

**SANTA ROSA COUNTY, FLORIDA SHERIFF**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2002**

**SANTA ROSA COUNTY, FLORIDA SHERIFF**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2002**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	2
<b>SPECIAL PURPOSE FINANCIAL STATEMENTS</b>	
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types and Similar Trust Funds	5
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	6
Notes to Financial Statements	7
<b>COMBINING FUND FINANCIAL STATEMENTS</b>	
Combining Balance Sheet - Special Revenue Funds	15
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Funds	16
Combining Balance Sheet - Trust and Agency Funds	17
Combining Statement of Changes in Assets and Liabilities - Agency Funds	18
<b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	20
<b>MANAGEMENT LETTER</b>	22
<b>MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER</b>	25

## INDEPENDENT AUDITOR'S REPORT

Honorable Wendell Hall  
Sheriff  
Santa Rosa County, Florida

We have audited the accompanying special purpose financial statements of the Office of the Sheriff of Santa Rosa County, Florida (hereinafter referred to as "Sheriff") as of and for the year ended September 30, 2002, as listed in the table of contents. These special purpose financial statements are the responsibility of the Sheriff's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special purpose financial statements were prepared for the purpose of complying with state reporting requirements as described in Note A and are intended to present the financial position and results of operations of only that portion of the financial reporting entity of Santa Rosa County, Florida that is attributable to the transactions of the Sheriff of Santa Rosa County, Florida.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Sheriff, as of September 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2002 on our consideration of the Sheriff's internal control over financial reporting and our tests of its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the special purpose financial statements of the Sheriff taken as a whole. The combining fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the special purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the special purpose financial statements taken as a whole.

*O'Sullivan Creel, LLP*

December 13, 2002

**Santa Rosa County, Florida Sheriff**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**September 30, 2002**

	Governmental Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General Fund	Special Revenue	Trust and Agency	General	General	
				Fixed Assets	Long-Term Debt	
<b>ASSETS AND OTHER DEBITS</b>						
Cash	\$ 3,525,697	\$ 292,274	\$ 1,066,442	\$ --	\$ --	\$ 4,884,413
Due from other funds	176,978	--	17,372	--	--	194,350
Due from other governmental units	96,281	145,159	60	--	--	241,500
Accounts receivable	--	--	16,305	--	--	16,305
Inventory	10,802	--	--	--	--	10,802
Fixed assets	--	--	--	6,524,127	--	6,524,127
Amount to be provided for compensated absences	--	--	--	--	2,780,400	2,780,400
Total assets and other debits	<u>\$ 3,809,758</u>	<u>\$ 437,433</u>	<u>\$ 1,100,179</u>	<u>\$ 6,524,127</u>	<u>\$ 2,780,400</u>	<u>\$ 14,651,897</u>
<b>LIABILITIES</b>						
Accounts payable and accrued payroll	\$ 636,428	\$ 2,900	\$ 16,001	\$ --	\$ --	\$ 655,329
Due to other funds	--	176,978	17,372	--	--	194,350
Due to other governmental units	3,173,330	--	26,698	--	--	3,200,028
Deposits	--	--	68,318	--	--	68,318
Deferred revenue	--	201,364	--	--	--	201,364
Compensated absences	--	--	--	--	2,780,400	2,780,400
Total liabilities	<u>3,809,758</u>	<u>381,242</u>	<u>128,389</u>	<u>--</u>	<u>2,780,400</u>	<u>7,099,789</u>
<b>FUND BALANCE AND OTHER CREDITS</b>						
Investment in general fixed assets	--	--	--	6,524,127	--	6,524,127
Fund balance						
Unreserved	--	--	971,790	--	--	971,790
Reserved for law enforcement training	--	56,191	--	--	--	56,191
Total fund balance and other credits	<u>--</u>	<u>56,191</u>	<u>971,790</u>	<u>6,524,127</u>	<u>--</u>	<u>7,552,108</u>
Total liabilities, fund balance and other credits	<u>\$ 3,809,758</u>	<u>\$ 437,433</u>	<u>\$ 1,100,179</u>	<u>\$ 6,524,127</u>	<u>\$ 2,780,400</u>	<u>\$ 14,651,897</u>

