after the period of performance, \$140,644 for noncompliance with competitive bid procedures, \$25,000 for lack of supporting documentation for certain payroll expenditures, and \$4,350 for incorrectly calculated benefit assistance for eligible participants). In contrast, for the 2021-22 fiscal year, 1 audit report had 1 finding that identified Federal awards program questioned costs totaling \$462,104.
- For the 2022-23 fiscal year, 2 local governmental entities were cited for major Federal awards program noncompliance that resulted in a qualified opinion for the Federal awards program. In contrast, for the 2021-22 fiscal year, 1 local governmental entity was cited for major Federal awards program noncompliance that resulted in a qualified opinion for that program.

In addition, the audit reports for 11 local governmental entities included a total of 14 findings citing State financial assistance project control deficiencies. These findings addressed noncompliance with the State financial assistance project²⁵ compliance requirements of Period of Performance, Allowable Costs/Cost Principles, Cash Management, Reporting, and Special Tests and Provisions. Specifically:

- 7 local government entities were cited for 7 findings addressing State financial assistance project control deficiencies considered by the respective auditors to be material weaknesses. Three of those findings (1 finding each for 3 local governmental entities) were considered by the respective auditors to be material weaknesses that resulted in a qualified opinion on State financial assistance project compliance. Whereas, for the 2021-22 fiscal year, 1 local governmental entity was cited for 1 finding addressing State financial assistance project control deficiency considered by the respective auditor to be a material weakness that resulted in a qualified opinion on State financial assistance project compliance.
- A total of 6 findings addressing State financial assistance control deficiencies at 5 local governmental entities were considered by the respective auditors to be significant

²⁴ The Federal awards programs included the Airport Improvement Program, Community Development Block Grants/Entitlement Grants, Community Development Block Grant/State's program and Non-entitlement grant in Hawaii, Coronavirus State and Local Fiscal Recovery, Disaster Grants – Public Assistance (Presidentially Declared Disasters), Federal Transit Formula Grant Cluster, Homeland Security Grant Program (HSGP), Low-Income Home Energy Assistance Program, National Infrastructure Investments, and Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program.

²⁵ The State financial assistance projects included Alzheimer's Disease Initiative, Commission for Transportation Disadvantaged – Trip and Equipment Grant, Florida Springs Grant Program, Law Enforcement Salary Assistance for Fiscally Constrained Counties, Statewide Water Quality Restoration Projects, Resilient Florida Program, State Housing Initiatives Partnership Program (SHIP), South Florida Regional Transportation Authority (SFRTA) Operating Assistance, Statewide Water Quality Restoration Projects, and Wastewater Treatment Facility Construction.

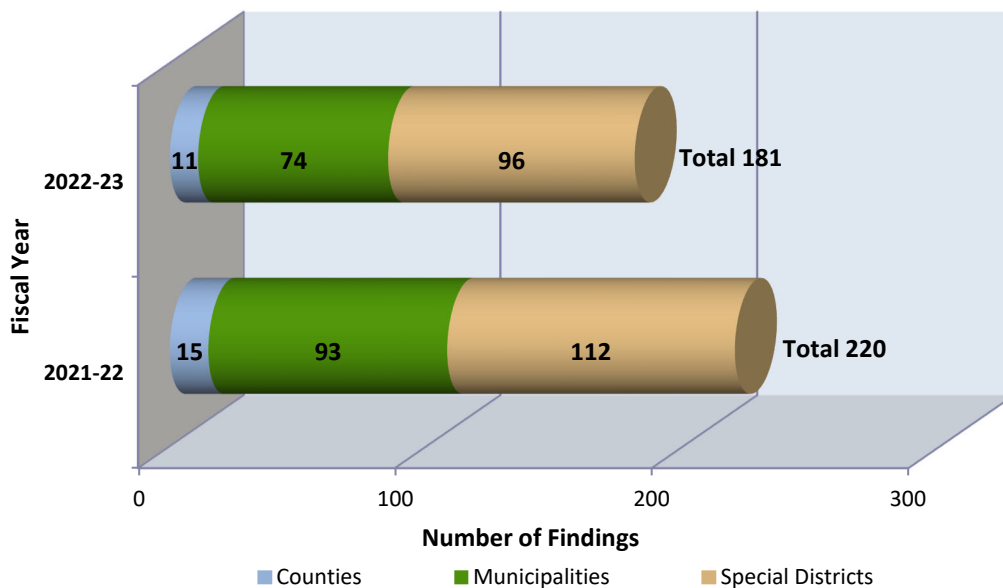
deficiencies. For the 2021-22 fiscal year, a total of 2 findings addressing State financial assistance control deficiencies at 2 local governmental entities were considered by the respective auditors to be significant deficiencies.

