FRANKLIN COUNTY, FLORIDA

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ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

FRANKLIN COUNTY, FLORIDA

THIS REPORT CONTAINS THE FOLLOWING SECTIONS

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

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

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

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

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

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

Annual Financial Report
and Other Financial Information

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Franklin County, Florida

Year Ended September 30, 2023
with Independent Auditor's Report

FRANKLIN COUNTY, FLORIDA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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Introductory Section

FRANKLIN COUNTY, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2023

BOARD OF COUNTY COMMISSIONERS

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

CLERK OF THE COURTS

Michele Maxwell

SHERIFF

A. J. “Tony” Smith

TAX COLLECTOR

Richard Watson

PROPERTY APPRAISER

Rhonda Skipper

SUPERVISOR OF ELECTIONS

Heather Riley

Financial Section

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Franklin County, Florida's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Florida, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

Emphasis of Matters

As described in Note 1 to the financial statements, for the year ended September 30, 2023, Franklin County, Florida adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements.* Our opinion is not modified with respect to this matter.

As described in Note 23 to the financial statements, beginning net position and fund balances were restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Franklin County, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Franklin County, Florida's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of Franklin County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County, Florida's internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the Board of County Commissioners of Franklin County (the "County") has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the County's financial activities, (c) identify changes in the County's financial position, (d) identify material deviations from the financial plan (approved budget), and (e) highlight significant issues in individual funds. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the County's financial statements.

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

General Information

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

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

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

Financial Highlights

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2023, by $113,960,992. Of this amount, $109,371,283 represents net investment in capital assets; $22,458,251 is restricted for specific purposes (restricted net position); and the remaining portion represents unrestricted net position of ($17,868,542).

- The County's total net position increased by $7,157,196 or 6.70% from September 30, 2022, to September 30, 2023.

- As of September 30, 2023 and 2022, the County's governmental funds reported combined ending fund balances of $36,800,735 and, $33,530,868 respectively.

- As of September 30, 2023, the County's general fund (primary operating fund) reported a total fund balance of $14,332,322, an increase of $699,233 from the prior year (fund balance).

- For the year ended September 30, 2023, the County's capital assets, net of accumulated depreciation, increased by $5,993,989 which represents an increase of 5.67% for the year.

- The County's loans (notes from direct borrowing) increased by $156,894 in fiscal year 2023. The County's percentage of loans compared to net position increased from 1.66% to 1.69%. The other components of long-term debt are discussed in further detail later in this report.

Non-Financial Highlights

American Rescue Plan

In 2021, Franklin County received the first allocation of the American Rescue Plan. The second installment was received in October of 2022 which brings the total allocation to $2,355,139. The county has drafted a spending plan which will address unfunded infrastructure needs such as a new roof and exterior joint sealant of the County Courthouse, acquisition of office space for the Supervisor of Elections, beach parking improvements and imaging of public records.

Hurricane Michael

On October 10, 2018, Hurricane Michael made landfall as a category 5 hurricane just 30 miles from the Franklin County line on the western side of Mexico Beach and east end of Tyndall Air Force Base. Hurricane Michael was the strongest storm to strike the mainland of the United States since Hurricane Andrew in 1992. Franklin County was fortunate the storm was not a direct hit but still sustained major damage. Franklin County had six large FEMA recovery projects (projects whereas restoration/repair would cost more than $139,800). Three of the large recovery projects were completed in early 2022 and three more were completed by the end of 2023. The largest project was the reconstruction of Alligator Drive in Alligator Point which had an obligated project cost of $5,583,530. The road was reopened in December of 2022 and has held up through the 2023 storm season.

Capital Improvement Projects

There are several large ongoing improvement projects at the County Airport in Apalachicola. These projects are 100% funded by state and federal grants. The ongoing projects include the Triumph RESTORE program funded replacement of the airport's fuel farm (anticipated to be completed sometime in 2024), airport obstruction removal and the rehabilitation of the airfield pavement aprons.

The Florida Department of Environmental Protection funded two $200,000 FRDAP Projects in 2022/2023. Accessibility enhancements, refurbishment of facilities, and field drainage improvements were completed at Vrooman Park in Eastpoint and an inclusive playground with surfacing, shade and attached picnic pavilion was added at St. George Island's Lighthouse Park. The inclusive playground project also utilized community funds raised by the St. George Island Civic Association and tourist development beach park facility improvement funds.

Small County Outreach Grant Program

The Florida Department of Transportation's Small County Outreach Grant Program (SCOP) provided $108,189 and $1,589,213 in construction funding to excavate and replace the failing

culvert passage over Womack Creek on County Road 67 north of Carrabelle. The Florida Department of Transportation's Small County Road Assistance Program (SCRAP) provided $3,658,131 for the widening and resurfacing of 3.466 miles of CR30A from 13 Mile Road East towards Highway 98. Federal transportation grant funds routed through the Florida Department of Transportation also provided $958,847 for the design and construction of the Alligator Drive Multi-Use Path Phase III.

The RESTORE Act

Franklin County is to receive 12 million dollars over 15 years as part of pot three (Gulf Consortium) of the RESTORE settlement from the Deepwater Horizon oil spill. "Florida's 23F Gulf Coast Counties formed the Consortium to meet requirements of the RESTORE Act to develop a State Expenditure Plan for economic and environmental recovery of the Gulf coast in Florida following the Deepwater Horizon oil spill. The RESTORE Act was passed by the Congress on June 29, 2012, and signed into law on July 6, 2012, by the President." There are three proposed projects included in the State Expenditure Plan for the county's Consortium Funds – Dredging of the Eastpoint and 2 Mile Channels, Construction of a new EOC, and Bay Restoration. In 2022, Franklin County contracted with the Army Corp of Engineers for $6,000,000 in Consortium funds to dredge the Eastpoint Channel (which had not been dredged since the 1980's) and the 2 Mile Channel in Apalachicola. The dredge work was completed in 2023.

Discretionary Sales Surtax

In January of 2008, Franklin County began levying the 1% Discretionary Sales Surtax for health care on all taxable purchases. The proceeds of the 1% Discretionary Sales Surtax is split between capital outlay and operating expenses for the local Weems Memorial Hospital. At September 30, 2023, the balance available in the Health Care Trust Fund for capital improvements is $9,166,399.

Gross Taxable Value of Property

The 2022 gross taxable value of property in Franklin County saw a steady increase of 13.59% over the prior year. The County's 2022 gross taxable value as certified by the Franklin County Property Appraiser increased by approximately 265 million dollars from the 2021 certified value. The millage rate remained unchanged at 5.4707 mills in fiscal year 2023 with budgeted property tax proceeds of $14,504,787. The budgeted proceeds were $1,735,523 more than the budgeted proceeds in fiscal year 2022. The total budgeted positions in the 2023 fiscal year were 187, still less than 2007's budgeted position count of 191. The county implemented year two of a five year pay and classification plan to address concerns with wage compression and to slowly increase wages to meet the $15 per hour minimum which goes into effect in 2026.

Overview of the Financial Statements

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

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

In addition, this report presents certain required supplementary information.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information related to the overall financial condition of the County similarly to those of a private-sector business. These statements combine and consolidate the governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations. They include a *Statement of Net Position* and a *Statement of Activities* that are designed to provide consolidated financial information about the governmental activities of the County presented on the accrual basis of accounting.

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

- The *Statement of Activities* presents information showing how the County's net position changed during the 2023 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes earned, and earned but unused vacation leave). This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net position is an indication of whether the financial health of the County is improving or deteriorating.

These two financial statements present the functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services, culture and recreation, and court related activities. The business-type activities of the County include the hospital.

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

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed

information about the County's financial activities, focusing on its most significant or major funds rather than fund types. This contrasts with the entity-wide perspective contained in the government-wide statements. All the County's funds may be classified in the broad category of *governmental funds, proprietary funds,* and *fiduciary (agency) funds* as discussed below.

- *Governmental funds* – These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resource measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the County's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds provide a reconciliation of governmental funds to governmental activities.

- *Proprietary funds* – The County maintains one type of proprietary fund which is the hospital fund. This fund is used to report business-type activities in the government-wide financial statements. The County uses the hospital fund to account for the fiscal activities relating to the hospital and emergency medical services provided in Franklin County. Proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

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

Infrastructure Assets

Generally, a government's largest group of assets (infrastructure – roads, bridges, sidewalks, traffic signals, and underground pipes not associated with a utility, etc.) are not reported nor depreciated in governmental fund financial statements. GASB Statement No. 34 requires these assets be valued and reported in the governmental column of the government-wide statements. Additionally, the government must elect to either (a) depreciate the assets over the estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government elects the asset management (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its costs of maintenance in lieu of depreciation. The County has elected to depreciate its infrastructure assets.

Government-wide Financial Analysis

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows exceeded liabilities and deferred inflows (governmental and business-type activities) by $113,960,992 at the close of the fiscal year ended September 30, 2023, and $106,803,796 on September 30, 2022.

NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	$ 42,012,966	$ 40,063,635	$ 3,946,371	$ 3,669,348	$ 45,959,337	$ 43,732,983
Capital assets	106,744,287	101,185,235	4,944,374	4,509,437	111,688,661	105,694,672
Total assets	148,757,253	141,248,870	8,890,745	8,178,785	157,647,998	149,427,655
DEFERRED OUTFLOWS OF RESOURCES	4,828,632	5,072,256	-	-	4,828,632	5,072,256
LIABILITIES						
Current liabilities	4,930,602	4,692,474	1,110,419	1,459,039	6,041,021	6,151,513
Non-current liabilities	28,153,683	24,578,888	1,484,740	306,544	29,638,423	24,885,432
Total liabilities	33,084,285	29,271,362	2,595,159	1,765,583	35,679,444	31,036,945
DEFERRED INFLOWS OF RESOURCES	12,836,194	16,659,170	-	-	12,836,194	16,659,170
NET POSITION						
Net investment in capital assets	104,732,106	99,279,524	4,639,177	3,979,282	109,371,283	103,258,806
Restricted	22,458,251	19,911,830	-	-	22,458,251	19,911,830
Unrestricted	(19,524,951)	(18,800,760)	1,656,409	2,433,920	(17,868,542)	(16,366,840)
Total net position	$ 107,665,406	$ 100,390,594	$ 6,295,586	$ 6,413,202	$ 113,960,992	$ 106,803,796

Note: The prior year balances were restated (See Note 23).

Statement of Activities

The following schedule summarizes revenues and expenses for years ended September 30, 2023, and 2022.

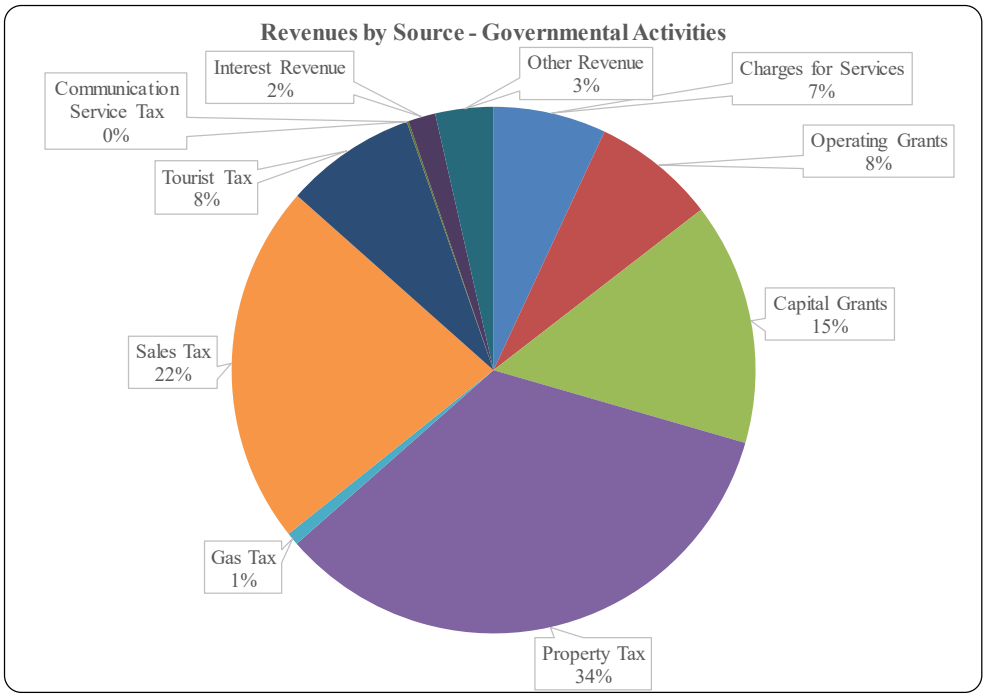
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 2,862,065	$ 3,088,202	$ 7,935,269	$ 6,782,243	$ 10,797,334	$ 9,870,445
Operating grants	3,129,591	11,648,982	693,934	396,376	3,823,525	12,045,358
Capital grants	6,127,365	8,255,985	-	-	6,127,365	8,255,985
General revenues:						
Property taxes	14,017,012	12,768,922	-	-	14,017,012	12,768,922
Other taxes	12,833,320	11,487,637	-	-	12,833,320	11,487,637
Investment earnings	688,594	127,024	19,244	-	707,838	127,024
Other	1,394,235	412,199	170,775	-	1,565,010	412,199
Total revenues	41,052,182	47,788,951	8,819,222	7,178,619	49,871,404	54,967,570
Expenses:						
General government	5,720,546	12,715,934	-	-	5,720,546	12,715,934
Public safety	11,267,248	10,896,355	-	-	11,267,248	10,896,355
Physical environment	2,360,935	2,408,300	-	-	2,360,935	2,408,300
Transportation	5,647,217	8,105,587	-	-	5,647,217	8,105,587
Economic environment	2,559,744	1,788,915	-	-	2,559,744	1,788,915
Human services	1,109,510	1,055,769	-	-	1,109,510	1,055,769
Culture/recreation	1,465,524	1,929,865	-	-	1,465,524	1,929,865
Court related	959,184	997,257	-	-	959,184	997,257
Interest on long-term debt	70,593	47,150	-	-	70,593	47,150
Business-type	-	-	11,553,707	10,864,451	11,553,707	10,864,451
Total expenses	31,160,501	39,945,132	11,553,707	10,864,451	42,714,208	50,809,583
Change in net position before transfers	9,891,681	7,843,819	(2,734,485)	(3,685,832)	7,157,196	4,157,987
Transfers	(2,616,869)	(2,598,054)	2,616,869	2,598,054	-	-
Change in net position	7,274,812	5,245,765	(117,616)	(1,087,778)	7,157,196	4,157,987
Net position - beginning, restated	100,390,594	95,144,829	6,413,202	7,500,980	106,803,796	102,645,809
Net position - ending	$ 107,665,406	$ 100,390,594	$ 6,295,586	$ 6,413,202	$ 113,960,992	$ 106,803,796

Note: The prior year balances were restated (See Note 23).

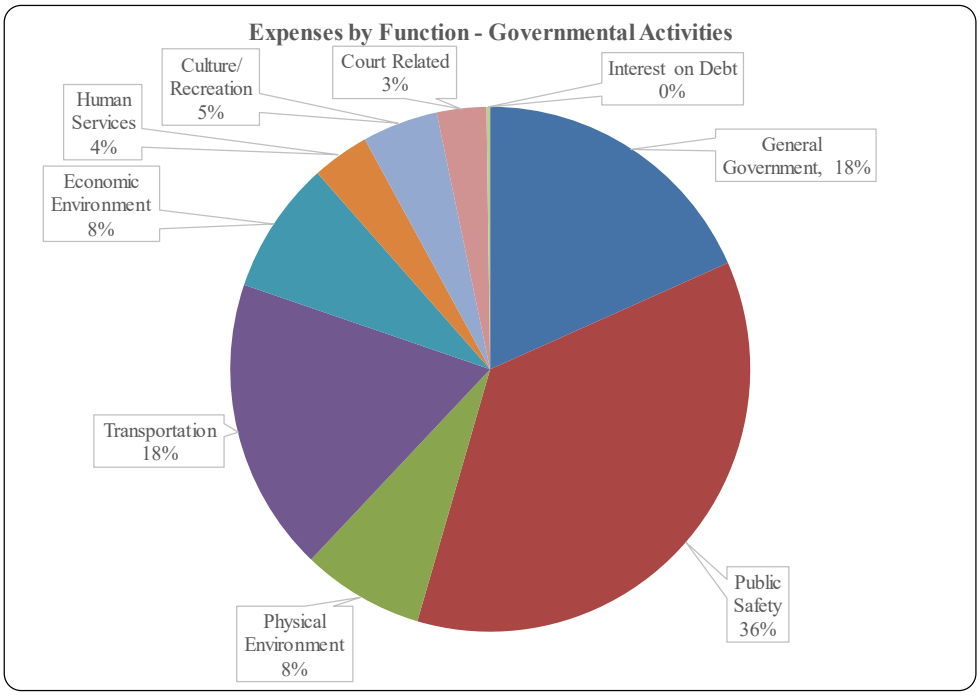
❖ Governmental Activities Revenues by Source

The following graph depicts the County's total governmental activities revenue by source for the fiscal year ending September 30, 2023.



❖ Governmental Activities Expenses by Functions

The following graph depicts the County's total governmental activities expenses by function for the fiscal year ending September 30, 2023.



Financial Analysis of Individual Funds

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

- Governmental Funds
  The primary purpose of the County's Balance **S**heet – Governmental Funds and the **S**tatement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds is to provide information on near-term inflows, outflow, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as useful measure of a government's net resources, available for spending, at the end of the current and prior fiscal year. As of September 30, 2023, Franklin County governmental funds reported combined fund balances of $36,800,735 an increase of $3,269,867 when compared to prior year combined fund balances. The governmental funds had nonspendable fund balances of $46,327. The restricted fund balance was $22,458,251 and consists of monies whose expenditure is externally constrained by grantors, creditors, binding law or enabling legislation. Of the remaining $14,296,157 in fund balance, $82,636 is classified as assigned and $14,213,521 is recorded as unassigned.

Major Governmental Funds

The general fund, healthcare trust fund, tourist development fund, american recovery plan fund, housing initiative partnership fund, and local option gas tax fund are reported as major funds.

- The general fund is the general operating fund of the County. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the general fund.

- General operating funds of the Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector, and Supervisor of Elections represent funds included in the County's general fund that are held and accounted for individually but are presented with the balance of the Board of County Commissioner's operating funds.

- The healthcare trust fund accounts for the local option discretionary sales tax that funds operations at the local hospital.

- The tourist development fund are revenues generated from a 3% local option tourist development tax. The tax is a charge which is collected on all leases or rentals of any living quarters or accommodations with a term of less than six months. Funds are used to promote tourism in the County.

- The american recovery plan fund accounts for the in-flows of resources received from the Coronavirus State and Local Fiscal Recovery Funds restricted to pay for eligible expenses.

- The housing initiative partnership fund is used to account for grant funds to aid in producing and preserving affordable homeownership and multifamily housing.

- The local option gas tax fund is used to account for the gas tax proceeds.

Major Proprietary Funds

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

Budget Variances in Major Funds

The following budget variances occurred in the major funds during the year ended September 30, 2023.

- Tax revenue of the general fund shows a negative budget variance of $481,282. The County budget shows 100% of anticipated revenues with "less 5% of estimated revenues" as a deduction. Additionally, taxpayers can take advantage of as much as 4% reduction in taxes by paying in the month of November.