*The accompanying notes are an integral part of these financial statements.*

**Santa Rosa County, Florida Sheriff**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES**  
**AND SIMILAR TRUST FUNDS**  
**For the year ended September 30, 2002**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General Fund	Special Revenue	Expendable Trust fund Prisoners' Recreation	
<b>REVENUES</b>				
Intergovernmental	\$ --	\$ 863,140	\$ --	\$ 863,140
Miscellaneous	--	363	377,730	378,093
Total revenues	--	863,503	377,730	1,241,233
<b>EXPENDITURES</b>				
Current				
General government				
Judicial				
Personal services	329,955	--	--	329,955
Operating	13,734	--	--	13,734
Public safety				
Law enforcement				
Personal services	8,943,951	895,303	--	9,839,254
Operating	1,986,685	145,138	257,626	2,389,449
Capital outlay	935,070	66,313	--	1,001,383
Correction and detention				
Personal services	4,604,023	--	--	4,604,023
Operating	1,541,811	--	--	1,541,811
Total expenditures	18,355,229	1,106,754	257,626	19,719,609
Excess (deficiency) of revenues over expenditures	(18,355,229)	(243,251)	120,104	(18,478,376)
<b>OTHER FINANCING SOURCES (USES)</b>				
BOCC appropriation	21,658,880	--	--	21,658,880
BOCC excess fees	(3,027,255)	--	--	(3,027,255)
Interfund transfers	(276,396)	276,396	--	--
Total other financing sources (uses)	18,355,229	276,396	--	18,631,625
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	--	33,145	120,104	153,249
<b>FUND BALANCE, BEGINNING OF YEAR</b>	--	23,046	851,686	874,732
<b>FUND BALANCE, END OF YEAR</b>	\$ --	\$ 56,191	\$ 971,790	\$ 1,027,981

*The accompanying notes are an integral part of these financial statements.*

**Santa Rosa County, Florida Sheriff**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the year ended September 30, 2002**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>	\$ --	\$ --	\$ --
<b>EXPENDITURES</b>			
Current			
General government			
Judicial			
Personal services	346,690	329,955	16,735
Operating	33,855	13,734	20,121
Public safety			
Law enforcement			
Personal services	10,473,171	8,943,951	1,529,220
Operating	2,437,785	1,986,685	451,100
Capital outlay	1,076,630	935,070	141,560
Correction and detention			
Personal services	5,718,609	4,604,023	1,114,586
Operating	1,552,140	1,541,811	10,329
Capital outlay	20,000	--	20,000
Total expenditures	<u>21,658,880</u>	<u>18,355,229</u>	<u>3,303,651</u>
Excess (deficiency) of revenues over expenditures	(21,658,880)	(18,355,229)	3,303,651
<b>OTHER FINANCING SOURCES (USES)</b>			
BOCC appropriation	21,658,880	21,658,880	--
BOCC excess fees	--	(3,027,255)	(3,027,255)
Interfund transfers	--	(276,396)	(276,396)
Total other financing sources (uses)	<u>21,658,880</u>	<u>18,355,229</u>	<u>(3,303,651)</u>
<b>Excess of revenues and other     financing sources over expenditures     and other financing uses</b>	--	--	--
<b>FUND BALANCE, BEGINNING OF YEAR</b>	--	--	--
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

*The accompanying notes are an integral part of these financial statements.*

**Santa Rosa County, Florida Sheriff**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2002**

---

---

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

**1. Reporting Entity**

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," established standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state, or local level. Financial reporting by a state or local government should report the elected officials' accountability for those organizations.

As concluded by the GASB, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Sheriff, as established by Article VIII of the Constitution of the State of Florida, is an elected official of the County. The Sheriff is considered part of Santa Rosa County, Florida's primary government for purposes of GASB No. 14. These financial statements of the Sheriff are issued separately to comply with Section 10.557 (3), Rules of the Auditor General for Local Governmental Entity Audits, pursuant to Section 11.45 (8), Florida Statutes.