- 4 local governmental entity audit reports identified 5 State financial assistance project findings with questioned costs totaling \$1,615,881 (\$1,307,192 for incurring costs for work performed after the period of performance, \$169,756 for noncompliance with residency requirements, \$138,594 for lack of proper review of reimbursement requests, and \$339 for missing eligibility applications). In contrast, for the 2021-22 fiscal year 1 local governmental entity audit report identified 1 State financial assistance project finding with questioned costs totaling \$833,000.

Detail of Audit Findings

GAS²⁶ and Rules of the Auditor General²⁷ prescribe the required elements of audit report findings. Of the 585 findings included in the audit reports we reviewed, 181 findings (31 percent) did not include one or more of the required elements, which is lower than the percentage of findings noted for the previous fiscal year (42 percent) as lacking one or more of the required elements. Chart 1 illustrates, by entity type, the total number of insufficiently detailed audit findings reported for the 2021-22 and 2022-23 fiscal years.

Chart 1
Insufficiently Detailed Audit Findings
By Entity Type



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

Most of the insufficiently detailed audit findings excluded one or more of the following required elements:

- A description of the criteria or specific requirement upon which the audit finding was based (e.g., statutory, regulatory, or other citation).

²⁶ *Government Auditing Standards 2018 Revision*, paragraphs 6.17 through 6.30.

²⁷ Section 10.557(4)(b), Rules of the Auditor General.

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

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

Repeated Findings from Previous Fiscal Years

Of the 585 findings included in the 2022-23 fiscal year audit reports we reviewed, 178 findings (30 percent) for 128 local governmental entities (12 county agencies, 53 municipalities, and 63 special districts) were also included in the entities' 2021-22 and 2020-21 fiscal year audit reports. This is a decrease from the 186 findings (36 percent) reported in the 2021-22 audit reports and also included in the audit reports for the previous 2 fiscal years (2020-21 and 2019-20).

FINANCIAL TRENDS

Going Concern Uncertainty

The 2022-23 fiscal year audit reports for 2 entities (Leon County Educational Facilities Authority and SWI Community Development District) included statements by the respective auditors questioning the ability of the entities to continue operations on an ongoing basis. For the 2021-22 fiscal year, audit reports for these same 2 entities also contained a statement regarding substantial doubt about the entity's ability to continue as a going concern.

Potential Financial Emergencies

State law²⁸ requires local governmental entities to be subject to review and oversight by the Governor if, due to lack of funds, one or more of the following conditions occur:

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

²⁸ Section 218.503(1), Florida Statutes.

Our review of the 1,775 local governmental entity 2022-23 fiscal year audit reports filed with us through October 2024 disclosed that 20 special districts were reported as meeting one or more of these conditions. As shown in Table 2, when compared to our review results for the previous 4 fiscal years, this is the fewest number of entities reported as meeting at least one of the conditions.

Table 2
Local Governmental Entities Meeting Specified Conditions
For the 2018-19 Through 2022-23 Fiscal Years

	Fiscal Year				
	2018-19	2019-20	2020-21	2021-22	2022-23
Number of audit reports received through October of the subsequent fiscal year and included in our review.	1,470	1,672	1,699	1,685	1,775
Number of Local Governmental Entities:					
Meeting one or more of the financial emergency conditions.	37	34	27	22	20
Cited for failure:					
Within the same fiscal year in which due, to pay short-term loans or failure to make bond debt service or other long-term debt payments when due, because of a lack of funds.	35	33	26	19	20
To pay uncontested claims from creditors within 90 days after the claim is presented, due to lack of funds.	4	2	2	4	2
To transfer at the appropriate time, due to lack of funds, taxes withheld on the income of employees or employer and employee contributions for Federal social security or any pension, retirement, or benefit plan of an employee.	1	-	-	-	-
For one pay period to pay, due to lack of funds, wages and salaries owed to employees or retirement benefits owed to former employees.	1	-	-	-	-

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

If a local governmental entity is reported as meeting one or more of the specified conditions, Rules of the Auditor General²⁹ require the independent auditor to specify whether the condition was a result of deteriorating financial conditions. For 16 of the 20 entities reported as meeting one or more of the specified conditions at the 2022-23 fiscal year end, the auditor indicated that the condition resulted from deteriorating financial conditions.