- Intergovernmental revenue (federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes) is $1,078,909 more than budgeted in the general fund. State shared revenues came in higher than expected during the year.

- Tax revenue for the healthcare trust fund is $723,091 more than budgeted. Discretionary sales tax came in higher than expected.

- Tax revenue for the tourist development fund is $430,466 more than budgeted. Tourist development taxes came in higher than expected.

- The American Recovery Plan fund shows a negative budget variance of $2,032,285 under intergovernmental revenue. American Rescue Plan expenses were lower than anticipated for the fiscal year.

- The Housing Initiative Partnership fund shows a negative budget variance of $529,509 under intergovernmental revenue. Housing Initiative Partnership program expenses were lower than anticipated.

- The Local Option Gas Tax fund shows a negative budget variance of $3,170,904 under intergovernmental revenue. Road paving funds from state grants were lower than anticipated.

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

Capital Assets

The County's financial statements present capital assets in two categories: those assets subject to depreciation, such as buildings, infrastructure, and equipment; and those not subject to depreciation, such as land and construction in progress. At September 30, 2023, the County had $111,688,661 invested in a variety of capital assets, as reflected in the following schedule, which represents a net increase (additions less retirements and depreciation) of $5,993,989, or 5.67%, from the end of last year.

CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 7,511,934	$ 7,133,363	$ 13,400	$ 13,400	$ 7,525,334	$ 7,146,763
Buildings and improvements	16,004,951	15,460,886	2,491,222	2,557,366	18,496,173	18,018,252
Machinery and equipment	8,451,162	6,538,488	1,217,800	1,415,936	9,668,962	7,954,424
Infrastructure	71,750,103	62,120,121	-	-	71,750,103	62,120,121
Right-of-use asset	80,674	138,053	320,718	522,735	401,392	660,788
Construction in progress	2,945,463	9,794,324	901,234	-	3,846,697	9,794,324
Total	$106,744,287	$101,185,235	$ 4,944,374	$ 4,509,437	$111,688,661	$105,694,672

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

- In November of 2022, the County entered into the fifth rolling lease/purchase agreement for (2) 2023 Mack GR64B Dump Trucks at $174,159 each. Subsequent to year end, the County entered into a new lease/purchase agreement for (2) 2024 Mack 64BR Dump Trucks at $187,795 each.

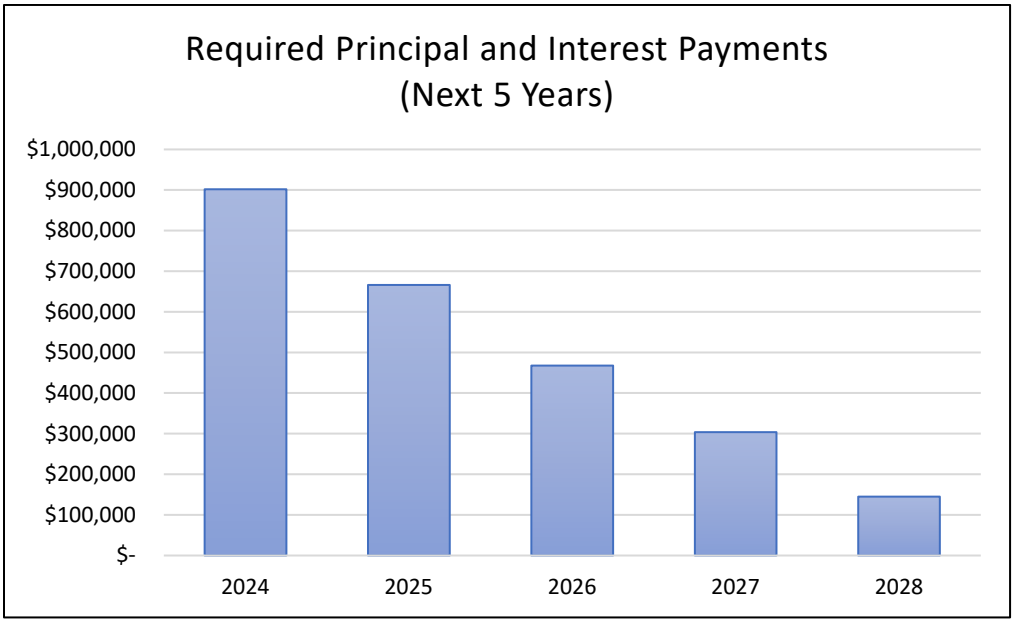
- In 2019, the county financed a new Morbark Tub Grinder for the Solid Waste Department. Tipping Fee revenues fund the debt-service payments on this equipment and there was a balance of $441,903 at September 30, 2023.

- In October of 2018, Franklin County purchased eleven 30-foot lots in the commercial district of St. George Island. This property is located at 223 Franklin Boulevard. This purchase was part of a mediated settlement agreement whereas Franklin County paid $600,000 for the parcel. The capital outlay fund paid $100,000 down and the balance was financed by the owner at 4.5% fixed for a period of five years. The balance at September 30, 2023, was $92,116.
- In 2023, Franklin County obtained a $300,000 line of credit for its beach park facilities. The annual debt service payments for the beach park facilities are funded by the Tourist Development sales tax proceeds. The balance at September 30, 2023, was $140,000.

- In 2023, Franklin County financed a new John Deere Wheel Loader for the landfill. The balance at September 30, 2023, was $188,400.

Long-Term Obligations

The following graph depicts future principal and interest payments required to be paid by the County on outstanding debt as of September 30, 2023.

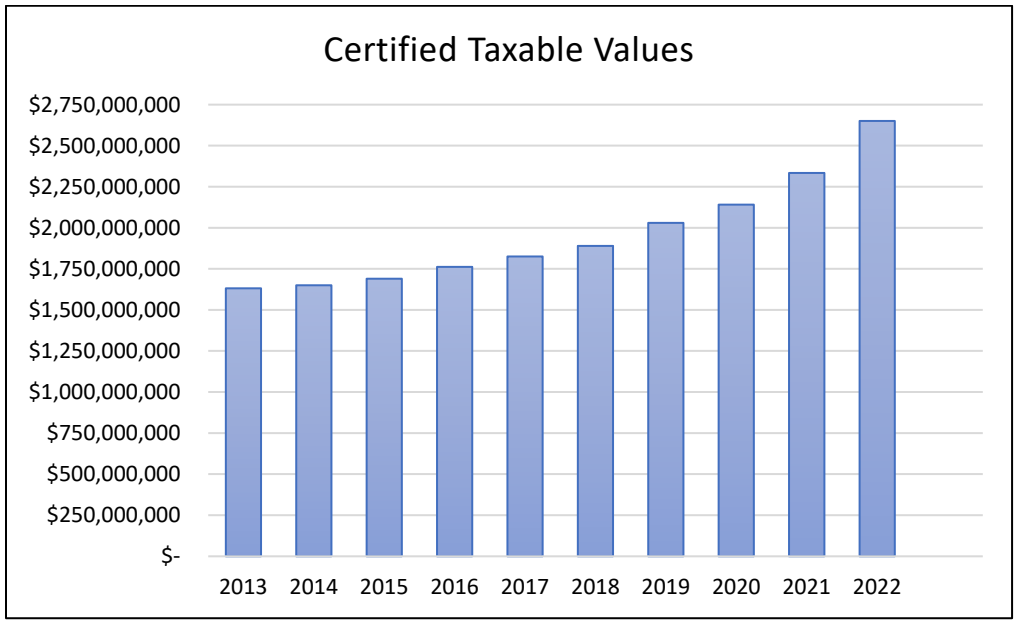


Significant Economic Factors

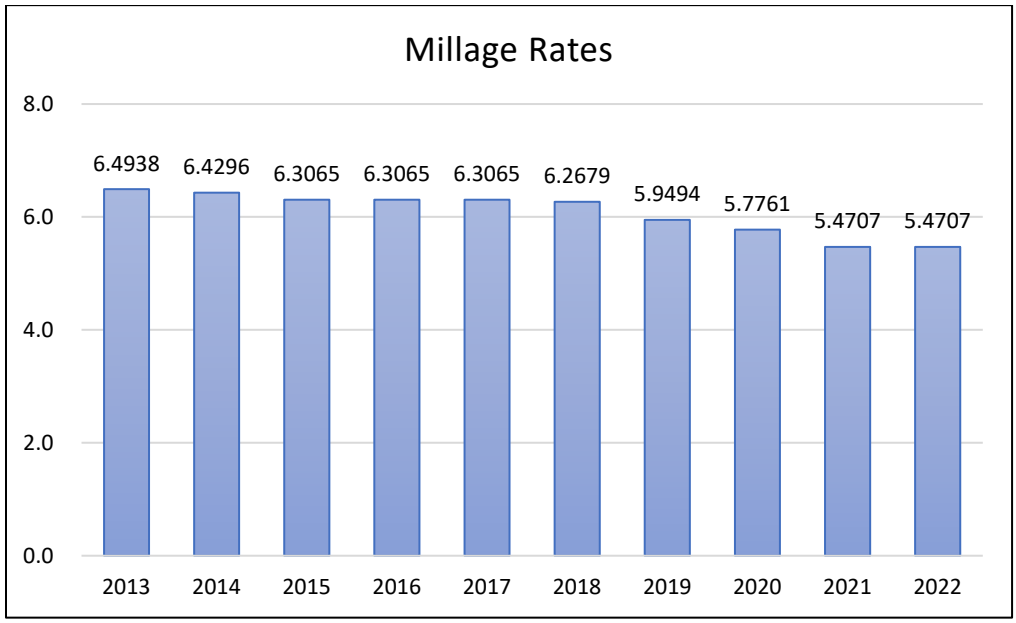
Taxable Value of Property and Millage Rates

For the year ended September 30, 2023, Franklin County calculated an estimate of $14,504,787 for property taxes based on the certified taxable value of property of $2,651,358,437.

Certified Taxable Value by Tax Year



Millage Rates by Tax Year



Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

FRANKLIN COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 33,104,803	$ 1,726,345	$ 34,831,148
Patient accounts receivable, net of estimated uncollectibles of $1,377,242 in 2023	-	1,043,686	1,043,686
Accounts and other receivables	294,143	369,702	663,845
Notes receivable	281,629	-	281,629
Internal balances	(480,477)	480,477	-
Estimated third party settlements	-	156,884	156,884
Due from other governmental units	8,766,541	-	8,766,541
Prepaid items	46,327	80,931	127,258
Supplies inventory	-	88,346	88,346
Capital assets:			
Nondepreciable	10,457,397	914,634	11,372,031
Depreciable (net)	96,286,890	4,029,740	100,316,630
Total assets	148,757,253	8,890,745	157,647,998
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	3,931,761	-	3,931,761
Other postemployment benefit liability related	896,871	-	896,871
Total deferred outflows of resources	4,828,632	-	4,828,632
LIABILITIES			
Accounts payable and accrued liabilities	1,336,429	1,110,419	2,446,848
Due to other governmental units	227,499	-	227,499
Unearned revenue	3,366,674	-	3,366,674
Non-current liabilities:			
Due within one year	889,839	311,184	1,201,023
Due in more than one year	27,263,844	1,173,556	28,437,400
Total liabilities	33,084,285	2,595,159	35,679,444
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,171,924	-	1,171,924
Other postemployment benefit liability related	11,664,270	-	11,664,270
Total deferred inflows of resources	12,836,194	-	12,836,194
NET POSITION			
Net investment in capital assets	104,732,106	4,639,177	109,371,283
Restricted	22,458,251	-	22,458,251
Unrestricted	(19,524,951)	1,656,409	(17,868,542)
Total net position	$ 107,665,406	$ 6,295,586	$ 113,960,992

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary government:							
Governmental activities:							
General government	$ 5,720,546	$ 1,415,640	$ 544,791	$ 42,779	$ (3,717,336)	$ -	$ (3,717,336)
Public safety	11,267,248	-	719,136	722,276	(9,825,836)	-	(9,825,836)
Physical environment	2,360,935	1,097,426	111,908	67,178	(1,084,423)	-	(1,084,423)
Transportation	5,647,217	-	200,007	2,746,585	(2,700,625)	-	(2,700,625)
Economic environment	2,559,744	-	863,243	1,198,111	(498,390)	-	(498,390)
Human services	1,109,510	14,500	102,133	-	(992,877)	-	(992,877)
Culture and recreation	1,465,524	7,246	82,055	1,350,436	(25,787)	-	(25,787)
Court related	959,184	327,253	506,318	-	(125,613)	-	(125,613)
Interest on debt	70,593	-	-	-	(70,593)	-	(70,593)
Total governmental activities	31,160,501	2,862,065	3,129,591	6,127,365	(19,041,480)	-	(19,041,480)
Business-type activities:							
Hospital	11,553,707	7,935,269	693,934	-	-	(2,924,504)	(2,924,504)
Total primary government	$ 42,714,208	$ 10,797,334	$ 3,823,525	$ 6,127,365	(19,041,480)	(2,924,504)	(21,965,984)
GENERAL REVENUES:							
Property tax					14,017,012	-	14,017,012
Local option sales tax					3,465,231	-	3,465,231
Communication service tax					48,485	-	48,485
Sales tax and other shared revenues					5,670,090	-	5,670,090
Tourist tax					3,330,466	-	3,330,466
Local option gas tax					319,048	-	319,048
Interest revenue					688,594	19,244	707,838
Other revenue					1,475,615	170,775	1,646,390
Reversion to State of Florida					(81,380)	-	(81,380)
Transfers					(2,616,869)	2,616,869	-
Total general revenues					26,316,292	2,806,888	29,123,180
Change in net position					7,274,812	(117,616)	7,157,196
Net position, beginning of year, as restated					100,390,594	6,413,202	106,803,796
Net position, end of year					$ 107,665,406	$ 6,295,586	$ 113,960,992

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General	Healthcare Trust Fund	Tourist Development Fund	American Recovery Plan	Housing Initiative Partnership	Local Option Gas Tax	Nonmajor Governmental Funds	Total
ASSETS								
Cash and cash equivalents	$ 9,097,087	$ 9,166,399	$ 4,967,889	$ 2,033,345	$ 984,358	$ 620,270	$ 6,235,455	$ 33,104,803
Accounts receivable	138,669	-	6,000	-	-	5,002	144,472	294,143
Notes receivable	-	-	-	-	281,629	-	-	281,629
Due from other funds	1,610,997	-	-	-	-	336,569	20,047	1,967,613
Due from other governmental units	4,827,363	1,044,590	467,240	-	-	1,282,986	1,144,362	8,766,541
Prepaid items	18,640	-	-	-	-	-	27,687	46,327
Total assets	$ 15,692,756	$ 10,210,989	$ 5,441,129	$ 2,033,345	$ 1,265,987	$ 2,244,827	$ 7,572,023	$ 44,461,056
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	$ 646,014	$ 59,285	$ 103,194	$ -	$ 15,750	$ 280,469	$ 231,717	$ 1,336,429
Due to other funds	351,010	579,646	-	-	-	495,138	1,022,296	2,448,090
Due to other governmental units	65,969	-	3,200	-	-	-	158,330	227,499
Unearned revenue	297,441	9,813	-	2,033,345	870,300	-	155,775	3,366,674
Total liabilities	1,360,434	648,744	106,394	2,033,345	886,050	775,607	1,568,118	7,378,692
Deferred inflows of resources								
Grant related	-	-	-	-	281,629	-	-	281,629
Fund balances								
Nonspendable	18,640	-	-	-	-	-	27,687	46,327
Restricted	100,161	9,562,245	5,334,735	-	98,308	1,469,220	5,893,582	22,458,251
Assigned	-	-	-	-	-	-	82,636	82,636
Unassigned	14,213,521	-	-	-	-	-	-	14,213,521
Total fund balances	14,332,322	9,562,245	5,334,735	-	98,308	1,469,220	6,003,905	36,800,735
Total liabilities, deferred inflows of resources, and fund balances	$ 15,692,756	$ 10,210,989	$ 5,441,129	$ 2,033,345	$ 1,265,987	$ 2,244,827	$ 7,572,023	$ 44,461,056

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total fund balances of governmental funds		$ 36,800,735
Amounts reported for governmental activities in the statement of net position are different because:		
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the governmental funds.		281,629
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is $190,235,976 and the accumulated depreciation is $83,491,689.		106,744,287
Deferred outflows and inflows of resources are not available in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows of resources at year-end consist of:		
Deferred outflows related to pensions	3,931,761	
Deferred inflows related to pensions	(1,171,924)	
Deferred outflows related to other postemployment benefit liability	896,871	
Deferred inflows related to other postemployment benefit liability	(11,664,270)	
		(8,007,562)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in government funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year-end consist of:		
Long-term notes	(1,930,758)	
Lease liability	(81,423)	
Landfill closing costs	(5,041,822)	
Compensated absences	(890,866)	
Other postemployment benefit liability	(4,340,315)	
Net pension liability	(15,868,499)	
		(28,153,683)
Total net position of governmental activities		$ 107,665,406

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General	Healthcare Trust Fund	Tourist Development Fund	American Recovery Plan	Housing Initiative Partnership	Local Option Gas Tax	Nonmajor Governmental Funds	Total
REVENUES								
Taxes	$ 14,065,497	$ 3,465,231	$ 3,330,466	$ -	$ -	$ 303,234	$ 15,814	$ 21,180,242
Licenses and permits	616,500	-	-	-	-	-	490,978	1,107,478
Intergovernmental	8,803,186	489,519	-	204,552	35,000	1,514,375	3,880,414	14,927,046
Charges for services	360,859	-	-	-	-	-	1,304,467	1,665,326
Fines and forfeitures	11,153	-	-	-	-	-	78,108	89,261
Interest revenue	215,673	209,220	44,265	-	7,425	25,512	186,499	688,594
Other	787,248	74,555	-	-	36,211	10,006	805,764	1,713,784
Total revenues	24,860,116	4,238,525	3,374,731	204,552	78,636	1,853,127	6,762,044	41,371,731
EXPENDITURES								
Current								
General government	4,890,833	-	-	-	-	-	-	4,890,833
Public safety	9,452,596	-	-	193,601	-	-	749,632	10,395,829
Physical environment	1,409,825	-	-	-	-	-	713,954	2,123,779
Transportation	103,616	-	-	-	-	110,862	2,062,049	2,276,527
Economic environment	69,385	-	1,601,740	-	65,607	-	399,275	2,136,007
Human services	648,083	100,950	-	-	-	-	244,582	993,615
Culture and recreation	1,181,850	-	-	-	-	-	-	1,181,850
Court related	147,260	-	-	-	-	-	726,680	873,940
Debt service								
Principal	409,100	-	105,676	-	-	-	439,498	954,274
Interest	35,863	-	2,284	-	-	-	32,446	70,593
Capital outlay	5,118,423	861,850	693,744	10,951	-	1,942,171	1,933,767	10,560,906
Total expenditures	23,466,834	962,800	2,403,444	204,552	65,607	2,053,033	7,301,883	36,458,153
Excess (deficiency) of revenues over (under) expenditures	1,393,282	3,275,725	971,287	-	13,029	(199,906)	(539,839)	4,913,578
OTHER FINANCING SOURCES (USES)								
Transfers in	184,991	-	-	-	-	334,068	402,356	921,415
Transfers (out)	(1,499,678)	(1,852,615)	(99,000)	-	-	-	(86,991)	(3,538,284)
Proceeds from debt financing	620,638	-	140,000	-	-	-	293,900	1,054,538
Reversion to State of Florida	-	-	-	-	-	-	(81,380)	(81,380)
Total other financing sources (uses)	(694,049)	(1,852,615)	41,000	-	-	334,068	527,885	(1,643,711)
Net changes in fund balances	699,233	1,423,110	1,012,287	-	13,029	134,162	(11,954)	3,269,867
Fund balances, beginning of year, as restated	13,633,089	8,139,135	4,322,448	-	85,279	1,335,058	6,015,859	33,530,868
Fund balances, end of year	$ 14,332,322	$ 9,562,245	$ 5,334,735	$ -	$ 98,308	$ 1,469,220	$ 6,003,905	$ 36,800,735