**2. Fund Accounting**

The accounting system of the Sheriff is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The funds and account groups utilized by the Sheriff's office are as follows:

**Governmental Funds**

These funds utilize a modified accrual basis of accounting. The measurement focus is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

**Santa Rosa County, Florida Sheriff**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2002**

---

---

**NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)**

**2. Fund Accounting -- (Continued)**

**General Fund** is used to account for all financial resources which are generated from operations of the office, appropriations from the Board of County Commissioners, or any other resources not required to be accounted for in another fund.

**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 specific purposes.

- 1) Grant accounts for grant revenues and expenditures from several grantors which are used according to the terms of each grant.
- 2) Second Dollar accounts for shared fine revenues from the Santa Rosa Board of County Commissioners which are used for law enforcement training purposes.
- 3) Federal Seizure accounts for shared seizure revenues from the United States Department of Justice which are to be used for law enforcement purposes.

**Fiduciary Funds**

The two types of fiduciary funds are trust funds and agency funds.

**Expendable Trust Fund** accounts for assets where both the principal and interest may be spent, and utilizes the same measurement focus and basis of accounting as governmental fund types.

- 1) Prisoner Recreation accounts for jail commissary and vending machine revenues that are used to provide recreational facilities and equipment for the prisoners.

**Agency Funds** account for assets held in a custodial capacity for others. Assets equal liabilities in agency funds, and results of operations are not measured. The agency funds utilized are:

- 1) Cash Bond accounts for the collection and disbursement of bond monies posted by individuals upon arrest. These monies are held by the Sheriff until final disposition instructions are received from the Courts. In September 2002, the Clerk of Courts assumed responsibility for holding and accounting for cash bonds.

**Santa Rosa County, Florida Sheriff**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2002**

---

---

**NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)**

**2. Fund Accounting -- (Continued)**

- 2) Individual Depositors accounts for the collection and disbursement of monies deposited primarily by insurance companies and attorneys awaiting civil process.
- 3) Suspense accounts for the collection of monies obtained from the Sheriff's sale of abandoned and confiscated property, various court levies, writs of execution, and miscellaneous receipts and the subsequent disbursements to individuals, state agencies, and the Board of County Commissioners.
- 4) Prisoners' Personal accounts for receipts and disbursements of prisoners' personal funds during the period of incarceration.
- 5) Seizure accounts for cash confiscated by the Sheriff's department which is held pending disposition.
- 6) Flower accounts for the collection and disbursement of funds donated by employees to purchase flowers for certain occasions.
- 7) Death Investigation accounts for cash held on behalf of deceased individuals pending disposition.

**Account Groups**

Included in the Sheriff's accounting system are "account groups." These self-balancing account groups are not funds and do not reflect available financial resources and related liabilities.

**General Fixed Assets Account Group** is used to maintain control and cost information on fixed assets owned by the Sheriff.

**General Long-Term Debt Account Group** is used to establish accountability for the Sheriff's long-term debt. This account group reflects all long-term obligations of the Sheriff.

**3. Basis of Accounting**

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made,

**Santa Rosa County, Florida Sheriff**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2002**

---

---

**NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)**

**3. Basis of Accounting -- (Continued)**

regardless of the measurement focus applied. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred.

**4. Inventory**

Inventory consists of general office supplies available for all departments. Inventory is valued at cost (first in, first out). The Sheriff uses the consumption method of accounting in which inventory acquisitions are recorded in inventory initially and charged as expenditures when used.

**5. Accounting for Fixed Assets**

General fixed assets are recorded as expenditures by the acquiring fund at the time of purchase. These assets are subsequently capitalized in the general fixed assets account group. The Sheriff does not engage in the acquisition of public domain (infrastructure) assets. No depreciation is provided for general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at estimated fair value on the date donated.