Deteriorating Financial Conditions

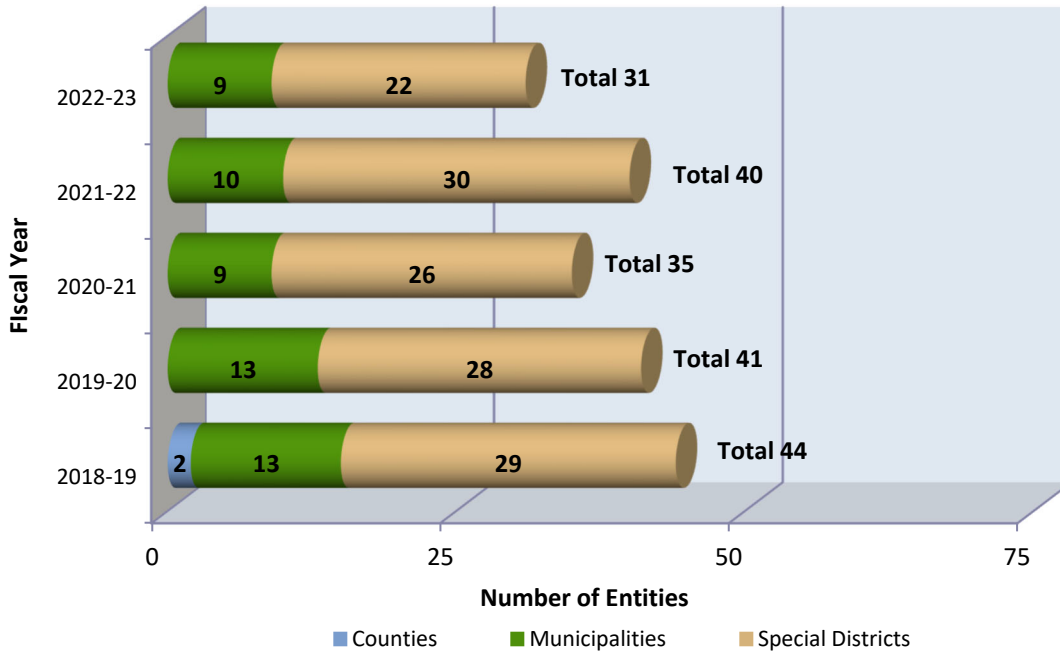
As discussed in the **BACKGROUND** section of this report, Rules of the Auditor General³⁰ require the independent auditor to assess the local governmental entity’s financial condition and include management letter recommendations addressing any deteriorating financial conditions disclosed by the audit. For example, a municipality’s failure to implement cost reductions or revenue enhancements to replenish fund equities and cash reserves may result in a future financial emergency condition.

²⁹ Section 10.554(1)(i)5.b.2., Rules of the Auditor General.

³⁰ Sections 10.554(1)(i)5.b.2. and 10.556(8), Rules of the Auditor General.

The respective auditors reported 31 (9 municipalities and 22 special districts) of the 1,775 entities as experiencing deteriorating financial conditions at the 2022-23 fiscal year end. As illustrated by Chart 2, the total number of local governmental entities reported as experiencing deteriorating financial conditions generally decreased from the 2018-19 through the 2022-23 fiscal years.

Chart 2
Entities Reported as Experiencing Deteriorating Financial Conditions
For the 2018-19 Through 2022-23 Fiscal Years



Note: The number of entities depicted may not agree with that in our prior reports due to audit reports filed with us subsequent to our prior report data collection dates.

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

Millage Rates, Taxable Property Values, and Taxes Levied

As similarly noted for previous calendar years, on average, less-populated counties had 2023 calendar year millage rates that were higher than those of more-populated counties. In contrast, more-populated municipalities had higher 2023 calendar year millage rates than less-populated municipalities. Table 3 shows, for various population ranges, the average 2023 calendar year millage rates for counties and municipalities.