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds		$ 3,269,867
Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases ($10,560,906) exceeds depreciation ($4,767,740) in the current period.		5,793,166
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(234,114)
Under the modified accrual basis of accounting used in governmental funds, revenue is recognized as payments are made on notes receivable, however, at the government-wide level, they are not recognized in the statement of activities.		(4,055)
The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts of the items that make up these differences in the treatment of long-term debt and related items are:		
Proceeds from the issuance of long-term debt	(1,054,538)	
Principal repayments:		
Notes payable	897,644	
Lease liabilities	56,630	
		(100,264)
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment is as follows:		
Net pension liability and related deferred inflows and outflows	(1,998,743)	
Other postemployment benefit liability and related deferred inflows and outflows	1,399,916	
Bad debt expense	(409,826)	
Landfill closing costs	(341,022)	
Compensated absences	(100,113)	
		(1,449,788)
Change in net position of governmental activities		$ 7,274,812

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	BUSINESS-TYPE ACTIVITIES
	Hospital
ASSETS	
Current assets	
Cash and cash equivalents	$ 1,726,345
Patient accounts receivable, net of estimated uncollectibles of $1,377,242 in 2023	1,043,686
Due from other funds	579,646
Estimated third-party settlements	156,884
Other receivables	369,702
Prepaid items	80,931
Supplies inventory	88,346
Total current assets	4,045,540
Non-current assets	
Capital assets	
Land	13,400
Construction in progress	901,234
Right-of-use lease assets, net	105,497
Right-of-use subscription assets, net	215,221
Depreciable capital assets, net	3,709,022
Total non-current assets	4,944,374
Total assets	8,989,914
LIABILITIES	
Current liabilities	
Current portion of lease liability	37,215
Current portion of subscription liability	78,601
Accounts payable and accrued expenses	1,110,419
Due to other funds	99,169
Compensated absences	195,368
Total current liabilities	1,520,772
Non-current liabilities	
Lease liability, less current portion	52,761
Subscription liability, less current portion	136,620
Estimated third-party settlements	984,175
Total non-current liabilities	1,173,556
Total liabilities	2,694,328
NET POSITION	
Net investment in capital assets	4,639,177
Unrestricted	1,656,409
Total net position	$ 6,295,586

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	BUSINESS-TYPE ACTIVITIES
	Hospital
Operating revenues	
Net patient service revenue before provision for uncollectible accounts	$ 8,662,604
Provision for uncollectible accounts	(1,137,885)
Net patient service revenue	7,524,719
Other operating revenue	410,550
Total operating revenues	7,935,269
Operating expenses	
Salaries, wages, and benefits	5,448,084
Other contract services	2,972,535
Supplies	1,120,888
Depreciation and amortization	716,176
Repairs and maintenance	357,416
Insurance	314,719
Other current expenses	213,448
Utilities	183,762
Licenses, permits, and fees	88,957
Communications	74,909
Lease and rental	54,894
Other patient care related costs	5,168
Total operating expenses	11,550,956
Operating (loss)	(3,615,687)
Nonoperating revenues (expenses)	
Interest income	19,244
Grants and contributions	693,934
Other income (expense)	170,775
Interest expense	(2,751)
Total nonoperating revenues (expenses)	881,202
(Loss) before transfers	(2,734,485)
Transfers in	2,616,869
Change in net position	(117,616)
Total net position, beginning of year	6,413,202
Total net position, end of year	$ 6,295,586

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Hospital
Cash flows from operating activities	
Receipts from and on behalf of patients	$ 8,720,086
Payments to suppliers and others	(5,387,206)
Payments to and on behalf of leased employees	(5,355,085)
Other receipts (payments), net	410,550
Net cash (used in) operating activities	(1,611,655)
Cash flows from noncapital financing activities	
Other receipts (payments), net	170,775
Net change in due from other funds	16,824
Noncapital related transfers in	2,682,472
Net cash provided by noncapital financing activities	2,870,071
Cash flows from capital and related financing activities	
Purchase of capital assets	(1,151,113)
Capital related grants and transfers in	693,934
Principal paid on lease liabilities	(92,714)
Principal paid on subscription liabilities	(132,244)
Interest paid	(2,751)
Net cash (used in) capital and related financing activities	(684,888)
Cash flows from investing activities	
Interest income	19,244
Net cash provided by investing activities	19,244
Net increase in cash and cash equivalents	592,772
Cash and cash equivalents, beginning of year	1,133,573
Cash and cash equivalents, end of year	$ 1,726,345
Reconciliation of operating (loss) to net cash (used in) operating activities:	
Operating (loss)	$ (3,615,687)
Depreciation and amortization	716,176
Provision for bad debts	1,137,885
Changes in operating assets and liabilities	
Patient accounts receivable	(863,217)
Supplies inventory	438
Prepaid items	(59,302)
Other receivables	(26,962)
Accounts payable	59,846
Accrued compensation and payroll taxes	60,788
Compensated absences	32,070
Estimated third-party settlements	946,310
Total adjustments	2,004,032
Net cash (used in) operating activities	$ (1,611,655)

There are no non-cash investing, capital, or financing activities.

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

ASSETS		
Cash and cash equivalents	$	1,546,254
LIABILITIES		
Due to other funds		49,199
Due to other governments		435,625
Due to other county agencies		324,166
Total liabilities		808,990
NET POSITION		
Restricted		737,264
Total net position	$	737,264

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ADDITIONS	$	42,200,830
DEDUCTIONS		42,076,745
Net increase (decrease) in fiduciary net position		124,085
Net position, beginning of year, as restated		613,179
Net position, end of year	$	737,264

See accompanying notes to financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The County, located in Northwest Florida, is a political subdivision of the State of Florida and provides services to approximately 12,000 residents in many areas including general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. It is governed by a five-member elected Board of County Commissioners (the "Board"), which derives its authority from Florida Statutes and regulations. In addition to the members of the Board, there are five elected constitutional officers: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections.

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

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the financial reporting entity consists of the primary government (composed of the Board of County Commissioners and Constitutional Officers) and the County's component units, for which the primary government is financially accountable. Also included are other entities whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined in GASB Statement No. 14 to determine whether the entity is: a) part of the primary government; b) a component unit which should be included in the reporting entity (blended or discretely presented); or c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include the legal separateness of the organization, the financial accountability of the primary government for the potential component unit resulting from the primary government's ability to impose its will on the potential component unit's fiscal dependency on the primary government. Based upon the application of these criteria, the Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital required inclusion as a component unit within the County's financial statements.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

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

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

The County reports six major governmental funds:

- General Fund – The general fund is the County's primary operating fund. It is used to account for all resources traditionally associated with governmental activities except those required to be accounted for in other funds.
- Healthcare Trust Fund – This fund is used to account for the sales tax proceeds restricted for use at the county hospital.
- Tourist Development Fund – This fund is used to account for tourist development tax proceeds.
- American Recovery Plan – To account for activity relating to the program's revenues and expenses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Housing Initiative Partnership – To account for activity relating to the program's revenues and expenses.
- Local Option Gas Tax Fund – This fund is used to account for the gas tax proceeds.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

D. Use of Estimates

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

E. Enterprise Activities

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

F. Budgets and Budgetary Accounting

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

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

G. Cash and Investments

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

H. Accounts and Notes Receivable

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Hospital has not materially altered its accounts receivable and revenue recognition policies during fiscal year 2023 and did not have significant write-offs from third-party payors related to collectability in fiscal year 2023.

I. Due from (to) Other Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" when applicable. For the year ended September 30, 2023, internal balances represent sales tax due to the Hospital from the County.

J. Supplies Inventory

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

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

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Machinery and equipment with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year are recorded as capital assets. Buildings, roads, bridges, and sidewalks are capitalized when their initial costs exceed

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost when purchased or constructed or estimated historical cost if actual cost is unknown. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend its useful life is expensed as incurred.

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

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

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

L. Leases

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Subscription-Based Information Technology Arrangements

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

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

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

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

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

N. Long-Term Obligations

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

O. Net Pension Liability

In the government-wide statements, the net pension liability represents the County's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This liability represents a share of the present value of projected benefit payments to be provided through cost-sharing plans, less the amount of the cost-sharing plans' fiduciary net position. The County participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

defined benefit plan administered by the Florida Division of Retirement. The County allocated the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense to the funds and functions/activities based on their respective contribution made to the pension plans for that fiscal year.

P. Other Postemployment Benefits

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

Q. Deferred Outflows/Inflows of Resources

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

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

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

R. Compensated Absences

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay. This is accounted for pursuant to GASB Statement No.16, *Accounting for Compensated Absences*.

S. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2023 tax year millage rate assessed by the County was 5.4707 mills.

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

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

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

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

T. Net Patient Service Revenue

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

U. Charity Care

The Hospital provides care without charge, or at a reduced charge, to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify pursuant to this policy, these charges are not reported as revenue. The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy was approximately $237,000 for the year ended September 30, 2023, and estimated costs and expenses incurred to provide charity care totaled approximately $157,000. The estimated costs and expenses incurred to provide charity care were determined by applying the Hospital's cost to charge ratio from its latest filed Medicare cost report to its charges foregone for charity care, at established rates.

V. Change in Accounting Principles

Effective October 1, 2022, the County adopted GASB Statement No. 96, *Subscription-Based Information Technology Agreements*. GASB Statement No. 96 enhances the relevance and consistency of information of the government's subscription IT activities. It establishes requirements for subscription-based information technology agreement accounting based on the principle that the agreements are financing of the right-to-use an underlying asset. A government entity is required to recognize a liability and an intangible right-of-use asset.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Subsequent Events

The County evaluated subsequent events through October 10, 2024, the date which the financial statements were available to be issued. The County identified the following items requiring disclosure:

In February of 2024, the Hospital received a demand letter from AHCA totaling $335,674 related to calculated overpayments of LIP for state fiscal years ended June 30, 2014 – June 30, 2018. This issue was pursuant to a settlement agreement between CMS and AHCA, signed on September 28, 2023. As a result of that settlement agreement, the share of alleged LIP overpayments representing the federal financial participation (FFP) are to be repaid from AHCA to CMS. In turn, AHCA has demanded these monies back from the participating, affected hospitals. The Hospital's management has determined that this represents a "recognized event", pursuant to GASB No. 56, and should be recorded on the financial statements as of September 30, 2023.

The Hospital closely coordinated and communicated with AHCA in determining the potential total exposure as of September 30, 2023. In addition to the demand letter noted above, AHCA will soon send additional demand letters for state fiscal years ended June 30, 2019, and June 30, 2020. The Hospital estimated the repayment for state fiscal years 2019 and 2020, using the third-party examination results letters received (LIP paid in excess of costs), multiplied by the estimated FFP. The Hospital recorded $335,674 of current liabilities, which were netted against current receivables in "estimated third-party settlements" on the accompanying statement of net position. Additionally, the Hospital recorded $984,175 of non-current liabilities, included in "estimated third-party settlements", on the accompanying statement of net position.

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

It is possible that this matter is not limited only to LIP, as it may also extend to DSH funding for the same general timeframe. As of the date these financials were available for release, the Hospital's management has determined that it is not probable that a liability exists related to DSH.

These matters are complex and fluid. It is possible that additional information may arise in the future, such as a future settlement agreement between CMS and AHCA that could result in additional repayments from the Hospital to AHCA, and such amounts could be significant to the financial statements.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits Policies

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

Investments Policies

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

- The Local Government Surplus Funds Trust Fund (State Board of Administration) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in s.163.01.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in state-certified qualified public depositories as defined in s. 280.02.
- Direct obligations of the United States Treasury.
- Federal agencies and instrumentalities.
- Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C.ss. 80a-1 et. seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements full collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

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

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

Florida PRIME meets the criteria in GASB 79 to measure all of its investments at amortized cost enabling it to maintain a constant Net Asset Value (NAV) of $1.00 per share. As of September 30, 2023, Florida PRIME had no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk of Deposits

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

Interest Rate Risk

At September 30, 2023, the County did not hold any investments other than those disclosed below that were considered to be an interest rate risk. The dollar weighted average days to maturity for Florida PRIME was 35 days as of September 30, 2023.

Credit Risks

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as a credit risk because the County investments are not evidenced by specific, identifiable investment securities. As of September 30, 2023, Florida PRIME is rated by Standard and Poor's and has a current rating of AAAm.

Custodial Risk

At September 30, 2023, the County held deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2023, the County did not hold any investments that were considered to be a concentration of credit risk.

At September 30, 2023, the County's cash and investments consisted of the following:

	Current	0-5 Years	5-10 Years	Total Carrying Amount
Cash including money market fund	$ 29,634,279	$ -	$ -	$ 29,634,279
Local Government Surplus Funds Trust Fund (Florida PRIME)	5,196,869	-	-	5,196,869
Total	$ 34,831,148	$ -	$ -	$ 34,831,148

NOTE 3: PATIENT ACCOUNTS RECEIVABLE

The Hospital is located in Apalachicola, Florida. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2023, was:

Medicare	$ 307,712
Medicaid	266,029
Other third-party payers	1,447,401
Patients	1,253,754
Total patient accounts receivable	3,274,896
Less allowance for contractual and other adjustments	(853,968)
Less allowance for uncollectible accounts	(1,377,242)
Patient accounts receivable, net	$ 1,043,686

NOTE 4: NOTES RECEIVABLE

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

The County held notes under the Community Development Block Grant which was used as a revolving loan fund for the purpose of creating jobs. The Board wrote off the remaining balance of the notes during the year ended September 30, 2023.

At September 30, 2023, notes receivable consisted of the following:

	Balance, September 30, 2022	Additions	Deductions	Balance, September 30, 2023
SHIP	$ 285,684	$ -	$ (4,055)	$ 281,629
Community Development Block Grant	327,900	-	(327,900)	-
Total	$ 613,584	$ -	$ (331,955)	$ 281,629

NOTE 5: INTERFUND TRANSACTIONS

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

As of September 30, 2023, the County maintained the following interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
General fund	Other nonmajor funds	$ 1,016,690
	Local Option Gas Tax	495,138
	Enterprise - Hospital	99,169
Other nonmajor funds	General fund	16,942
	Other nonmajor funds	3,105
Local Option Gas Tax	General fund	334,068
	Other nonmajor funds	2,501
Enterprise - Hospital	Healthcare Trust Fund	579,646
		$ 2,547,259

All remaining balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

Operating transfers between funds were as follows for the year ended September 30, 2023:

Transfers in	Transfers out	Amount
General fund	Tourist Development Fund	$ 99,000
	Other nonmajor funds	85,991
Other nonmajor funds	General fund	401,356
	Other nonmajor funds	1,000
Local Option Gas Tax	General fund	334,068
Enterprise - Hospital	Healthcare Trust Fund	1,852,615
	General fund	764,254
		$ 3,538,284

The transfers above were for budgeted operations.

NOTE 6: CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended September 30, 2023, was as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Adjustments*	Ending Balance
Capital assets not being depreciated:					
Land	$ 7,133,363	$ 378,571	$ -	$ -	$ 7,511,934
Construction in progress	9,794,324	2,588,990	-	(9,437,851)	2,945,463
Total capital assets not being depreciated	16,927,687	2,967,561	-	(9,437,851)	10,457,397
Capital assets being depreciated:					
Buildings	15,099,644	746,318	-	546,764	16,392,726
Improvements other than buildings	12,164,165	-	-	-	12,164,165
Machinery and equipment	20,038,374	2,726,297	(670,400)	-	22,094,271
Infrastructure	115,923,505	4,120,730	-	8,891,087	128,935,322
Right-of-use asset	192,095	-	-	-	192,095
Total capital assets being depreciated	163,417,783	7,593,345	(670,400)	9,437,851	179,778,579
Less accumulated depreciation for:					
Buildings	(6,759,766)	(429,964)	-	-	(7,189,730)
Improvements other than buildings	(5,043,157)	(319,053)	-	-	(5,362,210)
Machinery and equipment	(13,499,886)	(579,509)	436,286	-	(13,643,109)
Infrastructure	(53,803,384)	(3,381,835)	-	-	(57,185,219)
Right-of-use asset	(54,042)	(57,379)	-	-	(111,421)
Total accumulated depreciation	(79,160,235)	(4,767,740)	436,286	-	(83,491,689)
Total capital assets being depreciated, net	84,257,548	2,825,605	(234,114)	9,437,851	96,286,890
Total governmental activities, capital assets, net	$ 101,185,235	$ 5,793,166	$ (234,114)	$ -	$ 106,744,287

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

Governmental activities:	
General government	$ 315,360
Court related	49,570
Public safety	498,720
Physical environment	209,447
Economic environment	3,478
Transportation	3,328,666
Human services	102,360
Culture and recreation	260,139
Total depreciation expense - governmental activities	$ 4,767,740

NOTE 6: CAPITAL ASSETS (CONTINUED)

Capital asset activity for business-type activities for the fiscal year ended September 30, 2023, was as follows:

Business-type activities	Beginning Balance (Restated)	Additions	Reductions	Adjustments*	Ending Balance
Capital assets not being depreciated:					
Land	$ 13,400	$ -	$ -	$ -	$ 13,400
Construction in progress	-	901,234	-	-	901,234
Total capital assets not being depreciated	13,400	901,234	-	-	914,634
Capital assets being depreciated:					
Buildings	3,127,813	32,174	-	(27,000)	3,132,987
Equipment and furniture	3,754,277	217,705	-	27,000	3,998,982
Right-of-use asset - equipment	608,608	-	(38,953)	-	569,655
Right-of-use asset - SBITA	464,529	-	-	-	464,529
Total capital assets being depreciated	7,955,227	249,879	(38,953)	-	8,166,153
Less accumulated depreciation for:					
Buildings	(570,447)	(71,318)	-	-	(641,765)
Equipment and furniture	(2,338,341)	(442,841)	-	-	(2,781,182)
Right-of-use asset - equipment	(433,338)	(69,773)	38,953	-	(464,158)
Right-of-use asset - SBITA	(117,064)	(132,244)	-	-	(249,308)
Total accumulated depreciation	(3,459,190)	(716,176)	38,953	-	(4,136,413)
Total capital assets being depreciated, net	4,496,037	(466,297)	-	-	4,029,740
Total business-type activities, capital assets, net	$ 4,509,437	$ 434,937	$ -	$ -	$ 4,944,374

Depreciation expense for the business-type activities for the year ended September 30, 2023, which includes amortization of right-of-use (ROU) assets, was $716,176.

In fiscal year 2023, the Hospital acquired grant funded assets in the amount of approximately $588,000. These assets, which have been capitalized in "construction in progress", were recorded as income in "grants and contributions" on the accompanying statement of revenues, expenses, and changes in fund net position.