**6. Budgets and Budgetary Accounting**

The Sheriff operates under budget procedures pursuant to Chapters 30 and 129, Florida Statutes. The Sheriff's general fund budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America. The Sheriff is not legally required to prepare a budget for the special revenue and expendable trust funds; therefore, comparative budget and actual results are not presented for these funds.

**7. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Sheriff.

**Santa Rosa County, Florida Sheriff  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2002**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)**

**8. Compensated Absences**

The Sheriff does not accrue a liability for sick leave or annual leave in the general fund, as payments on this liability will not be made with expendable available financial resources. At September 30, 2002, the liability for accumulated sick leave, annual leave and comp time was \$1,137,803, \$1,551,066 and \$91,531, respectively. These amounts are recorded in the general long-term debt account group of the Sheriff.

**9. Total Column**

The total column is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE B - CASH AND INVESTMENTS**

The Sheriff's deposits at year-end were held by financial institutions designated as "qualified public depositories" by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institutions in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes.

Statutes authorize the Sheriff to invest in direct obligations of the U.S. Treasury, interest bearing time deposits or savings accounts in banks participating in the multiple financial institution collateral pool, the Local Government Surplus Funds, and SEC registered money market funds.

**NOTE C - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance October 1, <u>2001</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2002</u>
Vehicles, equipment and furniture	<u>\$6,148,442</u>	<u>\$1,070,740</u>	<u>\$ 695,055</u>	<u>\$6,524,127</u>

**Santa Rosa County, Florida Sheriff**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2002**

---

---

**NOTE D - LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year.

*Compensated Absences*

Balance - October 1, 2001	\$ 2,576,048
Net change	<u>204,352</u>
Balance - September 30, 2002	<u>\$ 2,780,400</u>

**NOTE E - RETIREMENT PLAN**

**Participation** - Employees of the Sheriff participate in the Florida Retirement System (FRS), a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system. Eligible employees may elect to participate in the Deferred Retirement Option Program (DROP), deferring receipt of retirement benefits while continuing employment with a Florida Retirement System employer.

**Contributions** - Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon state-wide rates established by the State of Florida. During 2002, the Sheriff contributed an average of 6.92% of each qualified regular employee's gross salary, 14.32% of the elected official's salary, 17.83% of each special risk employee's salary, and 11.78% for each DROP participant. The contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$1,564,318, \$1,407,807 and \$1,808,357 for the years ended September 30, 2002, 2001, and 2000, respectively.

**Benefit Provisions** - The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 10 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 10 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. For DROP participants, the

**Santa Rosa County, Florida Sheriff**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2002**

---

---

**NOTE E - RETIREMENT PLAN -- (Continued)**

deferred monthly benefit plus interest compounded monthly, accrues for the specified period of the DROP participation. Upon retirement, the participant receives the total accumulated DROP benefits and begins to receive current benefits at the previously determined rate.

**Financial Report of the Plan** - The Florida Retirement System issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

**NOTE F - OPERATING LEASES**

The Sheriff leases two district offices under noncancelable operating leases expiring in November and December 2002. Certain other office equipment is leased under noncancelable operating leases expiring in various years through 2008.

<u>Year ending</u> <u>September 30,</u>	
2003	\$ 57,380
2004	46,316
2005	45,996
2006	37,239
2007	10,968
Thereafter	<u>1,828</u>
Total minimum payments required	<u>\$ 199,727</u>

Rental expense for the year ended September 30, 2002 amounted to \$135,990.

**NOTE G - EXCESS REVENUE**

In accordance with Section 218.36, Florida Statutes, excess revenue is remitted to the Board of County Commissioners at fiscal year end. Excess revenue due to the Board of County Commissioners at September 30, 2002 is reported as due to other governmental units. Charges for services, interest income and other miscellaneous revenues collected by the Sheriff are considered to be "agency" transactions, not available for expenditure by the Sheriff, and are remitted to the Board on a monthly basis.

**Santa Rosa County, Florida Sheriff**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2002**

---

---

**NOTE H - GRANT ASSISTANCE**

The Sheriff serves as implementing agency for various grants which are reported in the Single Audit Report prepared by the Santa Rosa County Board of County Commissioners.