Table 3
Populations and Average Tax Rates
2023 Calendar Year

Counties		Municipalities	
Population Range	Average 2023 Millage Rate	Population Range	Average 2023 Millage Rate
< 25,000	9.0031	< 1,000	3.6130
25,000 – 74,999	8.4408	1,000 – 2,999	4.2377
75,000 – 224,999	6.0452	3,000 – 9,999	4.8821
225,000 – 674,999	5.5420	10,000 – 24,999	4.9079
675,000 +	4.9970	25,000 – 99,999	5.0426
		100,000 +	6.1322

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

State law³¹ limits the ad valorem tax against real property and tangible personal property to 10 mills, except for voted levies. As such, entities with millage rates at or near the statutory maximum may be unable to raise additional funds when needed. For the 2023 calendar year, the average ad valorem millage rate was 6.5455 for counties and 4.7336 for municipalities. Five counties and three municipalities established millage rates of 9.5 mills or greater for the 2023 calendar year, which is a slight increase from the four counties and a slight decrease from the four municipalities with millage rates 9.5 mills or greater for the 2022 calendar year. Since the 2014 calendar year, the average millage rate has increased 8 percent for counties and 1 percent for municipalities. A summary of average millage rates, the total taxable property values, and the total taxes levied by counties and municipalities for the 2014 through 2023 calendar years are shown in Table 4.

³¹ Sections 200.071 and 200.081, Florida Statutes.

Table 4
Average Millage Rates, Taxable Property Values, and Taxes Levied
For the 2014 Through 2023 Calendar Years

Counties				Municipalities			
Year	Average Millage Rate	Taxable Property Values	Taxes Levied	Year	Average Millage Rate	Taxable Property Values	Taxes Levied
2023	6.5455	\$2,914,779,205,111	\$14,043,744,400	2023	4.7336	\$1,576,751,946,238	\$7,585,535,295
2022	6.4946	\$2,577,734,687,226	\$12,596,441,521	2022	4.7775	\$1,404,580,682,935	\$6,798,557,090
2021	6.7999	\$2,255,726,706,461	\$11,197,473,389	2021	4.8255	\$1,208,953,209,416	\$5,957,136,993
2020	6.7609	\$2,120,877,139,351	\$10,549,832,666	2020	4.9041	\$1,137,042,056,958	\$5,603,409,448
2019	6.8681	\$1,987,278,938,783	\$9,917,389,803	2019	4.8753	\$1,129,393,866,217	\$5,638,247,030
2018	6.9030	\$1,854,829,137,409	\$9,233,456,980	2018	4.8008	\$1,050,755,587,014	\$5,221,748,841
2017	6.8307	\$1,728,520,004,718	\$8,595,251,079	2017	4.8309	\$943,943,173,396	\$4,590,545,207
2016	6.8891	\$1,602,542,614,950	\$7,966,906,576	2016	4.7507	\$871,471,006,769	\$4,196,026,730
2015	6.8486	\$1,487,885,231,904	\$7,453,181,645	2015	4.6916	\$804,031,000,849	\$3,871,759,664
2014	6.0770	\$1,388,695,741,063	\$6,945,148,414	2014	4.6902	\$740,435,219,686	\$3,571,448,351

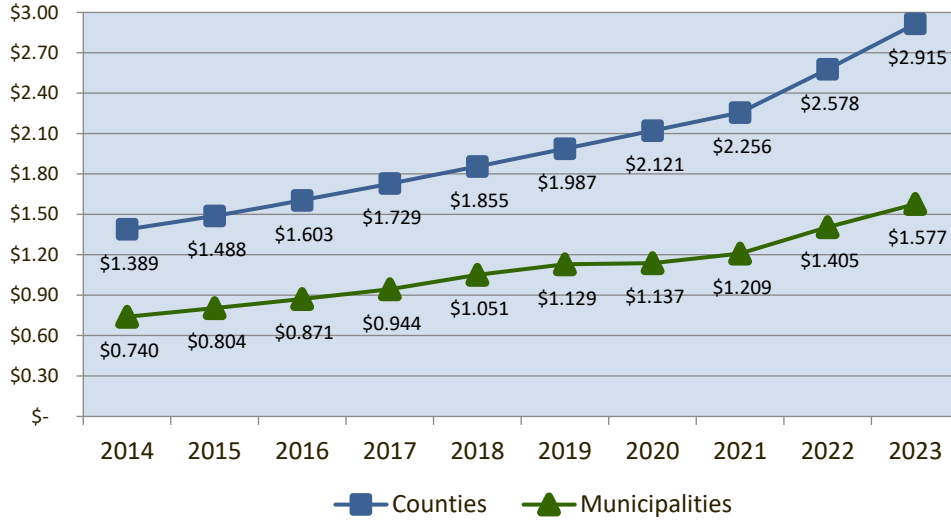
Note: The amounts shown for taxable property values and taxes levied may not agree with amounts in our prior reports due to information updates in the Property Valuations and Tax Data by the Florida Department of Revenue.