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

NOTE 7: LONG-TERM DEBT

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

NOTE 7: LONG-TERM DEBT (CONTINUED)

Auto and Equipment Loans – The County regularly purchases vehicles and other equipment through loans and lease finance options. The total due on the lease finance agreements and loans as of September 30, 2023, was $263,877 and $1,429,481, respectively. These loans include interest rates ranging from 2.65% to 7.00% and maturities ranging from 2025 to 2028.

Construction Loans – In 2021, the County obtained a loan from a local bank in the amount of $337,595 to construct bathrooms on St. George Island. The loan matures in March 2024 and has interest charged at an annual rate of 2.95%. The loan was paid in full during 2023.

Franklin Boulevard Lots – In 2019, the County obtained a loan in the amount of $500,000 to purchase 11 commercial district lots. The loan matures in July 2024 and has interest charged at an annual rate of 4.5%. The total amount due as of September 30, 2023, was $92,116.

Line of Credit – In 2023, the County obtained a $300,000 line of credit for its beach park facilities. Interest is charged at 6.75% due monthly, and all outstanding principal and interest due September 20, 2024. The total amount due as of September 30, 2023, was $140,000.

Governmental activities:	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Auto and equipment loans	$ 1,476,648	$ 914,538	$ (697,828)	$ 1,693,358	$ 444,898
Credit card	6,206	-	(922)	5,284	5,284
Construction loan	105,676	-	(105,676)	-	-
Franklin Boulevard lots	185,334	-	(93,218)	92,116	92,116
Line of credit	-	140,000	-	140,000	140,000
Lease liability	138,053	-	(56,630)	81,423	29,368
Long-term landfill closure and postclosure liability	4,700,800	341,022	-	5,041,822	-
Other postemployment benefits	4,291,182	49,133	-	4,340,315	-
Net pension liability	13,678,520	2,189,979	-	15,868,499	-
Liability for compensated absences*	790,753	100,113	-	890,866	178,173
Total governmental activities long-term liabilities	$ 25,373,172	$ 3,734,785	$ (954,274)	$ 28,153,683	$ 889,839

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

NOTE 7: LONG-TERM DEBT (CONTINUED)

DEBT SERVICE REQUIREMENTS

The scheduled payments of principal and interest on long-term debt, including lease liabilities, are as follows:

Year ending September 30,	Principal	Interest	Total
2024	$ 711,666	$ 74,507	$ 786,173
2025	521,656	46,177	567,833
2026	364,172	28,105	392,277
2027	274,217	14,571	288,788
2028	140,470	4,647	145,117
	$ 2,012,181	$ 168,007	$ 2,180,188

Long-term liabilities related to business-type activities as of and for the year ended September 30, 2023:

Business-type activities:	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Subscription liability	$ 347,465	$ -	$ (132,244)	$ 215,221	$ 78,601
Lease liability	182,690	-	(92,714)	89,976	37,215
Compensated absences	163,298	205,381	(173,311)	195,368	195,368
Total business-type activities long-term liabilities	$ 693,453	$ 205,381	$ (398,269)	$ 500,565	$ 311,184

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

NOTE 8: LEASES

Operating Lease Obligations – Governmental Activities

Capital Assets

The County, as a lessee, has entered into a lease agreement for office space. The total of the County's lease assets for the year ended September 30, 2023, was recorded at a cost of $192,095, less accumulated amortization of $111,421.

Asset Class	Lease Asset Value	Accumulated Amortization
Buildings	$ 192,095	$ (111,421)

Principal and Interest Requirements to Maturity

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 29,368	$ 632	$ 30,000
2025	29,642	358	30,000
2026	22,413	87	22,500
Total	$ 81,423	$ 1,077	$ 82,500

Leases – Business-Type Activities

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

With the implementation of GASB 87, the initial lease liability was recorded in the amount of $214,768 (September 30, 2021). As of September 30, 2023, the value of the lease liability was $89,976. The Hospital is required to make monthly principal and interest payments on the leases totaling approximately $8,000. The leases have interest rates of approximately 3.25%.

NOTE 8: LEASES (CONTINUED)

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

Fiscal Year	Principal Payments
2024	$ 37,215
2025	37,867
2026	14,894
Total	$ 89,976

Subscription-Based Information Technology Arrangements – Business-Type Activities

In accordance with GASB No. 96, *Subscription-Based Information Technology Arrangements*, nearly all contracts allowing for the Hospital to use another entity's information technology software alone or in combination with tangible capital assets (the underlying IT assets) for a period greater than 12 months must be recorded as both a ROU asset and a subscription liability. The liability is measured using the present value of expected payments over the subscription term, discounted for the interest rate (whether explicit or implicit). Scheduled payments thereafter are allocated between the discount amortization to interest expense and the principal payment in the reduction of the outstanding liability. Amortization of the ROU asset flows through amortization expense monthly using straight-line basis over the life of the subscription.

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

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

As of September 30, 2023, the balance of the subscription liability was $215,221. The Hospital is required to make monthly principal and interest payments totaling approximately $11,000. The subscriptions do not have stated interest rates. The Hospital used an estimate of its incremental borrowing rate, 3.25%.

NOTE 8: LEASES (CONTINUED)

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

Fiscal Year	Principal Payments
2024	$ 78,601
2025	60,720
2026	60,720
2027	15,180
Total	$ 215,221

NOTE 9: EMPLOYEE BENEFITS

Florida Retirement System

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

The Florida Legislature created the Florida Retirement Investment Plan (the "Investment Plan"), a defined contribution plan qualified under Section 401 (a) of the Internal Revenue Code.

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

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

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

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

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

The FRS ACFR and actuarial valuation reports as of July 1, 2023, are available online at https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

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

Department of Management Services
Division of Retirement
Bureau of Research and Member Communications
P O Box 9000
Tallahassee, Florida 32399-9000
850-907-6500 or toll free at 844-377-1888

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

The FRS relies upon contributions from employees and employers, along with investment income, to meet the funding requirements of an actuarially-determined accrued liability. As of July 1, 2023, the date of the latest valuation, the FRS funded ratio was 81.4% on the valuation funding basis and 82.4% on a Market Value of Assets basis.

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

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

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2023, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes.

The contributions required for the years ended September 30, 2023, 2022, and 2021, were $1,581,447, $1,652,574, and $1,219,778, respectively, which is equal to 100% of the required contribution for each year.

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

The rates for the 2023 fiscal year was as follows:

	FRS	HIS
Regular Class	11.91%	1.66%
Special Risk Administrative Support	38.65%	1.66%
Special Risk Class	27.83%	1.66%
Senior Management Service Class	31.57%	1.66%
Elected Officials	57.00%	1.66%
DROP	18.60%	1.66%

Net Pension Liability – At September 30, 2023, and 2022, the County reported for its share of the FRS and HIS plans the amount for the net pension liability as shown below:

	FRS	HIS	Total
June 30, 2023	12,392,032	3,476,467	15,868,499
June 30, 2022	11,306,255	2,372,265	13,678,520

The net pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2023, and July 1, 2022, for the net pension liability as of June 30, 2023 and 2022, respectively.

At September 30, 2023, the County reported for its proportionate share of the employer portion for the FRS and HIS net pension liability the percentages below:

	FRS	HIS
June 30, 2023	0.031099162%	0.021890273%
June 30, 2022	0.030386594%	0.022397613%
Increase (Decrease) in Share for 2023	0.000712568%	(0.000507340%)

The County's proportionate share of the net pension liability was based on the County's 2023 fiscal year contributions relative to the 2023 fiscal year contributions of all participating members of FRS.

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2023, was determined by an actuarial valuation dated July 1, 2023, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	3.65%

Mortality assumptions for both plans were based on the PUB-2010 with Projection Scale MP-2018.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2023, were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2023:

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

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from $5 times years of service to $7.50, with an increased minimum of $45 and maximum of $225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.00%	2.90%	2.90%
Fixed income	19.80%	4.50%	4.40%
Global equity	54.00%	8.70%	7.10%
Real estate (property)	10.30%	7.60%	6.60%
Private equity	11.10%	11.90%	8.80%
Strategic investments	3.80%	6.30%	6.10%
Total	100.00%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis

The tables below represent the sensitivity of the net pension liability to changes in the discount rate for the County. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate shows as 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2023.

FRS Net Pension Liability		
1% Decrease 5.7%	Current Discount Rate 6.7%	1% Increase 7.7%
$ 21,168,114	$ 12,392,032	$ 5,049,789

HIS Net Pension Liability		
1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
$ 3,966,107	$ 3,476,467	$ 3,070,589

Pension Expense and Deferred Outflows (Inflows) of Resources

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

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

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2023, was 5.3 years for FRS and 6.3 for HIS. The components of collective pension expense reported in the pension allocation schedules for the year ended June 30, 2023, are presented for each plan.

Florida Retirement System

The Components of the collective pension expense reported in the pension allocation schedules by the Florida Retirement System for the year ended June 30, 2023, are presented below and are used to calculate the County's share of the pension plan for 2023, which is 0.031099162%.

For the fiscal year ended September 30, 2023, the County recognized pension expense of $2,409,040 for the FRS plan. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources for the FRS Plan	Deferred Inflows of Resources for the FRS Plan
Differences between expected and actual experience	$ 1,163,505	$ -
Change of assumptions	807,815	-
Net difference between projected and actual earnings on FRS Plan investments	517,525	-
Changes in proportion and differences between County FRS Plan contributions and proportionate share of contributions	626,174	(754,231)
County FRS Plan contributions subsequent to the measurement date	441,300	-
Total	$ 3,556,319	$ (754,231)

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

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

Reporting period ending September 30,	FRS Expense
2024	$ 321,745
2025	(127,474)
2026	1,930,619
2027	183,393
2028	52,505
Total	$ 2,360,788

Health Insurance Subsidy

The components of the collective pension expense reported in the pension allocation schedules for the Florida Retirement System's Health Insurance Subsidy for the year ended June 30, 2023, are presented below and are used for to calculate the County's share for 2023, which is 0.021890273%.

For the fiscal year ended September 30, 2023, the County recognized pension expense of $1,325,921 for the HIS plan. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources for the HIS Plan	Deferred Inflows of Resources for the HIS Plan
Differences between expected and actual experience	$ 50,893	$ (8,160)
Change of assumptions	91,395	(301,248)
Net difference between projected and actual earnings on HIS Plan investments	1,795	-
Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions	186,217	(108,285)
County HIS Plan contributions subsequent to the measurement date	45,142	-
Total	$ 375,442	$ (417,693)

NOTE 9: EMPLOYEE BENEFITS (CONTINUED)

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

Reporting period ending September 30,	HIS Expense
2024	$ (15,270)
2025	(9,258)
2026	(15,404)
2027	(30,213)
2028	(16,004)
Thereafter	(1,244)
Total	$ (87,393)

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The County has established the Retiree's Health Insurance Other Postemployment Benefits Plan, a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by paying 50% of the premium for the retiree, excluding dependent coverage, and also by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The County currently has approximately 202 total active and retired employees eligible to receive these benefits. No stand-alone report is issued for this plan.

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

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

Eligibility

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

Funding Policy

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

The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. Rather, the funding is based on a pay-as-you-go basis. During the fiscal year, the County provided no contributions toward the annual OPEB cost. A Schedule of Employer Contributions can be found in the required supplementary information immediately following the notes.

Actuarial Methods and Assumptions

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

Actuarial Valuation Date	September 30, 2022
Measurement Date	September 30, 2023
Actuarial Cost Method	Entry age
Discount Rate	4.09%
Projected Cash Flows	Pay as you go
Municipal Bond Rate	20-Year Tax Exempt General Obligation
Bond Rate Basis	AA/Aa or higher
Projected Salary Increases	2.50%
Healthcare Cost Trend Rate	4.0% initial; 3.7% ultimate

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

Changes in Total OPEB Liability and Related Ratios

Below are the details regarding the total OPEB liability for the period from October 1, 2022 to September 30, 2023:

Total OPEB liability at October 1, 2022, as restated	$	4,291,182
Changes for the fiscal year		
Service cost		137,282
Interest		173,417
Assumption changes		(30,073)
Benefit payments		(231,493)
Net changes in total OPEB liability		49,133
Total OPEB liability at September 30, 2023	$	4,340,315

Sensitivity of the Total OPEB Liability

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

OPEB Liability		
1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
$ 4,802,974	$ 4,340,315	$ 3,943,909

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

OPEB Liability		
1% Decrease	Current Trend Rate	1% Increase
$ 3,836,794	$ 4,340,315	$ 4,948,103

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

OPEB Expense and Deferred Outflows (Inflows) of Resources

At September 30, 2023, the County reported deferred outflows and deferred inflows of resources related to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance at October 1, 2022	$ 1,024,996	$ (13,241,444)
Recognition of liability gains or losses	-	695,976
Recognition of assumption changes or inputs	(128,125)	911,271
Effect of assumption changes or inputs	-	(30,073)
Balance at September 30, 2023	$ 896,871	$ (11,664,270)

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

Year Ended September 30,	Total
2024	$ (1,479,122)
2025	(1,479,122)
2026	(1,479,122)
2027	(1,446,613)
2028	(1,316,585)
Thereafter	(3,566,835)
Total	$ (10,767,399)

NOTE 11: LANDFILL CLOSURE AND POSTCLOSURE

State and federal laws and regulations require the County to place a final cover on its landfill sites when it ceases accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. Currently, the County monitors one closed landfill. Receipt of waste at the County's Class I central landfill has been indefinitely suspended and the County contracts for waste to be transported out of the County. In the event operations were to resume at the Class I landfill, there are about two years remaining capacity. Currently, the County also operates a Class III landfill.

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

The $5,041,822 balance reported as landfill closure and postclosure care liability at September 30, 2023, represents the cumulative amount reported to date based on the use of 79% of the Class I and Class III landfill estimated capacity. Total estimated costs are projected at $4,677,719 for closure and $1,698,703 for postclosure care at current prices. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Board is required by state and federal laws to make annual contributions to an escrow account to finance a minimum of all closure costs. At September 30, 2023, the Board held deposits with a fair value of $3,953,155 for these purposes that are reported as restricted assets on the balance sheet. The Board expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care costs are determined to be required, these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE 12: NET PATIENT SERVICE REVENUE

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

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

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

NOTE 12: NET PATIENT SERVICE REVENUE (CONTINUED)

Other – The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates. A summary of gross revenue from patient services provided under contracts with third-party payors follows:

For the year ended September 30,	2023
Medicare	25%
Medicaid	1%
Blue Cross	8%
Commercial/HMO/PPO	55%

The composition of net patient service revenue was as follows:

For the year ended September 30,	2023
Gross patient service revenue	$ 14,845,896
Less provision for contractual and other adjustments	(6,183,292)
Less provision for uncollectible accounts	(1,137,885)
Net patient service revenue	$ 7,524,719

NOTE 13: MEDICAID SUBSIDIES AND ASSESSMENTS

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

The net amount of DSH and LIP payments recognized in net patient service revenue (included in contractual deductions) was approximately $1,600,000 (before recognition of the LIP payback discussed in Note 1: Subsequent Events) for fiscal year 2023. DSH and LIP payments receivable of approximately $334,000 as of September 30, 2023, are included in other receivables on the accompanying statements of net position.

NOTE 13: MEDICAID SUBSIDIES AND ASSESSMENTS (CONTINUED)

These program payments, in connection with other payments received from the State of Florida for providing health services to Medicaid, uninsured and underinsured people of the State of Florida, are subject to audit, and payments received in excess of costs may be required to be refunded to the State of Florida. See Note 1: Subsequent Events.

During fiscal year 2023, net patient service revenue decreased by approximately $17,000, due to changes in estimates for outstanding and filed cost reports, and it is reasonably possible that these estimates could further materially change in the near term.

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

Approximately $75,000 of expenses related to these assessments are included in operating expenses on the accompanying statements of revenues, expenses, and changes in net position for fiscal year 2023. Estimated assessments payable totaling approximately $117,000 as of September 30, 2023, are included in estimated third-party payor settlements on the accompanying statements of net position.

Please see Note 1: Subsequent Events for further information on liabilities recorded at September 30, 2023, related to known and estimated LIP overpayments.

NOTE 14: MEDICAL MALPRACTICE INSURANCE

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

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

NOTE 15: GRANTS

The County participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2023, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

NOTE 16: NET POSITION/FUND BALANCE CLASSIFICATION

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

Government-Wide Statement of Net Position

- Net investment in capital assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Net position, the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by enabling legislation. Nonexpendable amounts are required to remain intact under such constraints.
- Unrestricted: Remaining net position not considered "invested in capital assets, net of related debt" or "restricted."

Governmental Fund Financial Statements

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

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

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

- Unassigned fund balance: Unassigned fund balance is the residual classification for the County's general fund. Amounts in this classification are spendable but have not been deemed restricted, committed, or assigned. Unassigned fund balance may also include negative balances for any governmental fund whose expenditures have exceeded the amounts restricted, committed, or assigned for those specific purposes.

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

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

A detailed schedule of fund balances at September 30, 2023, is as follows:

Nonspendable:		
General fund	$	18,640
911 trust		27,687
Total nonspendable fund balance		46,327
Restricted:		
General fund		100,161
Healthcare trust fund		9,562,245
Tourist development fund		5,334,735
Housing initiatives partnership		98,308
Landfill fund		4,273,227
County road and bridge		284,970
911 trust		610,399
Airport		282,298
Clerk modernization trust		233,952
Sheriff special revenue		50,311
Law enforcement educational trust		67,538
Law enforcement trust		3,211
Boating improvement		87,676
Local option gas tax		1,469,220
Total restricted fund balance		22,458,251
Assigned:		
Mosquito control		82,636
Unassigned:		
General fund		14,213,521
Total fund balance	$	36,800,735

NOTE 17: RISK MANAGEMENT

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

Insurance against losses are provided for the following types of risk:

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

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

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

The funding agreements provide that the self-insurance fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies.

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

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

NOTE 18: UNCERTAINTIES

Current Healthcare Environment

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

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

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

NOTE 19: COMMITMENTS AND CONTINGENCIES

Contracts

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

Litigation

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

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

NOTE 19: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Supplemental Medicaid Reimbursements

The Hospital receives reimbursements from various programs in relation to the Medicaid uninsured and underinsured patients they serve. Funding received in excess of costs to provide these services is subject to audit and payments received in excess of costs may be required to be refunded to the State of Florida. Please see Note 1: Subsequent Events.

Contingencies

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

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

Current Healthcare Environment

Revenue from the Medicare and Medicaid programs accounted for approximately 25 percent and 1 percent, respectively, of the Hospital's net patient revenue for the year ended 2023. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NOTE 20: LOCAL OPTION GAS TAX

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

NOTE 21: EMPLOYEE LEASE

On July 5, 2021, the Hospital entered into an agreement with DecisionHR (formerly Modern Business Associates, Inc.), to provide employees for the Hospital. Under the agreement, DecisionHR is the employer of all persons working at the Hospital and is reimbursed by the Hospital for all wages and management fees associated with the lease. Employee leasing costs totaled $4,523,867, for the year ended September 30, 2023.

NOTE 22: CARES ACT FUNDING

The Coronavirus Aid, Relief, and Economic Security Act of 2020 and Related Legislation – The CARES Act and the Paycheck Protection Program and Health Care Enhancement Act ("Paycheck Protection Program"), which was signed into law on April 24, 2020, authorized up to $2 trillion in government spending to mitigate the economic effects of the COVID-19 pandemic. Below is a brief overview of certain provisions of the CARES Act and related legislation that have impacted and expect will continue to impact the Hospital's business.