**NOTE I - RISK MANAGEMENT**

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board of County Commissioners has established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment

The County is covered by outside insurance for the following exposures:

- Portable Communication Equipment
- Boats
- Employee Fidelity
- General Liability, \$100,000 deductible
- Public Officials' Liability, \$100,000 deductible

Conventional insurance remains in effect for buildings, contents, Sheriff's general and professional liability, Sheriff's automobiles, and Sheriff's medical malpractice for treatment of prisoners. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**COMBINING FUND FINANCIAL STATEMENTS**

**Santa Rosa County, Florida Sheriff**  
**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS**  
**September 30, 2002**

<b>ASSETS</b>	Grant Fund	Second Dollar Fund	Federal Seizure Fund	Totals
Cash	\$ 225,943	\$ 56,191	\$ 10,140	\$ 292,274
Due from other governmental units	145,159	--	--	145,159
Total assets	<u>\$ 371,102</u>	<u>\$ 56,191</u>	<u>\$ 10,140</u>	<u>\$ 437,433</u>
 <b>LIABILITIES AND FUND BALANCE</b>				
Liabilities				
Accounts payable	\$ 2,900	\$ --	\$ --	\$ 2,900
Due to other funds	176,978	--	--	176,978
Deferred revenue	191,224	--	10,140	201,364
Total liabilities	<u>371,102</u>	<u>--</u>	<u>10,140</u>	<u>381,242</u>
Fund Balance				
Reserved for law enforcement training	--	56,191	--	56,191
Total liabilities and fund balance	<u>\$ 371,102</u>	<u>\$ 56,191</u>	<u>\$ 10,140</u>	<u>\$ 437,433</u>

**Santa Rosa County, Florida Sheriff**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS**  
**For the year ended September 30, 2002**

	Grant Fund	Second Dollar Fund	Totals
<b>REVENUES</b>			
Intergovernmental	\$ 830,004	\$ 33,136	\$ 863,140
Miscellaneous	--	363	363
Total revenues	830,004	33,499	863,503
<b>EXPENDITURES</b>			
Current			
Public safety			
Law enforcement			
Personal services	895,303	--	895,303
Operating	144,784	354	145,138
Capital outlay	66,313	--	66,313
Total expenditures	1,106,400	354	1,106,754
Excess (deficiency) of revenues over expenditures	(276,396)	33,145	(243,251)
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund transfers	276,396	--	276,396
	276,396	--	276,396
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	--	33,145	33,145
<b>FUND BALANCE, BEGINNING OF YEAR</b>	--	23,046	23,046
<b>FUND BALANCE, END OF YEAR</b>	\$ --	\$ 56,191	\$ 56,191

**Santa Rosa County, Florida Sheriff**  
**COMBINING BALANCE SHEET - TRUST AND AGENCY FUNDS**  
**September 30, 2002**

	Agency	Expendable Trust Prisoners' Recreation	Totals
<b>ASSETS</b>			
Cash	\$ 114,155	\$ 952,287	\$ 1,066,442
Due from other funds	--	17,372	17,372
Due from other governments	60	--	60
Accounts receivable	--	16,305	16,305
Total assets and other debits	<u>\$ 114,215</u>	<u>\$ 985,964</u>	<u>\$ 1,100,179</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts payable	\$ 2,567	\$ 13,434	\$ 16,001
Due to other governments	25,958	740	26,698
Due to other funds	17,372	--	17,372
Deposits	68,318	--	68,318
Total liabilities	<u>114,215</u>	<u>14,174</u>	<u>128,389</u>
Fund balance			
Unreserved	<u>--</u>	<u>971,790</u>	<u>971,790</u>
Total liabilities and fund balance	<u>\$ 114,215</u>	<u>\$ 985,964</u>	<u>\$ 1,100,179</u>

**Santa Rosa County, Florida Sheriff**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the year ended September 30, 2002**