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

Table 4 also shows that the counties' average millage rates slightly increased for the 2023 calendar year. After annually increasing from the 2014 through 2016 calendar years, average county millage rates generally decreased from the 2017 through 2023 calendar years. The municipalities' average millage rates slightly decreased for the 2023 calendar year and have remained within a narrow range, slightly increasing from the 2014 through 2023 calendar years.

As depicted in Charts 3 and 4, there was a significant overall increase in the taxable property values and taxes levied over the 10-year period 2014 through 2023. A comparison of the 2022 and 2023 calendar year data for counties shows an increase in taxable property values of \$337 billion (13 percent) and taxes levied of \$1.4 billion (11 percent). Similarly, the 2022 and 2023 calendar year data for municipalities shows an increase in taxable property values of \$172 billion (12 percent) and taxes levied of \$787 million (12 percent).

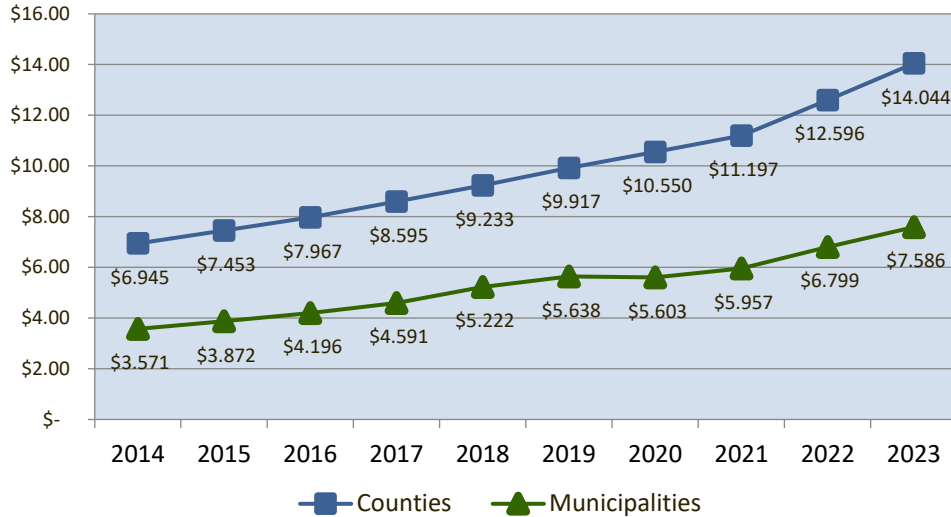
**Chart 3
Taxable Property Values
For the 2014 Through 2023 Calendar Years
(In Trillions)**



Note: Values depicted may not agree to those in our prior reports due to information updates in the Property Valuations and Tax Data by the Florida Department of Revenue.

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

**Chart 4
Taxes Levied
For the 2014 Through 2023 Calendar Years
(In Billions)**



Note: Values depicted may not agree to those in our prior reports due to information updates in the Property Valuations and Tax Data by the Florida Department of Revenue.

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

Pension Plans

We noted that 480 of the 1,603 local governmental entity 2022-23 fiscal year audit reports filed with us as of July 31, 2024, reported the existence of one or more employee defined benefit pension plans. The 480 audit reports related to 55 counties, 242 municipalities, and 183 special districts. The reported employee defined benefit pension plans include plans for general employees, firefighters, police officers, or some combination thereof (mixed).