Public Health and Social Services Emergency Fund – To address the fiscal burdens on healthcare providers created by the COVID-19 public health emergency, the CARES Act and the Paycheck Protection Program authorized $175 billion for the Relief Fund. During 2020, U.S. Department of Health and Human Services (HHS) commenced distribution of Relief Fund monies, later increased by subsequent legislation.

Payments from the Relief Fund are not loans and, therefore, they are not subject to repayment. However, as a condition to receiving distributions, providers must agree to certain terms and conditions, including, among other things, that the funds are being used for lost operating revenues and COVID-related costs, and that the providers will not seek collection of out-of-pocket payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider. Furthermore, HHS has indicated that it will be closely monitoring and, along with the Office of Inspector General, auditing providers to ensure that recipients comply with the terms and conditions of relief programs and to prevent fraud and abuse. All providers will be subject to civil and criminal penalties for any deliberate omissions, misrepresentations, or falsifications of any information given to HHS. The Hospital has formally accepted the terms and conditions associated with the receipt of its Relief Fund payments.

During the year ended September 30, 2023, the Hospital did not recognize any nonoperating income associated with lost operating revenue and COVID-related costs. *Medicare and Medicaid Payment Policy Changes.* The CARES Act also alleviated some of the financial strain on hospitals, physicians, and other healthcare providers and states through a series Medicare and Medicaid payment policies that temporarily increase Medicare and Medicaid reimbursement and allow for added flexibility, as described below.

- The CARES Act and subsequent legislation suspended the 2% sequestration payment reduction applied to all Medicare Fee-for-Service (FFS) claims from May 1, 2020, through March 31, 2022. A 1% sequestration adjustment was reinstated April 1, 2022, through September 30, 2022. The original 2% sequestration adjustment was reinstated July 1, 2022, and is still in effect.

- The CARES Act instituted a 20% increase in the Medicare MS-DRG payment for COVID-19 hospital admissions for the duration of the public health emergency. The Department of Health and Human Services declared the end of the public health emergency (PHE) on May 11, 2023.

NOTE 22: CARES ACT FUNDING (CONTINUED)

- The Affordable Care Act (ACA) mandated cuts to Medicaid DSH based on the assumption Medicaid coverage would expand to almost all non-elderly adults under age 65. As originally structured, the ACA called for a total of $18 billion in Medicaid DSH cuts beginning in federal fiscal year 2014 through 2020. Subsequent legislation has both delayed implementation of the cuts and extended the Medicaid DSH cuts.

- The American Rescue Plan Act of 2021 temporarily increased federal fiscal years 2020 - 2023 Federal DSH allotments because of the COVID-19 pandemic. Medicaid DSH payment reductions are scheduled to be implemented in the near future. The need for Medicaid DSH supplemental funding remains essential as the Hospital copes with the impacts of financial instability while supporting our mission to treat all patients, regardless of their ability to pay.

- The CARES Act expanded the Medicare Accelerated and Advance payments program, which provided prepayment of claims to providers in certain circumstances, such as national emergencies or natural disasters. Under this measure, providers could request accelerated and advance payments for Medicare Part A and Part B suppliers. Under the Continuing Appropriations Act, 2022 and Other Extensions Act, repayment began one year from the issuance date of each provider or supplier's accelerated or advance payment. After the first 12 months, Medicare automatically recouped 25 percent of Medicare payments otherwise owed to the provider or supplier for eleven months. At the end of the eleven-month period, recoupment increased to 50% for another six months.

- A 6.2% increase in the Federal Medical Assistance Percentage ("FMAP") matching funds was instituted to help states respond to the COVID-19 pandemic. The additional funds were available to states beginning on January 1, 2020, provided that states meet certain conditions. An increase in states' FMAP leveraged Medicaid's existing financing structure, which allowed federal funds to be provided to states more quickly and efficiently than establishing a new program or allocating money from a new funding stream. Increased federal matching funds supported states in responding to the increased need for services, such as testing and treatment during the COVID-19 public health emergency, as well as increased enrollment as more people lose income and qualify for Medicaid during the economic downturn. The public health emergency ended on May 11, 2023.

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

NOTE 23: RESTATEMENT OF NET POSITION/FUND BALANCE

For the fiscal year ended September 30, 2023, the County has determined that restatements to beginning net position and fund balance of the County are necessary: 1) to correct beginning year balances of net pension liability; 2) to correct the landfill liability balance; 3) to correct beginning year balances of other postemployment benefit liability; 4) to add the Supervisor of Elections' credit card liability; 5) to correct the Sheriff's payroll expenses that were incurred during the year ended September 30, 2022, but not recognized; 6) to correct the Sheriff's retirement expenses that were incurred during the year ended September 30, 2022, but not recognized; 7) to correct the Clerk's fiduciary net position for an unrecognized deduction in the prior year. Below is a summary of the adjustments:

	Governmental Activities
Net position, beginning of year, as previously reported	$ 102,450,267
Adjustment to correct pension balances	950,957
Adjustment to correct landfill liability	(1,370,447)
Adjustment to correct OPEB balances	(1,373,661)
Adjustment to record Supervisor of Elections credit card debt	(6,206)
Adjustment to correct Sheriff's payroll expense	(182,283)
Adjustment to correct Sheriff's retirement expense	(78,033)
Net position, beginning of year, as restated	$ 100,390,594

	General Fund
Total fund balance, beginning of year, as previously reported	$ 13,893,405
Adjustment to correct Sheriff's payroll expense	(182,283)
Adjustment to correct Sheriff's retirement expense	(78,033)
Total fund balance, beginning of year, as restated	$ 13,633,089

NOTE 23: RESTATEMENT OF NET POSITION/FUND BALANCE (CONTINUED)

	Clerk - Fiduciary
Net position, beginning of year, as previously reported	$ 424,498
Adjustment to correct unrecognized deduction in the prior year	70
Net position, beginning of year, as restated	$ 424,568

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

*The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.
*GASB Statement No. 68 was implemented in 2016. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.
*Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the measurement period ending June 30, 2023.

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

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

*The amounts presented for each fiscal year were determined as of 6/30, except for the covered payroll, which was determined as of 9/30.
*The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.
*Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the measurement period ending June 30, 2023.

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

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

*The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.
*GASB Statement No. 68 was implemented in 2016. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.
*Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the measurement period ending June 30, 2023.

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

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

*The amounts presented for each fiscal year were determined as of 6/30, except for the covered payroll, which was determined as of 9/30.
*The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.
*Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the measurement period ending June 30, 2023.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	$ 14,546,779	$ 14,546,779	$ 14,065,497	$ (481,282)
Licenses and permits	514,000	514,000	616,500	102,500
Intergovernmental	4,255,881	7,724,277	8,803,186	1,078,909
Charges for services	319,236	319,236	360,859	41,623
Fines and forfeitures	5,800	5,800	11,153	5,353
Interest revenue	24,240	24,240	215,673	191,433
Other	290,943	586,306	787,248	200,942
Total revenues	19,956,879	23,720,638	24,860,116	1,139,478
EXPENDITURES				
Current				
General government	5,424,552	5,473,686	4,890,833	582,853
Public safety	10,690,140	10,690,140	9,452,596	1,237,544
Physical environment	1,475,858	1,493,281	1,409,825	83,456
Transportation	374,147	374,147	103,616	270,531
Economic environment	76,409	76,409	69,385	7,024
Human services	702,244	702,244	648,083	54,161
Culture and recreation	1,461,005	1,471,751	1,181,850	289,901
Court related	454,484	454,484	147,260	307,224
Debt service				
Principal	93,218	93,218	409,100	(315,882)
Interest	6,782	6,782	35,863	(29,081)
Capital outlay	3,130,188	7,051,678	5,118,423	1,933,255
Total expenditures	23,889,027	27,887,820	23,466,834	4,420,986
Excess (deficiency) of revenues over (under) expenditures	(3,932,148)	(4,167,182)	1,393,282	5,560,464
OTHER FINANCING SOURCES (USES)				
Transfers in	378,204	424,838	184,991	(239,847)
Transfers (out)	(1,499,676)	(1,499,676)	(1,499,678)	(2)
Proceeds from debt financing	-	188,400	620,638	432,238
Total other financing sources (uses)	(1,121,472)	(886,438)	(694,049)	192,389
Net changes in fund balances	(5,053,620)	(5,053,620)	699,233	5,752,853
Fund balances, beginning of year, as restated	13,633,089	13,633,089	13,633,089	-
Fund balances, end of year	$ 8,579,469	$ 8,579,469	$ 14,332,322	$ 5,752,853

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
HEALTHCARE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	$ 2,742,140	$ 2,742,140	$ 3,465,231	$ 723,091
Intergovernmental	-	630,097	489,519	(140,578)
Interest revenue	9,442	9,442	209,220	199,778
Other	-	-	74,555	74,555
Total revenues	2,751,582	3,381,679	4,238,525	856,846
EXPENDITURES				
Current				
Human services	-	-	100,950	(100,950)
Capital outlay	-	883,570	861,850	21,720
Total expenditures	-	883,570	962,800	(79,230)
Excess (deficiency) of revenues over (under) expenditures	2,751,582	2,498,109	3,275,725	777,616
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(10,661,114)	(10,407,641)	(1,852,615)	8,555,026
Net changes in fund balances	(7,909,532)	(7,909,532)	1,423,110	9,332,642
Fund balances, beginning of year	8,139,135	8,139,135	8,139,135	-
Fund balances, end of year	$ 229,603	$ 229,603	$ 9,562,245	$ 9,332,642

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
TOURIST DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	$ 2,900,000	$ 2,900,000	$ 3,330,466	$ 430,466
Interest revenue	3,000	3,000	44,265	41,265
Other	-	-	-	-
Total revenues	2,903,000	2,903,000	3,374,731	471,731
EXPENDITURES				
Current				
Economic environment	1,794,812	2,170,762	1,601,740	569,022
Debt service				
Principal	77,049	77,049	105,676	(28,627)
Interest	7,139	7,139	2,284	4,855
Capital outlay	3,223,420	2,847,470	693,744	2,153,726
Total expenditures	5,102,420	5,102,420	2,403,444	2,698,976
Excess (deficiency) of revenues over (under) expenditures	(2,199,420)	(2,199,420)	971,287	3,170,707
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(99,000)	(99,000)	(99,000)	-
Proceeds from debt financing	-	-	140,000	140,000
Total other financing sources (uses)	(99,000)	(99,000)	41,000	140,000
Net changes in fund balances	(2,298,420)	(2,298,420)	1,012,287	3,310,707
Fund balances, beginning of year	4,322,448	4,322,448	4,322,448	-
Fund balances, end of year	$ 2,024,028	$ 2,024,028	$ 5,334,735	$ 3,310,707

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
AMERICAN RECOVERY PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 2,236,837	$ 2,236,837	$ 204,552	$ (2,032,285)
EXPENDITURES				
Current				
Public safety	192,632	192,632	193,601	(969)
Capital outlay	2,044,205	2,044,205	10,951	2,033,254
Total expenditures	2,236,837	2,236,837	204,552	2,032,285
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
HOUSING INITIATIVE PARTNERSHIP
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 564,509	$ 564,509	$ 35,000	$ (529,509)
Interest revenue	1,500	1,500	7,425	5,925
Other	20,000	20,000	36,211	16,211
Total revenues	586,009	586,009	78,636	(507,373)
EXPENDITURES				
Current				
Economic environment	639,173	639,173	65,607	573,566
Excess (deficiency) of revenues over (under) expenditures	(53,164)	(53,164)	13,029	66,193
Net changes in fund balances	(53,164)	(53,164)	13,029	66,193
Fund balances, beginning of year	85,279	85,279	85,279	-
Fund balances, end of year	$ 32,115	$ 32,115	$ 98,308	$ 66,193

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
LOCAL OPTION GAS TAX
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	$ 324,581	$ 324,581	$ 303,234	$ (21,347)
Intergovernmental	4,685,279	4,685,279	1,514,375	(3,170,904)
Interest revenue	2,795	2,795	25,512	22,717
Other	-	-	10,006	10,006
Total revenues	5,012,655	5,012,655	1,853,127	(3,159,528)
EXPENDITURES				
Current				
Transportation	2,255,538	2,255,538	110,862	2,144,676
Capital outlay	4,326,884	4,326,884	1,942,171	2,384,713
Total expenditures	6,582,422	6,582,422	2,053,033	4,529,389
Excess (deficiency) of revenues over (under) expenditures	(1,569,767)	(1,569,767)	(199,906)	1,369,861
OTHER FINANCING SOURCES (USES)				
Transfers in	334,068	334,068	334,068	-
Net changes in fund balances	(1,235,699)	(1,235,699)	134,162	1,369,861
Fund balances, beginning of year	1,335,058	1,335,058	1,335,058	-
Fund balances, end of year	$ 99,359	$ 99,359	$ 1,469,220	$ 1,369,861

See accompanying notes to financial statements.

SUPPLEMENTAL INFORMATION

FRANKLIN COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Special Revenue Funds			
	County Road and Bridge	911 Trust	Fire Protection	Airport
ASSETS				
Cash and cash equivalents	$ 464,707	$ 559,777	$ 245,957	$ 96,483
Accounts receivable	1,951	12,792	-	21,529
Due from other funds	16,362	-	-	2,598
Due from other governmental units	253,364	82,925	7,164	725,887
Prepaid items	-	27,687	-	-
Total assets	$ 736,384	$ 683,181	$ 253,121	$ 846,497
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 7,830	$ 8,925	$ 106,647	$ 29,559
Due to other funds	443,584	16,085	24,316	504,542
Due to other governmental units	-	20,085	1,481	-
Unearned revenue	-	-	120,677	30,098
Total liabilities	451,414	45,095	253,121	564,199
Fund balances				
Nonspendable	-	27,687	-	-
Restricted	284,970	610,399	-	282,298
Assigned	-	-	-	-
Total fund balances	284,970	638,086	-	282,298
Total liabilities and fund balances	$ 736,384	$ 683,181	$ 253,121	$ 846,497

FRANKLIN COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2023

	Special Revenue Funds			
	Mosquito Control	Clerk Fine and Forfeitures	Clerk Modernization Trust	Sheriff Special Revenue
ASSETS				
Cash and cash equivalents	$ 93,094	$ 154,666	$ 231,705	$ 50,311
Accounts receivable	-	-	-	-
Due from other funds	-	-	133	-
Due from other governmental units	-	27,714	3,528	-
Prepaid items	-	-	-	-
Total assets	$ 93,094	$ 182,380	$ 235,366	$ 50,311
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 7,484	$ 14,821	$ 1,414	$ -
Due to other funds	2,974	30,795	-	-
Due to other governmental units	-	136,764	-	-
Unearned revenue	-	-	-	-
Total liabilities	10,458	182,380	1,414	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	233,952	50,311
Assigned	82,636	-	-	-
Total fund balances	82,636	-	233,952	50,311
Total liabilities and fund balances	$ 93,094	$ 182,380	$ 235,366	$ 50,311

FRANKLIN COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2023

	Special Revenue Funds			
	Law Enforcement Educational Trust	Law Enforcement Trust	HHRP Trust	Boating Improvement
ASSETS				
Cash and cash equivalents	$ 67,134	$ 3,211	$ -	$ 58,350
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	404	-	-	43,376
Prepaid items	-	-	-	-
Total assets	$ 67,538	$ 3,211	$ -	$ 101,726
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ 14,050
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	14,050
Fund balances				
Nonspendable	-	-	-	-
Restricted	67,538	3,211	-	87,676
Assigned	-	-	-	-
Total fund balances	67,538	3,211	-	87,676
Total liabilities and fund balances	$ 67,538	$ 3,211	$ -	$ 101,726

FRANKLIN COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2023

	Economic Development CDBG	Landfill Fund	Nonmajor Governmental Funds Total
ASSETS			
Cash and cash equivalents	$ -	$ 4,210,060	$ 6,235,455
Accounts receivable	-	108,200	144,472
Due from other funds	-	954	20,047
Due from other governmental units	-	-	1,144,362
Prepaid items	-	-	27,687
Total assets	$ -	$ 4,319,214	$ 7,572,023
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ -	$ 40,987	$ 231,717
Due to other funds	-	-	1,022,296
Due to other governmental units	-	-	158,330
Unearned revenue	-	5,000	155,775
Total liabilities	-	45,987	1,568,118
Fund balances			
Nonspendable	-	-	27,687
Restricted	-	4,273,227	5,893,582
Assigned	-	-	82,636
Total fund balances	-	4,273,227	6,003,905
Total liabilities and fund balances	$ -	$ 4,319,214	$ 7,572,023

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds			
	County Road and Bridge	911 Trust	Fire Protection	Airport
REVENUES				
Taxes	$ 15,814	$ -	$ -	$ -
Licenses and permits	-	-	490,978	-
Intergovernmental	1,504,070	230,656	-	1,440,887
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest revenue	14,693	18,087	2,648	1,239
Other	335,224	-	-	332,699
Total revenues	1,869,801	248,743	493,626	1,774,825
EXPENDITURES				
Current				
Public safety	-	132,966	493,627	-
Physical environment	-	-	-	-
Transportation	1,701,724	-	-	360,325
Economic environment	-	-	-	-
Human services	-	-	-	-
Court related	-	-	-	-
Debt service				
Principal	294,098	-	-	-
Interest	15,683	-	-	-
Capital outlay	431,287	-	-	1,334,186
Total expenditures	2,442,792	132,966	493,627	1,694,511
Excess (deficiency) of revenues over (under) expenditures	(572,991)	115,777	(1)	80,314
OTHER FINANCING SOURCES (USES)				
Transfers in	145,271	-	-	-
Transfers (out)	(31,605)	(54,386)	-	-
Proceeds from debt financing	293,900	-	-	-
Reversion to State of Florida	-	-	-	-
Total other financing sources (uses)	407,566	(54,386)	-	-
Net changes in fund balances	(165,425)	61,391	(1)	80,314
Fund balances, beginning of year	450,395	576,695	1	201,984
Fund balances, end of year	$ 284,970	$ 638,086	$ -	$ 282,298

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds			
	Mosquito Control	Clerk Fine and Forfeitures	Clerk Modernization Trust	Sheriff Special Revenue
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	38,892	523,437	-	-
Charges for services	-	166,172	44,489	-
Fines and forfeitures	-	78,108	-	-
Interest revenue	3,960	758	1,671	-
Other	-	-	-	137,841
Total revenues	42,852	768,475	46,160	137,841
EXPENDITURES				
Current				
Public safety	-	-	-	113,618
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	244,582	-	-	-
Court related	-	687,095	39,585	-
Debt service				
Principal	-	-	-	12,431
Interest	-	-	-	1,385
Capital outlay	1,000	-	-	-
Total expenditures	245,582	687,095	39,585	127,434
Excess (deficiency) of revenues over (under) expenditures	(202,730)	81,380	6,575	10,407
OTHER FINANCING SOURCES (USES)				
Transfers in	257,085	-	-	-
Transfers (out)	(1,000)	-	-	-
Proceeds from debt financing	-	-	-	-
Reversion to State of Florida	-	(81,380)	-	-
Total other financing sources (uses)	256,085	(81,380)	-	-
Net changes in fund balances	53,355	-	6,575	10,407
Fund balances, beginning of year	29,281	-	227,377	39,904
Fund balances, end of year	$ 82,636	$ -	$ 233,952	$ 50,311