	Balances 10/01/01	Additions	Deductions	Balances 9/30/02
<b><u>Cash Bond Fund</u></b>				
Assets				
Cash	\$ 280,547	\$ 519,608	\$ 800,155	\$ --
Liabilities				
Deposits	\$ 280,547	\$ 519,608	\$ 800,155	\$ --
<b><u>Individual Depositors Fund</u></b>				
Assets				
Cash	\$ 6,635	\$ 88,459	\$ 88,242	\$ 6,852
Due from other governments	--	60	--	60
	<u>\$ 6,635</u>	<u>\$ 88,519</u>	<u>\$ 88,242</u>	<u>\$ 6,912</u>
Liabilities				
Deposits	\$ 6,635	\$ 88,519	\$ 95,154	\$ --
Due to other governments	--	6,912	--	6,912
	<u>\$ 6,635</u>	<u>\$ 95,431</u>	<u>\$ 95,154</u>	<u>\$ 6,912</u>
<b><u>Suspense Fund</u></b>				
Assets				
Cash	\$ 19,412	\$ 161,388	\$ 164,899	\$ 15,901
Due from other governments	976	--	976	--
	<u>\$ 20,388</u>	<u>\$ 161,388</u>	<u>\$ 165,875</u>	<u>\$ 15,901</u>
Liabilities				
Deposits	\$ 19,412	\$ 161,376	\$ 164,899	\$ 15,889
Due to other governments	976	12	976	12
	<u>\$ 20,388</u>	<u>\$ 161,388</u>	<u>\$ 165,875</u>	<u>\$ 15,901</u>
<b><u>Prisoners' Personal Fund</u></b>				
Assets				
Cash	\$ 19,832	\$ 519,783	\$ 516,061	\$ 23,554
Other receivable	14,223	--	14,223	--
	<u>\$ 34,055</u>	<u>\$ 519,783</u>	<u>\$ 530,284</u>	<u>\$ 23,554</u>
Liabilities				
Deposits	\$ 19,832	\$ 519,783	\$ 533,433	\$ 6,182
Due to other funds	14,223	3,149	--	17,372
	<u>\$ 34,055</u>	<u>\$ 522,932</u>	<u>\$ 533,433</u>	<u>\$ 23,554</u>

Continued...

**Santa Rosa County, Florida Sheriff**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS -- (Continued)**  
**For the year ended September 30, 2002**

	Balances 10/01/01	Additions	Deductions	Balances 09/30/02
<b><u>Seizure Fund</u></b>				
Assets				
Cash	\$ 44,639	\$ 27,249	\$ 20,806	\$ 51,082
Liabilities				
Deposits	\$ 44,639	\$ 27,249	\$ 42,407	29,481
Accounts payable	--	2,567	--	2,567
Due to other governments	--	19,034	--	19,034
	<u>\$ 44,639</u>	<u>\$ 48,850</u>	<u>\$ 42,407</u>	<u>\$ 51,082</u>
<b><u>Death Investigation Fund</u></b>				
Assets				
Cash	\$ 20	\$ 13,086	\$ --	\$ 13,106
Liabilities				
Deposits	\$ 20	\$ 13,086	\$ --	\$ 13,106
<b><u>Flower Fund</u></b>				
Assets				
Cash	\$ 2,432	\$ 2,538	\$ 1,310	\$ 3,660
Liabilities				
Deposits	\$ 2,432	\$ 2,538	\$ 1,310	\$ 3,660
<b><u>Total - All Agency Funds</u></b>				
Assets				
Cash	\$ 373,517	\$ 1,332,111	\$ 1,591,473	\$ 114,155
Other receivable	14,223	--	14,223	--
Due from other governments	976	60	976	60
	<u>\$ 388,716</u>	<u>\$ 1,332,171</u>	<u>\$ 1,606,672</u>	<u>\$ 114,215</u>
Liabilities				
Deposits	\$ 373,517	\$ 1,332,159	\$ 1,637,358	\$ 68,318
Accounts payable	--	2,567	--	2,567
Due to other governments	976	25,958	976	25,958
Due to other funds	14,223	3,149	--	17,372
	<u>\$ 388,716</u>	<u>\$ 1,363,833</u>	<u>\$ 1,638,334</u>	<u>\$ 114,215</u>

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

Honorable Wendell Hall  
Sheriff  
Santa Rosa County, Florida

We have audited the special purpose financial statements of the Office of Sheriff of Santa Rosa County, Florida, (Sheriff), as of and for the year ended September 30, 2002, and have issued our report thereon dated December 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course

of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weaknesses. However, we noted a matter involving the internal control over financial reporting, which we have reported to management in a separate letter dated December 13, 2002.