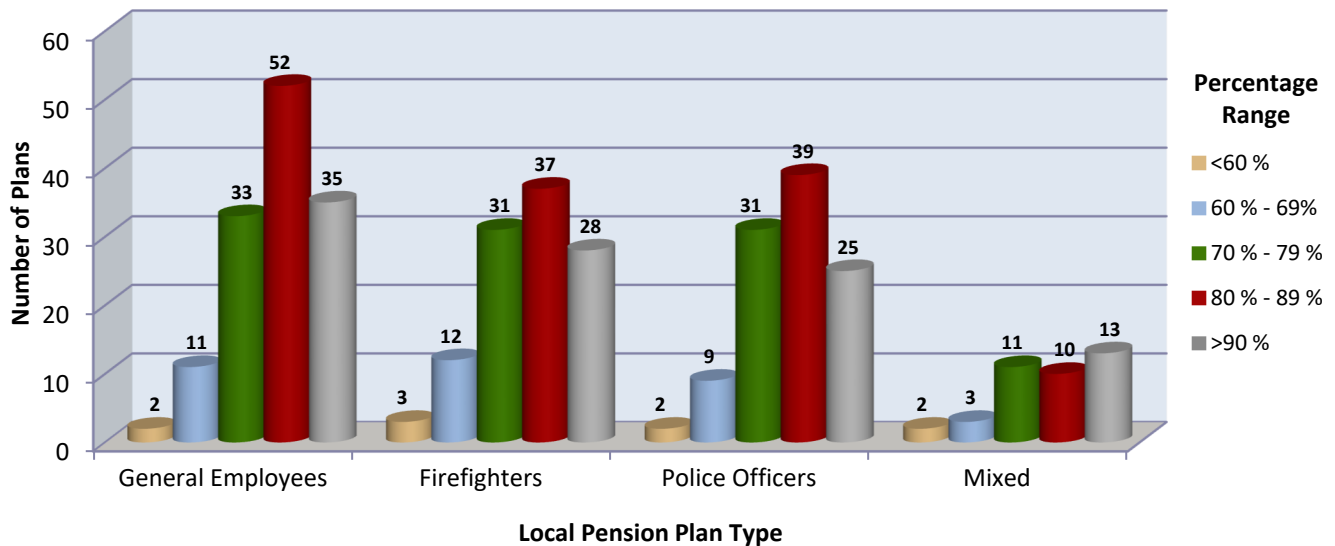
Of the 480 local governmental entities reporting employee defined benefit pension plans, 314 local governmental entities (55 counties, 115 municipalities, and 144 special districts) participated in the Florida Retirement System (FRS). In addition, 210 of the 480 local governmental entities reported a total of 389 local pension plans (i.e., plans not part of the FRS), including 339 municipal plans (108 for general employees, 87 for firefighters, 105 for police officers, and 39 mixed pension plans), 47 special district plans (25 for general employees, 21 for firefighters, and 1 for police officers), and 3 county firefighter plans.

Historically, defined benefit pension plans that provide specified pension benefits to retirees have been prevalent in the public sector. The Government Finance Officers Association (GFOA),³² in its best practice publication, *Sustainable Funding Practices of Defined Benefit Pension Plans*, indicates that a fundamental financial objective of a public employee defined benefit pension plan is to fund the long-term cost of benefits promised to plan participants. It is widely acknowledged that the appropriate way to attain reasonable assurance regarding the sustainability of pension benefits is for a government to accumulate resources for future benefit payments in a systematic and disciplined manner during the active service life of the benefiting employees (i.e., long-term funding). Long-term funding is accomplished by employer and employee contributions and investment earnings. Currently, there is no GFOA guidance regarding what percentages of Plan Fiduciary Net Position as a Percentage of Total Pension Liability may be considered as indicators of potential default; however, a higher percentage indicates a better-funded plan.

Chart 5 illustrates, for the 389 local pension plans that reported Plan Fiduciary Net Position as a Percentage of Total Pension Liability for the 2022-23 fiscal year as required by GASB Statement Nos. 67 and 68, the number of plans for various ranges of reported percentages by local pension plan type (i.e., general employees, firefighters, police officers, and mixed). For comparative purposes, as of June 30, 2023, the FRS reported 82.38 percent as the Plan Fiduciary Net Position as a Percentage of Total Pension Liability.

³² The GFOA issues best practices to communicate enhanced techniques and provide information about effective strategies regarding public finance for state and local governments.

Chart 5
Local Pension Plans Reported Plan Fiduciary Net Position
As a Percentage of Total Pension Liability
For the 2022-23 Fiscal Year



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

Other Financial Trends

Our examination of financial and other information obtained for the counties, municipalities, and special districts evaluated for the 2012-13 through 2022-23 fiscal years disclosed certain significant financial trends, including trends relating to financial equity and results of operations. These financial trends were compiled based on our review of audit reports and annual financial reports and do not represent individual financial condition assessments of particular entities. Such assessments are the responsibility of local governmental entities and their independent auditors and require information that can only be obtained through examination of entity records and inquiry of entity management.

Fund Equity and Results of Operations

GASB Statement No. 54, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Table 5 presents a summary of our analysis disclosing that reviewed reports for 161 entities (9 percent) reported net deficit total assigned and unassigned or unrestricted fund equities at the 2022-23 fiscal year end, which is consistent with the percentage of reports we reviewed with reported deficits in the at the 2017-18 and 2012-13 fiscal year ends. Although local governments are not statutorily required to maintain a specified level of assigned and unassigned or unrestricted fund equity, the ability of these entities to maintain adequate service levels and fund capital acquisitions may be diminished if sufficient fund equity is not maintained.