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds			
	Law Enforcement Educational Trust	Law Enforcement Trust	HHRP Trust	Boating Improvement
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	87,527	54,945
Charges for services	3,157	-	-	-
Fines and forfeitures	-	-	-	-
Interest revenue	373	24	92	145
Other	-	-	-	-
Total revenues	3,530	24	87,619	55,090
EXPENDITURES				
Current				
Public safety	9,421	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	88,457	-
Human services	-	-	-	-
Court related	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	42,500
Total expenditures	9,421	-	88,457	42,500
Excess (deficiency) of revenues over (under) expenditures	(5,891)	24	(838)	12,590
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Proceeds from debt financing	-	-	-	-
Reversion to State of Florida	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(5,891)	24	(838)	12,590
Fund balances, beginning of year	73,429	3,187	838	75,086
Fund balances, end of year	$ 67,538	$ 3,211	$ -	$ 87,676

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Economic Development CDBG	Landfill Fund	Nonmajor Governmental Funds Total
REVENUES			
Taxes	$ -	$ -	$ 15,814
Licenses and permits	-	-	490,978
Intergovernmental	-	-	3,880,414
Charges for services	-	1,090,649	1,304,467
Fines and forfeitures	-	-	78,108
Interest revenue	6,279	136,530	186,499
Other	-	-	805,764
Total revenues	6,279	1,227,179	6,762,044
EXPENDITURES			
Current			
Public safety	-	-	749,632
Physical environment	-	713,954	713,954
Transportation	-	-	2,062,049
Economic environment	310,818	-	399,275
Human services	-	-	244,582
Court related	-	-	726,680
Debt service			
Principal	-	132,969	439,498
Interest	-	15,378	32,446
Capital outlay	-	124,794	1,933,767
Total expenditures	310,818	987,095	7,301,883
Excess (deficiency) of revenues over (under) expenditures	(304,539)	240,084	(539,839)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	402,356
Transfers (out)	-	-	(86,991)
Proceeds from debt financing	-	-	293,900
Reversion to State of Florida	-	-	(81,380)
Total other financing sources (uses)	-	-	527,885
Net changes in fund balances	(304,539)	240,084	(11,954)
Fund balances, beginning of year	304,539	4,033,143	6,015,859
Fund balances, end of year	$ -	$ 4,273,227	$ 6,003,905

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

	Clerk of the Circuit Court	Sheriff	Tax Collector	Custodial Funds Total
ASSETS				
Cash and cash equivalents	$ 704,862	$ 43,657	$ 797,735	$ 1,546,254
LIABILITIES				
Due to other funds	49,199	-	-	49,199
Due to other governments	22,845	-	412,780	435,625
Due to other county agencies	-	-	324,166	324,166
Total liabilities	72,044	-	736,946	808,990
NET POSITION				
Restricted	632,818	43,657	60,789	737,264
Total net position	$ 632,818	$ 43,657	$ 60,789	$ 737,264

FRANKLIN COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Clerk of the Circuit Court	Sheriff	Tax Collector	Custodial Funds Total
ADDITIONS	$ 5,336,753	$ 206,503	$ 36,657,574	$ 42,200,830
DEDUCTIONS	5,128,503	204,553	36,743,689	42,076,745
Net increase (decrease) in fiduciary net position	208,250	1,950	(86,115)	124,085
Net position, beginning of year, as restated	424,568	41,707	146,904	613,179
Net position, end of year	$ 632,818	$ 43,657	$ 60,789	$ 737,264

COMPLIANCE SECTION

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Franklin County, Florida's basic financial statements, and have issued our report thereon dated October 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control as items 2023-001, 2023-002, 2023-003, 2023-004, and 2023-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Franklin County, Florida's Response to Findings

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

Purpose of this Report

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

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

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

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

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Franklin County, Florida's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *State of Florida's Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on each of Franklin County, Florida's major federal programs and state projects for the year ended September 30, 2023. Franklin County, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Franklin County, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Franklin County, Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Franklin County, Florida's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Franklin County, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Franklin County, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Franklin County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal/State Agency Pass-through Entity Federal Program/State Project	Federal Assistance Listing or CFSA No.	Contract Grant No.	Expenditures
FEDERAL AWARDS			
U.S. Department of Agriculture			
Community Facilities Loans and Grants	10.766	09-019-*****6026	$ 489,519
U.S. Department of Housing and Urban Development			
Community Development Block Grants	14.228	23DB-H01	18,158
U.S. Department of the Interior			
Payments in Lieu of Taxes	15.226	2023 PILT	56,001
Secure Rural Schools and Community Self-Determination through Florida Department of Financial Services	15.234	Federal Forestry Funds	17,265
National Wildlife Refuge Fund	15.659	G2369	165,041
Total U.S. Department of the Interior			238,307
U.S. Department of Justice			
Pass through Office of the Attorney General Crime Victim Assistance	16.575	VOCA 2022	46,409
Pass through Florida Department of Law Enforcement Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-00241-MUMU	39,472
Total U.S. Department of Justice			85,881
U.S. Department of Transportation			
Pass through Federal Aviation Administration Airport Improvement Program	20.106	3-12-001-013-2022	174,121
Pass through Florida Department of Transportation Highway Planning and Construction	20.205	42985445801 G1M95	866,977
Highway Planning and Construction	20.205	42985446801 G1M95	91,870
Total U.S. Department of Transportation			1,132,968
U.S. Department of the Treasury			
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	RDCGR090145	60,849
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	American Rescue Plan Allocation	204,551
Local Assistance and Tribal Consistency Fund	21.032	RDCGR090145	42,779
Total U.S. Department of the Treasury			308,179
U.S. Department of Health and Human Services			
Pass through Florida Department of Revenue Child Support Services	93.563	CST-19	436
Child Support Services	93.563	CST-20 (Incentive)	150
Child Support Services	93.563	CSE-23	63,091
Total U.S. Department of Health and Human Services			63,677

U.S. Department of Homeland Security			
Pass through Florida Division of Emergency Management			
Disaster Grant - Public Assistance*	97.036	Z0834 (Multiple PW's)	970,499
Disaster Grant - Public Assistance*	97.036	13-DB-73-02-29-02-557 & PA-04-FL-4564-PW-00095	24,282
Emergency Management Performance Grant	97.042	G0401	53,329
Total U.S. Department Homeland Security			1,048,110
Total Expenditures of Federal Awards			$ 3,384,799

STATE FINANCIAL ASSISTANCE

Executive Office of the Governor			
Division of Emergency Management			
Emergency Management Programs	31.063	A0267	$ 100,160
Emergency Management Programs	31.063	A0404	5,652
Local Emergency Management and Mitigation Initiatives	31.064	F0032	100,320
Total Executive Office of the Governor			206,132
Florida Department of Environmental Protection			
Small County Consolidated Grants	37.012	SC307	93,750
Florida Recreation Development Assistance Program	37.017	A3029	9,850
Florida Recreation Development Assistance Program	37.017	A3033	183,184
Restoration Deepwater Horizon Oil Spill	37.081	OGC111	6,329
Total Florida Department of Environmental Protection			293,113
Florida Department of Commerce			
Division of Housing and Community Development	40.038	DL012	654,632
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program (SHIP)	40.901	Funding Thru SFY2223	35,000
Hurricane Housing Recovery Program	40.902	2019/2020	87,527
Total Florida Housing Finance Corporation			122,527
Florida Department of Agriculture			
Mosquito Control	42.003	FDACS # 029373	38,892
Florida Department of Financial Services			
Local Government Fire Service Grants	43.009	FM446	130,159
Florida Department of State			
State Aid to Libraries	45.030	23-ST-94	76,036
Acquisition, Restoration of Historic Properties	45.032	23.h.sc.200.029	6,019
Acquisition, Restoration of Historic Properties	45.032	23.h.sc.100.021	156,056
Total Florida Department of State			238,111

Florida Department of Transportation			
Aviation Grant Programs	55.004	42561229401 G1J91	463,127
Aviation Grant Programs	55.004	43689819401 G1794	604,051
Aviation Grant Programs	55.004	41604779401 G2194	75,088
Aviation Grant Programs	55.004	44976119401 G2211	124,500
County Incentive Grant Program	55.008	44987813401 G2A96	49,142
Small County Outreach Program	55.009	44984013401 G2358	17,594
Small County Outreach Program	55.009	44988015401 G2H13	223,211
Small County Outreach Program	55.009	44663615401 G1H72	52,203
Small County Outreach Program	55.009	44861013401 G2F47	40,622
Small County Outreach Program	55.009	44062215401 G1Z86	934,615
Small County Road Assistance Program	55.016	45177013401 G2G15	165,014
Small County Road Assistance Program	55.016	44064433401 G1Z88	20,474
Small County Road Assistance Program	55.016	44064425401 G1Z87	2,830
Total Florida Department of Transportation			2,772,471
Florida Department of Law Enforcement			
Law Enforcement Salary Assistance for Fiscally Constrained Counties	71.067	7G021	307,500
Law Enforcement Salary Assistance for Fiscally Constrained Counties	71.067	5V007	134,781
Total Florida Department of Law Enforcement			442,281
Florida Department of Management Services			
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	23-04-22	4,902
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	22-04-17	23,520
E911 State Grant Program	72.002	S17-21-02-57	46,010
Total Florida Department of Management Services			74,432
Florida Fish and Wildlife Conservation Commission			
Florida Boating Improvement Program	77.006	#21107	42,500
Total Expenditures of State Financial Assistance			$ 5,015,250

Financial Reporting Entity

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

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal award and state financial assistance activity of Franklin County, Florida, under programs of the federal and state government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Franklin County, Florida, it is not intended to and does not present the balance sheet, changes in fund balances, or cash flows of Franklin County, Florida.

Summary of Significant Accounting Policies

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

Disaster Grant - Public Assistance* funds include $40,860 in funds that were incurred in prior years.

Indirect Cost Rate

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

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal Control over Financial Reporting:			
Material weakness(es) identified?	X Yes	____ No	
Significant deficiency(ies) identified?	____ Yes	X None Reported	
Noncompliance material to financial statements noted?	____ Yes	X No	

Federal Awards

Internal Control over Major Federal Programs:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiency(ies) identified?	____ Yes	X None Reported	
Type of auditor's report issued on compliance for major federal programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No	
Identification of major federal programs:			

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
97.036	Disaster Grant - Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000		
Auditee qualified as a low-risk auditee?	____ Yes	X No	

FRANKLIN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

State Projects

Internal Control over Major State Projects:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiency(ies) identified?	____ Yes	X None Reported	
Type of auditor's report issued on compliance for major state projects:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, Rules of the Auditor General?	____ Yes	X No	
Identification of major state projects:			

CSFA Numbers	Name of State Project
40.038	Division of Housing and Community Development
55.004	Aviation Grant Programs
55.009	Small County Outreach Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000

SECTION II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS

2023–001: Accrual Basis Accounting (Partial Repeat of 2018–001) - Hospital

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

Condition: Multiple accounts and financial statement line items required adjustment or reclassification in order for the financial statements to be presented in accordance with U.S. GAAP. Such adjustments included proper presentation of prepaid expenses, other assets, accounts payable, payroll accruals, and estimated third-party payor settlements, among others.

Cause: Internal processes and controls were not sufficient (either non-existent or ineffective) to detect certain misstatements of the financial statements. Management and accounting staff turnover in recent years was a contributing factor.

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

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

Views of Responsible Officials and Planned Corrective Actions: The Accountant in coordination with the CFO will continue to reconcile balance sheet accounts monthly. Additionally, management will continue to work with the Alliant Centralized Accounting service to aid in the strengthening of internal controls.

2023–002: Accounting and Finance Staffing / Segregation of Duties (Repeat of 2018–003) - Hospital

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

SECTION II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

2023–002: Accounting and Finance Staffing / Segregation of Duties (Repeat of 2018–003) - Hospital (Continued)

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

Cause: The limited resources available to the Hospital, combined with employee turnover in recent years, have resulted in limited accounting and finance staffing. Such limited staffing resulted in a lack of optimal segregation of duties.

Effect: The effect of this finding is reflected in the effects of findings 2023–001 and 2023–003.

Recommendation: The Hospital should invest in the hiring of accounting staff and focus on retention of existing staff to ensure that existing control activities can be properly conducted and new policies and controls, necessary to address the findings noted herein, can be established and followed. We recommend the Hospital implement a formal review process for journal entries and reconciliations. We also recommend that the Hospital implement a process to periodically review user access, and that only nonfinancial users have full administrative access to accounting software applications. Finally, we recommend that the Hospital evaluate existing controls and improve segregation of duties, to the extent possible with existing resources and staffing.

Views of Responsible Officials and Planned Corrective Actions: Management will continue to work with the Alliant Centralized Accounting service to aid in the strengthening of internal controls. Additionally, management will continue to support the training and advancement opportunities of current staff.

SECTION II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

2023–003: Information Technology - Hospital

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

Condition: We noted that management does not have a formal IT risk assessment process to help properly evaluate and identify threats and vulnerabilities, and appropriately address any identified threats and vulnerabilities. It was also noted that processes and controls were not sufficient enough to properly and timely disable user accounts for terminated employees, within one of the Hospital's accounting software applications.

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

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

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

Views of Responsible Officials and Planned Corrective Actions: Management will work with Alliant to help identify and implement a formal IT risk assessment. Additionally, management will periodically review access of terminated employees to ensure IT controls are in place and working appropriately.

SECTION II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

2023–004: Material Audit Adjustments - Tax Collector

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions: In QuickBooks, our office will work with the auditors to post the adjustments to the custodial accounts in accordance with general GAAP procedures.

2023–005: Material Audit Adjustments - Sheriff

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

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

SECTION II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions: We agree with the findings and recommendations**.** The Sheriff's Office acknowledges the need to strengthen internal controls related to financial reporting and the accurate presentation of financial statements in accordance with GAAP. This includes implementing a formal review process for account reconciliations. Given our agency's limited size and budget, the costs associated with hiring an additional full-time finance officer outweigh the benefits of additional personnel. In an effort to ensure compliance while adhering to reasonable budgetary constraints, the Sheriff's Office intends to engage an external auditor or accountant to aid in the preparation of financial statements and review bank statements and other accounting practices on a quarterly basis (or monthly, if feasible within the budget). We will promptly initiate the search for an external accountant with the aim of implementation by the end of the first quarter of the upcoming fiscal year.

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

None noted.

FRANKLIN COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SCHEDULE OF PRIOR AUDIT FINANCIAL STATEMENT FINDINGS

2018–001: Accrual Basis Accounting - Hospital
Repeated

2018–003: Accounting and Financing Staffing - Hospital
Repeated

2019–001: Reconciliation of Cash and Posting of Receipts - Hospital
Cleared

2019–003: Capital Assets and Depreciation - Hospital
Cleared

FEDERAL AWARD PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

None noted.

STATE PROJECT PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

None noted.

LANIGAN & ASSOCIATES, P.C.
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MANAGEMENT CONSULTANTS
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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Franklin County**,** Florida, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated October 10, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Reports on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated October 10, 2024, 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 findings and recommendations made in the preceding annual financial audit report.

Finding No.	Original Finding No.	Description	Status
2023-001	2018-001	Accrual Basis Accounting	Not Cleared
2023-002	2018-003	Accounting & Finance Staffing	Not Cleared
	2019-001	Reconciliation of Cash and Posting of Receipts	Cleared
	2019-003	Capital Assets and Depreciation	Cleared

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the notes to financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Franklin County, Florida, has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Franklin County, Florida, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we make the following recommendations:

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

2. During our audit of the Tax Collector, we observed that the custodial funds' QuickBooks files have a December 31st year-end. We recommend that the custodial funds align with the Tax Collector's September 30th year-end.

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

4. The Supervisor of Elections carries a credit card balance in the amount of $5,284 at an interest rate of approximately 17%. This is an indication that at some point debt was used to finance operations. The County is incurring unnecessary charges for interest and fees on this balance. We recommend the Supervisor of Elections build into their annual budget request additional funding to settle the credit card balance in full.

5. We recommend all Sheriff bank reconciliations be performed as of the end of the month. We noted several instances where bank reconciliations were performed mid-month.

6. See accompanying schedule of findings and responses for additional recommendations.

Views of responsible officials are included in the accompanying corrective action plan.

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

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

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

Report on Compliance

We have examined the Franklin County, Florida Board of County Commissioner's (the "Board") compliance with Sections 365.172(10) and 365.173(2)(d), Florida Statutes, regarding E911 funding as required by Section 10.556(10)(b), Rules of the Auditor General, during the year ended September 30, 2023. Management is responsible for the Board's compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

Scope

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

Opinion

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

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REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

Report on Compliance

We have examined the Franklin County, Florida Board of County Commissioner's (the "Board") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2023. Management is responsible for the Board's compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

Scope

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

Opinion

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

Franklin County, Florida
Clerk of the Circuit Court

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Special Purpose
Financial Statements

September 30, 2023

Franklin County, Florida
Clerk of the Circuit Court

Special Purpose Financial Statements

Year Ended September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Franklin County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Franklin County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida as of September 30, 2023, and the changes in its financial position for the fiscal

year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida
June 28, 2024

FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Major Funds			
	General	Fines and Forfeitures Fund	Modernization Trust Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 125,789	$ 154,666	$ 231,705	$ 512,160
Due from other funds	26,355	-	133	26,488
Due from other governments	32,751	27,714	3,528	63,993
Other assets	2,250	-	-	2,250
Total assets	$ 187,145	$ 182,380	$ 235,366	$ 604,891
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ 14,571	$ 14,821	$ 1,414	$ 30,806
Due to other funds	72,413	30,795	-	103,208
Due to other goverments	-	136,764	-	136,764
Total liabilities	86,984	182,380	1,414	270,778
Fund balance:				
Restricted	100,161	-	233,952	334,113
Total liabilities and fund balance	$ 187,145	$ 182,380	$ 235,366	$ 604,891

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Major Funds			
	General	Fines and Forfeitures Fund	Modernization Trust Fund	Total Governmental Funds
REVENUES				
Intergovernmental	$ 63,091	$ 523,437	$ -	$ 586,528
Charges for services	112,398	166,172	44,489	323,059
Fines and forefeitures	-	78,108	-	78,108
Interest revenue	1,401	758	1,671	3,830
Other	948	-	-	948
Total revenues	177,838	768,475	46,160	992,473
EXPENDITURES				
Current				
General government	513,214	-	-	513,214
Court related	52,002	687,095	39,585	778,682
Total expenditures	565,216	687,095	39,585	1,291,896
Excess (deficiency) of revenues over (under) expenditures	(387,378)	81,380	6,575	(299,423)
OTHER FINANCING SOURCES (USES)				
Transfers in	485,369	-	-	485,369
Transfers (Out)	(70,788)	-	-	(70,788)
Reversion to State of Florida	-	(81,380)	-	(81,380)
Total other financing sources (uses)	414,581	(81,380)	-	333,201
Net changes in fund balances	27,203	-	6,575	33,778
Fund balances - beginning	72,958	-	227,377	300,335
Fund balances - ending	$ 100,161	$ -	$ 233,952	$ 334,113

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 56,000	$ 56,000	$ 63,091	$ 7,091
Charges for services	105,500	105,500	112,398	6,898
Interest revenue	1,100	1,100	1,401	301
Other	700	700	948	248
Total revenues	163,300	163,300	177,838	14,538
EXPENDITURES				
Current				
General government	571,624	571,624	513,214	58,410
Court related	123,588	123,588	52,002	71,586
Capital Outlay	92,958	92,958	-	92,958
Total expenditures	788,170	788,170	565,216	222,954
Excess (deficiency) of revenues over (under) expenditures	(624,870)	(624,870)	(387,378)	237,492
OTHER FINANCING SOURCES (USES)				
Transfers in	551,912	551,912	485,369	(66,543)
Transfers (Out)	-	-	(70,788)	(70,788)
Total other financing sources (uses)	551,912	551,912	414,581	(137,331)
Net changes in fund balances	(72,958)	(72,958)	27,203	100,161
Fund balances - beginning	72,958	72,958	72,958	-
Fund balances - ending	$ -	$ -	$ 100,161	$ 100,161

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FINES AND FORFEITURES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 506,789	$ 506,789	$ 523,437	$ 16,648
Charges for services	123,190	123,190	166,172	42,982
Fines and forefeitures	63,179	63,179	78,108	14,929
Interest revenue	46	46	758	712
Total revenues	693,204	693,204	768,475	75,271
EXPENDITURES				
Current				
Court related	693,204	693,204	687,095	6,109
Excess of revenues over expenditures	-	-	81,380	81,380
OTHER FINANCING (USES)				
Reversion to State of Florida	-	-	(81,380)	(81,380)
Net changes in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
MODERNIZATION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Charges for services	$ 45,000	$ 45,000	$ 44,489	$ (511)
Interest revenue	150	150	1,671	1,521
Total revenues	45,150	45,150	46,160	1,010
EXPENDITURES				
Current				
General government	142,375	142,375	-	142,375
Court related	108,775	108,775	39,585	69,190
Total expenditures	251,150	251,150	39,585	211,565
Excess (deficiency) of revenues over (under) expenditures	(206,000)	(206,000)	6,575	212,575
Net changes in fund balances	(206,000)	(206,000)	6,575	212,575
Fund balances - beginning	227,377	227,377	227,377	-
Fund balances - ending	$ 21,377	$ 21,377	$ 233,952	$ 212,575

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

ASSETS	
Cash and cash equivalents	$ 704,862
LIABILITIES	
Due to other funds	49,199
Due to other goverments	22,845
Total liabilities	72,044
NET POSITION	
Restricted	$ 632,818

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ADDITIONS	$ 5,336,753
DEDUCTIONS	5,128,503
Net increase in fiduciary net position	208,250
Net position - beginning	424,568
Net position - ending	$ 632,818

See accompanying notes to financial statements.