This report is intended solely for the information and use of the Sheriff, management, and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

*O'Sullivan Creel, LLP*

December 13, 2002

## MANAGEMENT LETTER

Honorable Wendell Hall  
Sheriff  
Santa Rosa County, Florida

We have audited the special purpose financial statements of the Office of the Sheriff of Santa Rosa County, Florida (hereinafter referred to as “Sheriff”), as of and for the year ended September 30, 2002, and have, issued our report thereon dated December 13, 2002.

We have issued our Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 13, 2002. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (g) 1. a.) require that we comment as to whether or not inaccuracies, irregularities, shortages, defalcations, and violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. All such matters disclosed in the preceding annual financial audit report were addressed and resolved.

The Rules of the Auditor General (Section 10.554 (1) (g) 1. b.) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report have been satisfactorily implemented.

As required by the Rules of the Auditor General (Section 10.554 (1) (g) 2.), we determined that the Sheriff is in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.

The Rules of Auditor General (Sections 10.554 (1) (g) 3., and 4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's report on the internal control structure and on compliance with laws and regulations: recommendations to improve financial management, accounting procedures and internal controls; violations of laws, rules, regulations and contractual provisions that have occurred, or were likely to have occurred and were discovered within the scope of the audit; illegal or improper expenditures discovered within the scope of the audit that may or may not materially affect the financial statements; improper or inadequate accounting procedures; failures to properly record financial transactions; and other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed the item listed in Attachment A which is required to be disclosed by Rules of the Auditor General (Sections 10.554 (1) (g) 3., and 4).

This report is intended solely for the information and use of the Sheriff, management, and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

*O'Sullivan Creel, LLP*

December 13, 2002

**Santa Rosa County, Florida Sheriff**  
**SCHEDULE OF CURRENT YEAR MANAGEMENT COMMENTS**  
**For the year ended September 30, 2002**

---

---

**2002-1 – SEGREGATION OF DUTIES**

*Finding* – We noted limited segregation of duties within the accounting function related to the area of cash. Currently, the accounting manager directly receives and reconciles the bank statements. Additionally, the manager has access to the check stock, signature stamp, and the accounting records. In an ideal internal control environment, employee duties should be segregated so that no single employee has access to both physical assets and the related accounting records over those assets. Such lack of segregated duties may create an environment where unintentional errors or irregularities could occur and not be promptly detected.

*Recommendation* – Because of a limited number of available personnel within the office, it is not always possible to segregate incompatible duties. However, we recommend the following to strengthen internal controls:

- Manager outside of the accounting function review the bank statements and enclosures prior to them being forwarded to the accounting department for reconciliation.
- Periodic supervisory reviews of the bank reconciliations.
- Either maintain control of the signature stamp outside of the accounting department, or alternatively, have a manager outside of the accounting function review and approve the cash disbursement report prior to the issuance of the checks.

**Santa Rosa County, Florida Sheriff**  
**RESPONSE TO MANAGEMENT LETTER**  
**For the year ended September 30, 2002**

---

---

**2002-1 - SEGREGATION OF DUTIES**

The Sheriff's Office will follow the recommendations of the auditors as to the procedures regarding bank statements and reconciliations. Bank statements will be delivered to administration, opened and reviewed by the Administrative Major, prior to being reconciled by the fiscal department. The Major will then review the reconciliations when completed. As to the security of the signature stamp, the new accounting software and the addition of a laser check printer have eliminated the need for a signature stamp.