Table 5
Summary of Analysis of Fund Equities and Results of Operations
For the 2012-13, 2017-18, and 2022-23 Fiscal Years

	Counties			Municipalities			Special Districts			Totals		
	Fiscal Year			Fiscal Year			Fiscal Year			Fiscal Year		
	2012-13	2017-18	2022-23	2012-13	2017-18	2022-23	2012-13	2017-18	2022-23	2012-13	2017-18	2022-23
Total Number of Reports Reviewed^a	<u>66</u>	<u>63</u>	<u>55</u>	<u>384</u>	<u>366</u>	<u>312</u>	<u>989</u>	<u>1,113</u>	<u>1,391</u>	<u>1,439</u>	<u>1,542</u>	<u>1,758</u>
Number of reports that:												
Reported net deficit total assigned and unassigned or unrestricted fund equity.	-	1	-	10	8	3	127	134	158 ^b	137	143	161
Reported no assigned and unassigned or unrestricted fund equity.	-	-	-	-	-	-	80	90	242 ^c	80	90	242
Experienced either excess expenditures over revenues in governmental operations or operating losses in proprietary operations.	58	49	32	276	242	157 ^d	528	540	578 ^d	862	831	767
Experienced net losses when both governmental and proprietary funds were taken into account.	52	31	12	189	151	90 ^e	521	530	565 ^e	762	712	667
Experienced net losses and reported net deficit assigned and unassigned or unrestricted fund equity.	-	1	-	6	5	1	103	98	130 ^f	109	104	131

^a Totals include both audit reports and annual financial reports reviewed. For the 2022-23 fiscal year, we reviewed 1,603 audit reports and 155 annual financial reports.

^b Total includes annual financial reports for 50 special districts.

^c Total includes annual financial reports for 55 special districts.

^d Totals include annual financial reports for 1 municipality and 76 special districts.

^e Totals include annual financial reports for 1 municipality and 75 special districts.

^f Total includes annual financial reports for 41 special districts.

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

Many entities transfer governmental fund resources to support proprietary fund operations. However, for the 2012-13, 2017-18, and 2022-23 fiscal years, the percentage of all entities reviewed with net losses (combining both governmental and proprietary funds) were 53 percent (762 of 1,439 reports), 46 percent (712 of 1,542 reports), and 38 percent (667 of 1,758 reports), respectively. From the 2017-18 fiscal year to the 2022-23 fiscal year, the percentage of counties that experienced net losses decreased from 49 to 22 percent, the percentage of municipalities that experienced net losses decreased from 41 to 29 percent, and the percentage of special districts that experienced net losses decreased from 48 to 41 percent. Additionally, of the 667 entities that experienced net losses for 2022-23 fiscal year operations, 131 entities (7 percent of the 1,758 reports reviewed) also reported net deficit total assigned and unassigned or unrestricted fund equities at the 2022-23 fiscal year end.

Continued net losses and net deficit total assigned and unassigned or unrestricted fund equities may leave entities with insufficient funds to sustain current levels of services without borrowing funds from

external sources. Additionally, those entities have less resources available for emergencies and unforeseen situations.

Other Financial Trends

A total of 82 audited special districts reported cash and investments in amounts that were not sufficient to cover current liabilities at the 2022-23 fiscal year end, which is 40 less than the 122 entities at the 2017-18 fiscal year end, and 13 less than the 135 entities that similarly reported insufficient cash and investments at the 2012-13 fiscal year end. Declining levels of cash and investments when compared to current liabilities may indicate that the special district has overextended itself or may be having difficulty raising the cash necessary to meet current needs.

Long-term debt reported for governmental activities totaled \$29.3 billion at the 2022-23 fiscal year end, an increase of \$1.9 billion, compared to \$27.4 billion at the 2017-18 fiscal year end for the reports we reviewed for those fiscal years. While local governments are statutorily authorized to enter into long-term debt arrangements, for example, to fund construction projects or repay or refinance older debt that has not been paid off, it is important to consider current revenue streams and other available resources to ensure debt service requirements are met and to reduce debt as appropriate.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

Although all local governmental entities are required to file annual financial reports with the DFS,³³ all references to annual financial reports in this report pertain to those for entities without audited financial statements. As a result, the financial trends based on annual financial reports included in this report are based on unverified amounts.