NOTE 1: *Summary of Significant Accounting Policies*

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

Reporting Entity

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

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

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

Basis of Presentation

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

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

Basis of Presentation (Continued)

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

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

The Clerk reports the following major governmental funds:

Governmental Fund Types

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

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

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

Fiduciary Fund Type

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

Measurement Focus/Basis of Accounting

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

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

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

Measurement Focus/Basis of Accounting (Continued)

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

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

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

Budget and Budgetary Accounting

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

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

The Clerk prepares the budget in three parts:

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

Cash and Cash Equivalents

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

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

Capital Assets

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

Liability for Compensated Absences

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

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

Related Organizations – Common Expenses

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

- Occupancy costs
- Janitorial services
- Utilities
- Property insurance

Fund Balance Reporting

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

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

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

Fund Balance Reporting (Continued)

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

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

Distribution of Excess Revenues

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

Use of Estimates

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

Subsequent Events

The Clerk of the Court evaluated subsequent events through June 28, 2024, the date which the financial statements were available to be issued. The Clerk of the Court did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2: *Cash and Cash Equivalents*

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

NOTE 3: *Inter-fund Transactions*

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

Inter-fund receivable and payable balances at September 30, 2023, were as follows:

Receivable Fund	Payable Fund	Amount
Clerk Operating	Clerk Fines and Forfeitures Fund	$ 26,073
	Board of County Commissioners	282
Clerk Modernization Trust Fund	Board of County Commissioners	133
Board of County Commissioners	Clerk Operating	72,413
	Clerk Fines and Forfeitures Fund	4,722
Total		$ 103,623

Operating transfers between funds during the year were as follows:

Transfers in	Transfers Out	Amount
Clerk Operating	Board of County Commissioners	$ 485,369
Board of County Commissioners	Clerk Operating	70,788
Total		$ 556,157

NOTE 4: *Long-Term Liabilities*

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

	Balance October 01, 2022	Additions*	Balance September 30, 2023
Compensated absences	$ 53,673	$ 10,016	$ 63,689

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

NOTE 5: *Retirement*

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

For financial reporting purposes, the Clerk is deemed to be part of the primary government of the County. A liability related to the Clerk's proportionate share of FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of the County for the fiscal year ended September 30, 2023.

NOTE 6: *Risk Management*

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

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

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

SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

	General Trust	Child Support	Registry of Court	Total Custodial Funds
ASSETS				
Cash and cash equivalents	$ 72,173	$ 407	$ 632,282	$ 704,862
LIABILITIES				
Due to other funds	49,171	28	-	49,199
Due to other goverments	22,810	35	-	22,845
Total liabilities	71,981	63	-	72,044
NET POSITION				
Restricted	$ 192	$ 344	$ 632,282	$ 632,818

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Trust	Child Support	Registry of Court	Total Custodial Funds
ADDITIONS	$4,552,180	$ 10,650	$ 773,923	$ 5,336,753
DEDUCTIONS	4,552,420	10,651	565,432	5,128,503
Net increase (decrease) in fiduciary net position	(240)	(1)	208,491	208,250
Net position - beginning	432	345	423,791	424,568
Net position - ending	$ 192	$ 344	$ 632,282	$ 632,818

See accompanying notes to financial statements.

INTERNAL CONTROL AND COMPLIANCE SECTION

September 30, 2023

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of each major fund and the aggregate remaining fund information of Franklin County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lanigan & Associates, PC

Tallahassee, Florida
June 28, 2024

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Franklin County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the fiscal year ended September 30, 2023, and have issued our report dated June 28, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Account's Reports on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 28, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with the preceding annual financial audit report, there were no significant findings or recommendations.

Official Title and Legal Authority

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

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

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

Lanigan & Associates, PC

Tallahassee, Florida
June 28, 2024

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

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

Report on Compliance

We have examined the Franklin County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, Article V requirements of Sections 28.35 and 28.36, Florida Statutes, and depository requirements for alimony transactions, support, maintenance and support payments of Section 61.181, Florida Statutes, for the year ended September 30, 2023. Management is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

Opinion

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

Lanigan & Associates, PC

Tallahassee, Florida
June 28, 2024

Franklin County, Florida
Property Appraiser
❖
Special Purpose
Financial Statements

September 30, 2023

Franklin County, Florida
Property Appraiser

Special Purpose Financial Statements

September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

The Honorable Rhonda Skipper
Franklin County, Florida Property Appraiser
Franklin County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the General fund of the Franklin County, Florida, Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General fund of the Property Appraiser as of September 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the General fund attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida, as of September 30, 2023, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

The Property Appraiser's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Property Appraiser's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

FRANKLIN COUNTY, FLORIDA
PROPERTY APPRAISER
BALANCE SHEET
GENERAL FUND
AS OF SEPTEMBER 30, 2023

ASSETS	
Cash and cash equivalents	$ 6,892
LIABILITIES AND FUND BALANCE	
Liabilities:	
Due to other funds	6,761
Accounts payable	131
Total liabilities	6,892
Fund balance	-
Total liabilities and fund balance	$ 6,892

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with final budget - favorable (unfavorable)
	Original	Final	Actual	
REVENUES				
Other	$ -	$ -	$ 8,428	$ 8,428
EXPENDITURES				
Current				
General government	726,893	749,400	731,111	18,289
Excess (deficiency) of revenues over (under) expenditures	(726,893)	(749,400)	(722,683)	26,717
OTHER FINANCING SOURCES (USES)				
Transfers in	726,893	749,400	729,444	(19,956)
Transfers (out)	-	-	(6,761)	(6,761)
Total other financing sources (uses)	726,893	749,400	722,683	(26,717)
Net changes in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

NOTE 1: *Summary of Significant Accounting Policies*

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

Reporting Entity

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

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

The operations of the Property Appraiser are funded by the Franklin County Board of County Commissioners. The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financial sources received over expenditures are remitted to the Board at year end.

Basis of Presentation

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

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

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

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

Basis of Presentation (Continued)

The Property Appraiser reports the following governmental fund:

Governmental Fund Types

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

Measurement Focus/Basis of Accounting

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

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

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

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

Budget and Budgetary Accounting

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

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

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

Cash and Cash Equivalents

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

Liability for Compensated Absences

Permanent full-time employees of the Property Appraiser accrue annual leave at the rate of 15 days per year and the leave must be used in the year it's accrued. Annual leave is not permitted to accrue year to year. Upon termination or retirement, employees are entitled to any unused annual leave remaining in a calendar year. Employees are entitled to accrue up to 30 days of sick leave and upon termination or retirement, no compensation is made for sick leave accrual.

Related Organizations – Common Expenses

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

- Occupancy costs
- Janitorial services
- Utilities
- Property insurance

Fund Balance

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

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

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

Fund Balance (Continued)

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

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

Distribution of Excess Revenues

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

Use of Estimates

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

Subsequent Events

The Property Appraiser evaluated subsequent events through October 10, 2024, the date which the financial statements were available to be issued. The Property Appraiser did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2: *Cash and Investments*

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

NOTE 3: *Interfund Transactions*

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

Interfund receivable and payable balances at September 30, 2023, were as follows:

Receivable Fund	Payable Fund	Amount
Board of County Commissioners	General Fund	$ 6,761

Operating transfers between funds during the year were as follows:

Transfers in	Transfers Out	Amount
Board of County Commissioners	General Fund	$ 729,444
General Fund	Board of County Commissioners	(6,761)
Total		$ 722,683

NOTE 4: *Retirement*

The Property Appraiser participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Property Appraiser's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

NOTE 4: *Retirement (Continued)*

For financial reporting purposes, the Property Appraiser is deemed to be part of the primary government of Franklin County, Florida. A liability related to the Property Appraiser's proportionate share of FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of Franklin County, Florida for the fiscal year ended September 30, 2023.

NOTE 5: *Risk Management*

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

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

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

INTERNAL CONTROL AND COMPLIANCE SECTION

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

The Honorable Rhonda Skipper
Franklin County, Florida, Property Appraiser
Franklin County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the General fund of Franklin County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements, and have issued our report thereon dated October 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Rhonda Skipper
Franklin County, Florida, Property Appraiser
Franklin County, Florida

Report on the Financial Statements

We have audited the financial statements of the General fund of the Franklin County, Florida Property Appraiser as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated October 10, 2024.

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 Account's Reports on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated October 10, 2024, 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 recommendations made in the preceding annual financial 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. This information is disclosed in Note 1 of the notes to financial statements. There are no component units related to the Property Appraiser.

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

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

The Honorable Rhonda Skipper
Franklin County, Florida, Property Appraiser
Franklin County, Florida

Report on Compliance

We have examined the Franklin County, Florida, Property Appraiser (the "Property Appraiser") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2023. Management is responsible for the Property Appraiser's compliance with the specified requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance with the specified requirements based on our examination.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. We are required to be independent and meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

Opinion

In our opinion, the Property Appraiser complied, in all material respects, with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2023.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

Franklin County, Florida
Sheriff

❖

Special Purpose
Financial Statements

September 30, 2023

Franklin County, Florida
Sheriff

Special Purpose Financial Statements

Year Ended September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Franklin County, Florida, Sheriff (the "Sheriff"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sheriff and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the General fund and the aggregate remaining fund information attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida, as of September 30, 2023, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

As described in Note 8 to the financial statements, a restatement to the beginning fund balance was made to reflect payroll and retirement expenses that were incurred during the year ended September 30, 2022, but not recognized. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

FRANKLIN COUNTY, FLORIDA
SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Prisoner Welfare Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 192,742	$ 26,946	$ 23,365	$ 243,053
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued liabilities	302,195	-	-	302,195
Due to other funds	2,350	-	-	2,350
Total liabilities	304,545	-	-	304,545
Fund balance:				
Restricted	-	26,946	23,365	50,311
Unassigned	(111,803)	-	-	(111,803)
Total fund balance	(111,803)	26,946	23,365	(61,492)
Total liabilities and fund balance	$ 192,742	$ 26,946	$ 23,365	$ 243,053

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Prisoner Welfare Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental	$ 1,061,900	$ -	$ -	$ 1,061,900
Charitable donations	171,022	-	-	171,022
Other	34,476	125,266	12,575	172,317
Total revenues	1,267,398	125,266	12,575	1,405,239
EXPENDITURES				
Current				
Public safety	7,640,714	107,456	6,162	7,754,332
Debt service				
Principal	278,837	12,431	-	291,268
Interest	27,911	1,385	-	29,296
Capital outlay	471,392	-	-	471,392
Total expenditures	8,418,854	121,272	6,162	8,546,288
Excess (deficit) of revenues over (under) expenditures	(7,151,456)	3,994	6,413	(7,141,049)
OTHER FINANCING SOURCES				
Loan proceeds	432,238	-	-	432,238
Other	16,500	-	-	16,500
Transfers in	6,851,231	-	-	6,851,231
Total other financing sources	7,299,969	-	-	7,299,969
Net changes in fund balances	148,513	3,994	6,413	158,920
Fund balances - beginning, restated	(260,316)	22,952	16,952	(220,412)
Fund balances - ending	$ (111,803)	$ 26,946	$ 23,365	$ (61,492)

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with final budget - favorable (unfavorable)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental	$ 717,617	$ 717,617	$ 1,061,900	$ 344,283
Charitable donations	-	-	171,022	171,022
Other	-	-	34,476	34,476
Total revenues	717,617	717,617	1,267,398	549,781
EXPENDITURES				
Current				
Public safety	7,593,933	7,593,933	7,640,714	(46,781)
Debt service				
Principal	-	-	278,837	(278,837)
Interest	-	-	27,911	(27,911)
Capital outlay	-	-	471,392	(471,392)
Total expenditures	7,593,933	7,593,933	8,418,854	(824,921)
Excess (deficit) of revenues over (under) expenditures	(6,876,316)	(6,876,316)	(7,151,456)	(275,140)
OTHER FINANCING SOURCES				
Loan proceeds	-	-	432,238	432,238
Other	-	-	16,500	16,500
Transfers in	6,876,316	6,876,316	6,851,231	(25,085)
Total other financing sources	6,876,316	6,876,316	7,299,969	423,653
Net changes in fund balances	-	-	148,513	148,513
Fund balances - beginning, restated	-	-	(260,316)	(260,316)
Fund balances - ending	$ -	$ -	$ (111,803)	$ (111,803)

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SHERIFF
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

ASSETS	
Cash and cash equivalents	$ 43,657
NET POSITION	
Restricted for:	
Individuals and organizations	$ 43,657

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SHERIFF
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ADDITIONS	
Charges for services	$ 150,478
Bond related	46,070
Other	9,955
Total additions	206,503
DEDUCTIONS	
Payment to individuals	144,461
Payment to other governments	9,820
Payments to BOCC	1,788
Payments to constitutional officers	48,484
Total deductions	204,553
Net increase in fiduciary net position	1,950
Net position - beginning	41,707
Net position - ending	$ 43,657

See accompanying notes to financial statements.

NOTE 1: *Summary of Significant Accounting Policies*

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

Reporting Entity

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

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

The operations of the Sheriff are funded by the Franklin County Board of County Commissioners. The receipts from the Board are recorded as other financing sources on the Sheriff's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financial sources received over expenditures are remitted to the Board at year end.

Basis of Presentation

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

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

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

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

The Sheriff reports the following major governmental funds:

Governmental Fund Types

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

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

Fiduciary Fund Types

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

Measurement Focus/Basis of Accounting

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

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

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

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

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

Budget and Budgetary Accounting

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

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

For the year ended September 30, 2023, expenditures exceeded appropriations within the general fund by $824,921. The excess expenditures were funded by additional revenues, loan proceeds, and future appropriations.

Cash and Cash Equivalents

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

Capital Assets

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

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

Liability for Compensated Absences

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

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

Related Organizations – Common Expenses

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

- Occupancy costs
- Janitorial services
- Utilities
- Property insurance

Fund Balance Reporting

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

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

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

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

Distribution of Excess Revenues

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

Use of Estimates

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

Subsequent Events

The Sheriff evaluated subsequent events through October 10, 2024, the date which the financial statements were available to be issued. The Sheriff did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2: *Cash and Cash Equivalents*

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

NOTE 3: *Interfund Transactions*

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

Interfund receivable and payable balances at September 30, 2023, were as follows:

Receivable Fund	Payable Fund	Amount
Board of County Commissioners	General Fund	$ 2,350

Operating transfers between funds during the year were as follows:

Transfers in	Transfers Out	Amount
General Fund	Board of County Commissioners	$ 6,851,231

NOTE 4: *Long-Term Liabilities*

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

The compensated absences of the Sheriff are accounted for in the Statement of Net Position as follows:

	Balance October 01, 2022	Additions*	Balance September 30, 2023
Compensated absences	$ 374,474	$ 76,101	$ 450,575

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

NOTE 5: *Retirement*

The Sheriff participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Sheriff's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

For financial reporting purposes, the Sheriff is deemed to be part of the primary government of Franklin County, Florida. A liability related to the Sheriff's proportionate share of FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of Franklin County, Florida for the fiscal year ended September 30, 2023.

NOTE 6: *Risk Management*

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

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

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

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

NOTE 7: *Budget*

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

NOTE 8: *Restatement of Fund Balance*

For the fiscal year ended September 30, 2023, the Sheriff has determined that a restatement to beginning net position of the Sheriff is necessary to correct the beginning fund balance due to payroll and retirement expenses that were incurred during the year ended September 30, 2022 but not recognized. Below is a summary of the adjustments.

Net position, beginning of year, as previously reported	$ -
Adjustment to correct retirement expense	(78,033)
Adjustment to correct payroll expense	(182,283)
Net position, beginning of year, as restated	$ (260,316)

SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY, FLORIDA
SHERIFF
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Families in Crisis	Forfeiture Fund	Employee Fund	Kids with Cops	Senior Citizen Fund	Total Other Governmental Fund
ASSETS						
Cash and cash equivalents	$ 3,601	$ 3,070	$ 12,180	$ 862	$ 3,652	$ 23,365
FUND BALANCE						
Restricted	$ 3,601	$ 3,070	$ 12,180	$ 862	$ 3,652	$ 23,365

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Families in Crisis	Forfeiture Fund	Employee Fund	Kids with Cops	Senior Citizen Fund	Total Other Governmental Fund
REVENUES						
Other	$ 18	$ 15	$ 10,178	$ 2,066	$ 298	$ 12,575
EXPENDITURES						
Public safety	-	-	3,156	2,992	14	6,162
Excess (deficit) of revenues over (under) expenditures	18	15	7,022	(926)	284	6,413
Fund balances - beginning	3,583	3,055	5,158	1,788	3,368	16,952
Fund balances - ending	$ 3,601	$ 3,070	$ 12,180	$ 862	$ 3,652	$ 23,365

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

	Bonds	Inmate Trust	Individual Depositor	Other Suspense	Total Agency Funds
ASSETS					
Cash and cash equivalents	$ 34,820	$ 7,965	$ 835	$ 37	$ 43,657
NET POSITION					
Restricted for:					
Individuals and organizations	$ 34,820	$ 7,965	$ 835	$ 37	$ 43,657

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Bonds	Inmate Trust	Individual Depositor	Other Suspense	Total Agency Funds
ADDITIONS					
Charges for services	$ -	$ 150,478	$ -	$ -	$ 150,478
Bond related	46,070	-	-	-	46,070
Other	-	-	8,180	1,775	9,955
Total additions	46,070	150,478	8,180	1,775	206,503
DEDUCTIONS					
Payment to individuals	12,122	125,044	7,295	-	144,461
Payment to other governments	9,820	-	-	-	9,820
Payments to BOCC	-	-	50	1,738	1,788
Payments to constitutional officers	17,308	31,176	-	-	48,484
Total deductions	39,250	156,220	7,345	1,738	204,553
Net change in fiduciary net position	6,820	(5,742)	835	37	1,950
Net position - beginning	28,000	13,707	-	-	41,707
Net position - ending	$ 34,820	$ 7,965	$ 835	$ 37	$ 43,657

See accompanying notes to financial statements.

