

SANTA ROSA COUNTY, FLORIDA SHERIFF
FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

SANTA ROSA COUNTY, FLORIDA SHERIFF

FINANCIAL STATEMENTS

SEPTEMBER 30, 2003

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	2
FUND FINANCIAL STATEMENTS	
Balance Sheet - Governmental Funds	5
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	6
Statement of Fiduciary Net Assets - Agency Funds	7
Notes to the Financial Statements	8
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) to Actual: General Fund	17
SUPPLEMENTARY INFORMATION - COMBINING FUND FINANCIAL STATEMENTS	
Combining Balance Sheet - All Non-Major Governmental Funds	18
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Non-Major Governmental Funds	19
Combining Schedule of Fiduciary Net Assets – All Agency Funds	20
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	21

SANTA ROSA COUNTY, FLORIDA SHERIFF

FINANCIAL STATEMENTS

SEPTEMBER 30, 2003

TABLE OF CONTENTS

	<u>Page</u>
MANAGEMENT LETTER	23
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER	25



O'SULLIVAN CREEL, LLP
Certified Public Accountants & Consultants

316 South Baylen Street - Suite 200 - Pensacola, FL 32502

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, 2003, 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.

As discussed in Note A to the financial statements, the Sheriff's financial statements are special purpose financial statements presenting only the financial position and results of operations of the Sheriff. These special purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Santa Rosa County, Florida, taken as a whole. As permitted by Chapter 10.556(5), Rules of the Auditor General State of Florida, the special purpose financial statements consists of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

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, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on page 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2003 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.

O'Sullivan Creel, LLP

December 19, 2003

Santa Rosa County, Florida Sheriff
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2003

	General Fund	Jail Commissary Fund	Other Non-major Governmental Funds	Totals Governmental Funds
ASSETS				
Cash	\$ 1,491,386	\$ 1,082,061	\$ 195,556	\$ 2,769,003
Due from other funds	222,688	30,290	--	252,978
Due from other governmental units	199,632	--	146,924	346,556
Accounts receivable	432	17,055	--	17,487
Inventory	10,748	--	--	10,748
Total assets	<u>\$ 1,924,886</u>	<u>\$ 1,129,406</u>	<u>\$ 342,480</u>	<u>\$ 3,396,772</u>
LIABILITIES				
Accounts payable and accrued payroll	\$ 591,900	\$ 23,948	\$ --	\$ 615,848
Due to other funds	--	--	222,688	222,688
Due to other governmental units	1,332,986	1,606	3,522	1,338,114
Deferred revenue	--	--	34,660	34,660
Total liabilities	<u>1,924,886</u>	<u>25,554</u>	<u>260,870</u>	<u>2,211,310</u>
FUND BALANCE				
Fund balance				
Unreserved	--	1,103,852	--	1,103,852
Reserved for law enforcement training	--	--	81,610	81,610
Total fund balance	<u>--</u>	<u>1,103,852</u>	<u>81,610</u>	<u>1,185,462</u>
 Total liabilities and fund balance	 <u>\$ 1,924,886</u>	 <u>\$ 1,129,406</u>	 <u>\$ 342,480</u>	 <u>\$ 3,396,772</u>

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 - GOVERNMENTAL FUNDS
For the year ended September 30, 2003

	General Fund	Jail Commissary Fund	Other Non-major Governmental Funds	Totals Governmental Funds
REVENUES				
Intergovernmental	\$ 176,236	\$ --	\$ 824,347	\$ 1,000,583
Forfeitures	--	--	11,904	11,904
Miscellaneous	1,198	422,321	577	424,096
Total revenues	<u>177,434</u>	<u>422,321</u>	<u>836,828</u>	<u>1,436,583</u>
EXPENDITURES				
Current				
General government				
Judicial				
Personal services	353,409	--	--	353,409
Operating	16,126	--	--	16,126
Public safety				
Law enforcement				
Personal services	9,998,821	--	681,296	10,680,117
Operating	2,164,933	--	87,387	2,252,320
Capital outlay	831,284	--	186,633	1,017,917
Correction and detention				
Personal services	4,846,777	--	--	4,846,777
Operating	1,494,882	290,259	--	1,785,141
Total expenditures	<u>19,706,232</u>	<u>290,259</u>	<u>955,316</u>	<u>20,951,807</u>
Excess (deficiency) of revenues over expenditures	(19,528,798)	132,062	(118,488)	(19,515,224)
OTHER FINANCING SOURCES (USES)				
BOCC appropriation	20,695,326	--	--	20,695,326
BOCC excess fees	(1,022,621)	--	--	(1,022,621)
Interfund transfers	(143,907)	--	143,907	--
Total other financing sources (uses)	<u>19,528,798</u>	<u>--</u>	<u>143,907</u>	<u>19,672,705</u>
Excess of revenues and other financing sources over expenditures and other financing uses	--	132,062	25,419	157,481
FUND BALANCE, BEGINNING OF YEAR	<u>--</u>	<u>971,790</u>	<u>56,191</u>	<u>1,027,981</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 1,103,852</u>	<u>\$ 81,610</u>	<u>\$ 1,185,462</u>

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

Santa Rosa County, Florida Sheriff
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
September 30, 2003

ASSETS

Cash	\$ 119,613
Total assets	<u>\$ 119,613</u>

LIABILITIES

Accounts payable	\$ 21,466
Due to other governmental units	26,472
Due to other funds	30,290
Deposits	41,385
Total liabilities	<u>\$ 119,613</u>

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

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 special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Santa Rosa County, Florida taken as a whole. As permitted by Chapter 10.556(5), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

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 utilized by the Sheriff's office are as follows:

**Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2003**

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

2. Fund Accounting -- (Continued)

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). The Sheriff reports the following major governmental funds.