The scope of this project included a review of the independent auditor 2022-23 fiscal year financial statement audit reports filed with us by July 31, 2024, for 55 counties (which included 326 individual county agency reports), 310 municipalities, and 1,238 special districts. In addition, the scope included 2 municipality and 153 special district annual financial reports (filed with the DFS and provided to us) for entities not required to provide for an audit. The scope also included, for audit reports received for 1,775 entities (63 counties, 342 municipalities, and 1,370 special districts) through October 31, 2024, a review to identify entities reported as having met a condition specified in State law,³⁴ or with deteriorating financial conditions.

Our methodology included a review of applicable audit reports and annual financial reports and a compilation of significant findings and financial trends. We included 1,874 entities (326 county agencies, 310 municipalities, and 1,238 special districts) in our analysis of significant findings. We included 1,603 entities (55 counties, 310 municipalities, and 1,238 special districts) in our analysis of significant financial trends (except for the analysis of fund equities and results of operations, as depicted in Table 5, where we also included annual financial reports for 2 municipalities and 153 special districts).

We planned and performed this review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for the summaries of significant findings and financial trends included in this report.

³³ Section 218.32(1)(e), Florida Statutes.

³⁴ Section 218.503(1), Florida Statutes.

AUTHORITY

Pursuant to Section 11.45(7)(f), Florida Statutes, I have directed that this report be prepared to present the summary of significant findings and financial trends identified in local governmental entity audit reports prepared by independent certified public accountants or, for entities not required to provide for an audit, financial trend information obtained from local governmental entity annual financial reports, for the 2022-23 fiscal year.



Sherrill F. Norman, CPA
Auditor General

EXHIBIT A

SUMMARY OF AUDIT FINDINGS BY FINDING CATEGORY AND LOCAL GOVERNMENTAL ENTITY TYPE FOR THE 2021-22 AND 2022-23 FISCAL YEARS

Finding Category	Number of	County Agencies		Municipalities		Special Districts		Totals	
		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year	
		2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Separation of Duties – Inadequate separation of duties.	Findings	7	3	17	20	18	19	42	42
	Entities	7	3	17	20	18	18	42	41
Budget Administration – Inadequate budgetary controls or noncompliance with legal requirements relating to budgets.	Findings	4	6	18	25	43	35	65	66
	Entities	4	6	17	23	42	33	63	62
Accounting Records – Inadequate accounting or other records, lack of subsidiary records or failure to timely reconcile subsidiary records to general ledger control accounts, or improper recording of transactions (excludes findings related to capital assets).	Findings	18	25	41	48	21	28	80	101
	Entities	16	21	37	33	18	24	71	78
Financial Reporting – Reporting of financial data externally or within the local governmental entity.	Findings	11	6	29	30	35	35	75	71
	Entities	9	6	29	30	35	33	73	69
Cash – Inadequate controls or noncompliance with legal requirements pertaining to cash on hand or held by banks.	Findings	4	2	13	17	8	17	25	36
	Entities	4	2	12	15	6	14	22	31
Capital Assets – Noncompliance with legal requirements pertaining to acquisitions or disposals of capital assets or the improper use of, and lack of accountability for, capital assets.	Findings	9	8	9	17	10	11	28	36
	Entities	8	7	8	15	9	9	25	31
Debt Administration – Noncompliance with bond covenants or loan agreements and failure to make debt service payments.	Findings	-	-	5	4	23	21	28	25
	Entities	-	-	5	4	18	17	23	21
Revenues and Collections – Inadequate controls or noncompliance with legal requirements pertaining to revenues and accounts receivable.	Findings	6	10	24	24	13	11	43	45
	Entities	6	9	22	20	12	9	40	38
Payroll and Personnel Administration – Inadequate controls or noncompliance with legal requirements pertaining to payroll and personnel administration.	Findings	2	1	17	15	6	6	25	22
	Entities	2	1	14	12	5	6	21	19
Expenditures and Expenses – Expenditures or expenses not properly documented, approved, or recorded; not executed efficiently; or not made in accordance with laws, rules, ordinances, or other guidelines.	Findings	1	4	8	2	11	9	20	15
	Entities	1	4	7	2	10	8	18	14
Other Findings	Findings	20	33	40	51	29	42	89	126
	Entities	13	25	34	45	27	36	74	106
Total Number of Findings		82	98	221	253	217	234	520	585

Note: Some entities had more than one finding in each category. In total, findings were included in audit reports for 51 county agencies, 112 municipalities, and 135 special districts.

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