INTERNAL CONTROL AND COMPLIANCE SECTION

September 30, 2023

LANIGAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS ADVISORS
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of Franklin County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated October 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Sheriff's Response to Findings

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

Purpose of this Report

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

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

2023-001: Material Audit Adjustments

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions: We agree with the findings and recommendations**.** The Sheriff's Office acknowledges the need to strengthen internal controls related to financial reporting and the accurate presentation of financial statements in accordance with GAAP. This includes implementing a formal review process for account reconciliations. Given our agency's limited size and budget, the costs associated with hiring an additional full-time finance officer outweigh the benefits of additional personnel. In an effort to ensure compliance while adhering to reasonable budgetary constraints, the Sheriff's Office intends to engage an external auditor or accountant to aid in the preparation of financial statements and review bank statements and other accounting practices on a quarterly basis (or monthly, if feasible within the budget). We will promptly initiate the search for an external accountant with the aim of implementation by the end of the first quarter of the upcoming fiscal year.

FRANKLIN COUNTY SHERIFF'S OFFICE
SHERIFF A.J. SMITH

270 State Road 65 • Eastpoint, Florida 32328
Phone: 850-670-8500 • Fax: 850-670-8566
www.franklinsheriff.com

Finding: 2023-001: Material Audit Adjustments

Comments on Findings and Recommendations:

We agree with the finding and recommendations.

Actions Taken or Planned:

The Sheriff's Office acknowledges the need to strengthen internal controls related to financial reporting and the accurate presentation of financial statements in accordance with GAAP. This includes implementing a formal review process for account reconciliations. Given our agency's limited size and budget, the costs associated with hiring an additional full-time finance officer outweigh the benefits of additional personnel. In an effort to ensure compliance while adhering to reasonable budgetary constraints, the Sheriff's Office intends to engage an external auditor or accountant to aid in the preparation of financial statements and review bank statements and other accounting practices on a quarterly basis (or monthly, if feasible within the budget). We will promptly initiate the search for an external accountant with the aim of implementation by the end of the first quarter of the upcoming fiscal year.

A.J. Tony Smith
Sheriff
September 20, 2024
sheriff@franklinsheriff.com
(850) 373-4815

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of Franklin County, Florida, Sheriff as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated October 10, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Accountant's Reports on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated October 10, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with the preceding annual financial audit report, there were no significant findings or recommendations.

Official Title and Legal Authority

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

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we make the following recommendations:

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

2. We recommend all bank reconciliations be performed as of the end of the month. We noted several instances where bank reconciliations were performed mid-month.

3. See accompany schedule of findings and responses for additional recommendations.

Views of responsible officials are included in the accompanying corrective action plan.

Additional Matters

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

Purpose of this Letter

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

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

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

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

Report on Compliance

We have examined the Franklin County, Florida, Sheriff (the "Sheriff") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2023. Management is responsible for the Sheriff's compliance with the specified requirements. Our responsibility is to express an opinion on the Sheriff's compliance with the specified requirements based on our examination.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. We are required to be independent and meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

Opinion

In our opinion, the Sheriff complied, in all material respects, with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2023.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

Franklin County, Florida
Supervisor of Elections

❖

Special Purpose
Financial Statements

September 30, 2023

Franklin County, Florida
Supervisor of Elections

Special Purpose Financial Statements

September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

The Honorable Heather Riley
Franklin County Supervisor of Elections
Franklin County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the General fund of the Franklin County, Florida, Supervisor of Elections ("Supervisor of Elections"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General fund of the Supervisor of Elections as of September 30, 2023, and the changes in financial position and the budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Supervisor of Elections and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the General fund of Franklin County, Florida, that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida, as of September 30, 2023, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

The Supervisor of Election's 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Election's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Supervisor of Election's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024 on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

FRANKLIN COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2023

ASSETS	
Cash	$ -
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 18,748
Due to other funds	160
Total liabilities	18,908
Fund balance:	
Unassigned	(18,908)
Total liabilities and fund balance	$ -

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted amounts			Variance with final budget - favorable (unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ -	$ 62,936	$ 62,936
Interest revenue	-	-	201	201
Other	-	-	2,653	2,653
Total revenues	-	-	65,790	65,790
EXPENDITURES				
Current				
General government	427,802	436,293	518,739	(82,446)
Debt service				
Principal	-	-	922	(922)
Interest	-	-	1,170	(1,170)
Total expenditures	427,802	436,293	520,831	(84,538)
(Deficiency) of revenues (under) expenditures	(427,802)	(436,293)	(455,041)	(18,748)
OTHER FINANCING SOURCES (USES)				
Transfers in	427,802	436,293	436,293	-
Transfers (out)	-	-	(160)	(160)
Total other financing sources (uses)	427,802	436,293	436,133	(160)
Net changes in fund balances	-	-	(18,908)	(18,908)
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ (18,908)	$ (18,908)

See accompanying notes to financial statements.

NOTE 1: *Summary of Significant Accounting Policies*

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

Reporting Entity

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

The Supervisor of Elections is part of the primary government of Franklin County, Florida. Although the Board of County Commissioners approves the Supervisor of Elections' total operating budget, the Supervisor of Elections is responsible for the administration and the operation of the Supervisor of Elections' office. There are no separate legal entities (component units) for which the Supervisor of Elections is considered to be financially accountable.

The operations of the Supervisor of Elections are funded by the Franklin County Board of County Commissioners. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financial sources received over expenditures are remitted to the Board at year end.

Basis of Presentation

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

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

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

Basis of Presentation (Continued)

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

The Supervisor of Elections reports the following governmental fund:

Governmental Fund Types

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

Measurement Focus/Basis of Accounting

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

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

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

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

Budget and Budgetary Accounting

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with Florida Statutes. An annual budget is adopted for the general fund.

The Supervisor of Elections' annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

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

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

For the year ended September 30, 2023, expenditures exceeded appropriations within the general fund by $84,538. The excess expenditures were funded by additional revenues and future appropriations.

Cash and Cash Equivalents

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

Liability for Compensated Absences

Permanent full-time employees of the Supervisor of Elections accrue sick leave and upon termination or retirement are entitled to receive 100% of accrued sick leave pay up to a maximum of 60 days. Employees are entitled to four weeks vacation each year or three weeks vacation with one week extra pay in lieu of the fourth week. Upon termination or retirement, an employee is paid 100% of their annual leave up to a maximum of 100 days.

The Supervisor of Elections' accumulated compensated absences are reported in the statement of net position in the County's financial statements.

Related Organizations – Common Expenses

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

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

Fund Balance

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

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

Fund Balance (Continued)

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

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

Distribution of Excess Revenues

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

Use of Estimates

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

Subsequent Events

The Supervisor of Elections evaluated subsequent events through October 10, 2024, the date which the financial statements were available to be issued. The Supervisor of Elections did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2: *Cash*

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

NOTE 3: *Interfund Transactions*

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

Interfund receivable and payable balances at September 30, 2023, were as follows:

Receivable Fund	Payable Fund	Amount
Board of County Commissioners	General Fund	$ 160

Operating transfers between funds for the year ended September 30, 2023, were as follows:

Transfers In	Transfers Out	Amount
General Fund	Board of County Commissioners	$ 436,293
Board of County Commissioners	General Fund	(160)
		$ 436,133

NOTE 4: *Long-Term Liabilities*

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

	Balance October 01, 2022	Additions*	Balance September 30, 2023
Compensated Absences	$ 13,255	$ 1,322	$ 14,577

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

NOTE 5: *Retirement*

The Supervisor of Elections participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Supervisor of Elections' full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

For financial reporting purposes, the Supervisor of Elections is deemed to be part of the primary government of the County. A liability related to the Supervisor of Elections' proportionate share of FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of the County for the fiscal year ended September 30, 2023.

NOTE 6: *Risk Management*

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

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

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

INTERNAL CONTROL AND COMPLIANCE SECTION

SEPTEMBER 30, 2023

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

The Honorable Heather Riley
Franklin County Supervisor of Elections
Franklin County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the General fund of Franklin County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements, and have issued our report thereon dated October 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Heather Riley
Franklin County Supervisor of Elections
Franklin County, Florida

Report on the Financial Statements

We have audited the financial statements of the General fund of the Franklin County, Florida, Supervisor of Elections ("Supervisor of Elections") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated October 10, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Reports on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated October 10, 2024 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 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. This information is disclosed in Note 1 of the notes to the financial statements. There are no component units related to the Supervisor of Elections.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we make the following recommendations:

1. Implement account numbers in accordance with the Uniform Accounting System Manual published by the Department of Financial Services Bureau of Financial Reporting as required by Section 218.33, Florida Statutes (F.S.), which states "Each local governmental entity shall follow uniform accounting practices and procedures as promulgated by rule of the department to assure the use of proper accounting and fiscal management by such units. Such rule shall include a uniform classification of accounts."
2. Ensure accounting records are maintained in accordance with generally accepted accounting principles accepted in the United States of America. We recommend the balances of accounts payable and other liability accounts be reviewed at least monthly.
3. The Supervisor of Elections carries a credit card balance in the amount of $5,284 at an interest rate of approximately 17%. This is an indication that at some point debt was used to finance operations. The County is incurring unnecessary charges for interest and fees on this balance. We recommend the Supervisor of Elections build into their annual budget request additional funding to settle the credit card balance in full.

Additional Matters

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

Purpose of this Letter

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

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

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

The Honorable Heather Riley
Franklin County Supervisor of Elections
Franklin County, Florida

Report on Compliance

We have examined the Franklin County, Florida, Supervisor of Elections (the "Supervisor of Elections") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2023. Management is responsible for the Supervisor of Elections' compliance with the specified requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance with the specified requirements based on our examination.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Supervisor of Elections complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Supervisor of Elections complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. We are required to be independent and meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

Opinion

In our opinion, the Supervisor of Elections complied, in all material respects, with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2023.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

Franklin County, Florida
Tax Collector
❖
Special Purpose
Financial Statements

September 30, 2023

Franklin County, Florida
Tax Collector

Special Purpose Financial Statements

September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

The Honorable Richard Watson
Franklin County Tax Collector
Franklin County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the General fund and aggregate remaining fund information of Franklin County, Florida, Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General fund and remaining aggregate fund information of the Tax Collector, as of September 30, 2023, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tax Collector and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the General fund and aggregate remaining fund information attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Franklin County, Florida as of September 30, 2023, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

The Tax Collector's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tax Collector's basic financial statements. The combining schedule of fiduciary net position – custodial funds and the combining schedule of changes in fiduciary net position – custodial funds ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2023

ASSETS	
Cash and cash equivalents	$ 7,855
Total assets	$ 7,855
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 11,450
Fund balance	(3,595)
Total liabilities and fund balance	$ 7,855

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted amounts			Variance with final budget - favorable (unfavorable)
	Original	Final	Actual	
REVENUES				
Interest Revenue	$ -	$ -	$ 5,000	$ 5,000
Other	-	-	12,878	12,878
Total revenues	-	-	17,878	17,878
EXPENDITURES				
Current				
General government	643,181	658,817	680,290	(21,473)
(Deficiency) of revenues (under) expenditures	(643,181)	(658,817)	(662,412)	(3,595)
OTHER FINANCING SOURCES				
Transfers in	643,181	658,817	658,817	-
Total other financing sources	643,181	658,817	658,817	-
Net changes in fund balance	-	-	(3,595)	(3,595)
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ (3,595)	$ (3,595)

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

ASSETS	
Cash and cash equivalents	$ 797,735
LIABILITIES	
Due to other governmental units	$ 412,780
Due to other county agencies	324,166
Total liabilities	736,946
NET POSITION	
Restricted	60,789
Total net position	$ 60,789

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ADDITIONS	
Taxes	$34,237,909
Permits, fees, and other	2,419,665
Total additions	36,657,574
DEDUCTIONS	
Payments to individuals	2,752,557
Payments to other governmental units	19,077,383
Payments to BOCC	14,884,772
Payments to constitutional officers	28,977
Total deductions	36,743,689
Net (decrease) in fiduciary net position	(86,115)
Net position - beginning	146,904
Net position - ending	$ 60,789

See accompanying notes to financial statements.

NOTE 1: *Summary of Significant Accounting Policies*

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

Reporting Entity

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

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

The operations of the Tax Collector are funded by the Franklin County Board of County Commissioners. The receipts from the Board are recorded as other financing sources on the Tax Collector' financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financial sources received over expenditures are remitted to the Board at year end.

Basis of Presentation

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

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

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

The Tax Collector reports the following fund types:

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

Basis of Presentation (Continued)

Governmental Fund Types

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

Fiduciary Fund Type

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

Measurement Focus/Basis of Accounting

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

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

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

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

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

Budget and Budgetary Accounting

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with Florida Statutes. An annual budget is adopted for the general fund.

The Tax Collector's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

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

For the year ended September 30, 2023, expenditures exceeded appropriations within the general fund by $21,473. The excess expenditures were funded by additional revenues and future appropriations.

Cash and Cash Equivalents

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

Liability for Compensated Absences

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

Related Organizations – Common Expenses

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

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

Fund Balance

The Tax Collector has implemented the provisions of Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the

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

Fund Balance (Continued)

funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned:

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

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

Distribution of Excess Revenues

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

Use of Estimates

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

Subsequent Events

The Tax Collector evaluated subsequent events through October 10, 2024, the date which the financial statements were available to be issued. The Tax Collector did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2: *Cash and Cash Equivalents*

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

NOTE 3: *Interfund Transactions*

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

Operating transfers between funds during the year were as follows:

Transfers in	Transfers Out	Amount
General Fund	Board of County Commissioners	$ 658,817

NOTE 4: *Retirement*

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Tax Collector's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

NOTE 4: *Retirement (Continued)*

For financial reporting purposes, the Tax Collector is deemed to be part of the primary government of the County. A liability related to the Tax Collector's proportionate share of FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of the County for the fiscal year ended September 30, 2023.

NOTE 5: *Risk Management*

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

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

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

SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

	Taxes	Tag (Escrow)	Tag	Total Custodial Funds
ASSETS				
Cash and cash equivalents	$ 752,535	$ 365	$ 44,835	$ 797,735
LIABILITIES				
Due to other governmental units	$ 374,825	$ 350	$ 37,605	$ 412,780
Due to other county agencies	316,936	-	7,230	324,166
Total liabilities	691,761	350	44,835	736,946
NET POSITION				
Restricted	60,774	15	-	60,789
Total net position	$ 60,774	$ 15	$ -	$ 60,789

See accompanying notes to financial statements.

FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Taxes	Tag (Escrow)	Tag	Total Custodial Funds
ADDITIONS				
Taxes	$34,237,909	$ -	$ -	$34,237,909
Permits, fees, and other	52,205	15	2,367,445	2,419,665
Total additions	34,290,114	15	2,367,445	36,657,574
DEDUCTIONS				
Payments to individuals	2,692,490	-	60,067	2,752,557
Payments to other governmental units	16,975,901	-	2,101,482	19,077,383
Payments to BOCC	14,684,910	-	199,862	14,884,772
Payments to constitutional officers	22,943	-	6,034	28,977
Total deductions	34,376,244	-	2,367,445	36,743,689
Net increase (decrease) in fiduciary net position	(86,130)	15	-	(86,115)
Net position - beginning	146,904	-	-	146,904
Net position - ending	$ 60,774	$ 15	$ -	$ 60,789

See accompanying notes to financial statements.

INTERNAL CONTROL AND COMPLIANCE SECTION

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

The Honorable Richard Watson
Franklin County Tax Collector
Franklin County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the General fund and remaining aggregate fund information of Franklin County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements, and have issued our report thereon dated October 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Tax Collector's Response to Findings

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

Purpose of this Report

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

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

2023-001: Material Audit Adjustments

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions: In QuickBooks, our office will work with the auditors to post the adjustments to the custodial accounts in accordance with general GAAP procedures.

FRANKLIN COUNTY, FLORIDA
TAX COLLECTOR
CORRECTIVE ACTION PLAN
SEPTEMBER 30, 2023

Richard Watson
Franklin County Tax Collector
rwatson@franklincountytaxcollector.com

Apalachicola Office
33 Market Street, Suite 202
Post Office Drawer 188
Apalachicola, Florida,32329
850.653.9323
Fax 653.2529

Carrabelle Office
1647 Highway 98 E
Carrabell, Florida 32322
850.697.3263
Fax 653.2457

Finding: 2023-0001: Material Audit Adjustments

Actions Taken or Planned:

1. In Quickbooks, our office will work with the auditors to post the adjustments to the custodial accounts in accordance with general GAAP procedures.

2. In Quickbooks, our office will work with the auditors to create accounts in accordance with GAAP numbering system.

3. In Quickbooks, our office will confirm closing dates to confirm to the county's fiscal year.

These actions will be completed by October 1, 2024.

Richard Watson

Richard Watson, CFC

Franklin County Tax Collector

July 31, 2024

rwatson@franklincountytaxcollector.com

FAX number: 850.653.2529

LANIGAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS ADVISORS
www.laniganpa.com

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Richard Watson
Franklin County Tax Collector
Franklin County, Florida

Report on the Financial Statements

We have audited the financial statements of the General fund and the aggregate remaining fund information of Franklin County, Florida, Tax Collector as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated October 10, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated October 10, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with the preceding annual financial audit report, there were no significant findings or recommendations.

Official Title and Legal Authority

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

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we make the following recommendations:

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

2. During our audit, we observed that the custodial funds' QuickBooks files have a December 31st year-end. We recommend that the custodial funds align with the Tax Collector's September 30th year-end.

3. See accompany schedule of findings and responses for additional recommendations.

Views of responsible officials are included in the accompanying corrective action plan.

Additional Matters

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

Purpose of this Letter

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

Lanigan & Associates, PC

Tallahassee, Florida
October 10, 2024

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

The Honorable Richard Watson
Franklin County Tax Collector
Franklin County, Florida

Report on Compliance

We have examined the Franklin County, Florida, Tax Collector (the "Tax Collector") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2023. Management is responsible for the Tax Collector's compliance with the specified requirements. Our responsibility is to express an opinion on the Tax Collector's compliance with the specified requirements based on our examination.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Tax Collector complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. We are required to be independent and meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

Opinion

In our opinion, the Tax Collector complied, in all material respects, with the local government investment policy requirements of Section 218.415, Florida Statutes, for the year ended September 30, 2023.

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