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.

Jail Commissary Fund accounts for jail commissary and vending machine revenues that are used to provide recreational facilities and equipment for the prisoners.

Non-major governmental funds of the Sheriff are as follows:

- 1) **Grants Fund** 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.

Agency Funds

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) **Individual Depositors** accounts for the collection and disbursement of monies deposited primarily by insurance companies and attorneys awaiting civil process.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

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

2. Fund Accounting -- (Continued)

- 2) 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.
- 3) Prisoners' Personal accounts for receipts and disbursements of prisoners' personal funds during the period of incarceration.
- 4) Seizure accounts for cash confiscated by the Sheriff's department which is held pending disposition.
- 5) Flower accounts for the collection and disbursement of funds donated by employees to purchase flowers for certain occasions.

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, 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 both measurable and available as net current assets. The Sheriff considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred. Agency funds use the accrual basis of accounting.

4. Inventory

Inventory consists primarily of general office supplies and 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.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

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

5. Accounting for Capital Assets

Capital assets (vehicles, equipment and other tangible property costing at least \$750 with a useful life of more than one year) are recorded as expenditures by the acquiring fund at the time of purchase. The Sheriff does not engage in the acquisition of public domain (infrastructure) assets.

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

Depreciation of equipment is calculated using the straight-line method over estimated useful lives of 3-10 years.

Capital assets and related depreciation expense are reported as a component of the Santa Rosa County government-wide financial statements and are not reflected in the governmental fund financial statements.

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 other governmental funds; therefore, comparative budget and actual results are not presented for these funds.

7. Compensated Absences

It is the policy of the Sheriff to permit employees to accumulate a limited amount of earned but unused sick leave, annual leave, and compensatory time, which will be paid to employees upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the Santa Rosa County government-wide financial statements. For the governmental fund statements, there is no requirement to accumulate expendable available financial resources to liquidate the obligation; thus expenditures are recognized in the governmental funds when payments are made to employees. The valuation of accrued leave benefits is calculated in accordance with GASB Statement No. 16.

**Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2003**

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

8. 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, 2003 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.

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 - CAPITAL ASSETS

Disclosures required by Chapter 10.557(1) Rules of the Auditor General State of Florida related to capital assets are as follows:

	<u>Balance</u> <u>10/01/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/03</u>
Vehicles, equipment and furniture	\$ 6,464,538	\$ 1,209,578	\$ (666,110)	\$ 7,008,006
Less accumulated depreciation	<u>(3,900,387)</u>	<u>(1,034,776)</u>	<u>528,493</u>	<u>(4,406,670)</u>
Net Total	<u>\$ 2,564,151</u>	<u>\$ 174,802</u>	<u>\$ (137,617)</u>	<u>\$ 2,601,336</u>

Depreciation expense for the year ended September 30, 2003 was \$1,034,776.

**Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2003**

NOTE D - LONG-TERM DEBT - COMPENSATED ABSENCES

Disclosures required by Chapter 10.557(3)(i) Rules of the Auditor General State of Florida related to capital assets are as follows:

Balance - October 1, 2002	\$ 2,780,400
Net change	<u>489,405</u>
Balance - September 30, 2003	<u>\$ 3,269,805</u>

The general fund has typically been used to liquidate liabilities for compensated absences.

NOTE E - INTERFUND BALANCES

The balance of \$222,628 due to the General Fund from the non-major governmental funds primarily consists of advances to the non-major Grants Fund which will be paid back to the General Fund after reimbursement is received from grantors.

The Jail Commissary Fund receivable relates to sales of concessions and products to incarcerated prisoners which will be paid from the personal funds of prisoners which are held in the Prisoners' Personal Fund (Agency Fund).

NOTE F - INTERFUND TRANSFERS

The transfers from the General Fund to the non-major Grants Fund represent matching monies necessary to secure various federal and state grants.

NOTE G - 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.

Contributions - Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon state-wide rates established by the State of Florida. During 2003, the Sheriff contributed an average of 6.17% of each qualified regular employee's gross

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE G - RETIREMENT PLAN -- (Continued)

salary, 12.70% of the elected official's salary, 16.64% of each special risk employee's salary, and 9.11% 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 \$1,549,059, \$1,564,318 and \$1,407,807 for the years ended September 30, 2003, 2002, and 2001, 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.

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

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.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE H - OPERATING LEASES

Certain office equipment is leased under noncancelable operating leases expiring in various years through 2008.

Year ending <u>September 30,</u>	
2004	\$ 46,316
2005	45,996
2006	37,239
2007	10,968
2008	<u>1,828</u>
Total minimum payments required	<u>\$ 142,347</u>

Rental expense for the year ended September 30, 2003 amounted to \$140,927.

NOTE I - 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 J - 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

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE J - RISK MANAGEMENT -- (Continued)

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.

REQUIRED SUPPLEMENTARY INFORMATION

Santa Rosa County, Florida Sheriff
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
For the year ended September 30, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ --	\$ --	\$ 176,236	\$ 176,236
Miscellaneous	--	--	1,198	1,198
Total revenues	--	--	177,434	177,434
EXPENDITURES				
Current				
General government				
Judicial				
Personal services	453,610	456,629	353,409	103,220
Operating	27,960	27,960	16,126	11,834
Public safety				
Law enforcement				
Personal services	10,912,844	10,919,634	9,998,821	920,813
Operating	2,650,700	2,666,060	2,164,933	501,127
Capital outlay	810,945	845,585	831,284	14,301
Correction and detention				
Personal services	5,118,916	5,150,157	4,846,777	303,380
Operating	1,565,450	1,565,450	1,494,882	70,568
Capital outlay	1,500	1,500	--	1,500
Total expenditures	21,541,925	21,632,975	19,706,232	1,926,743
Excess (deficiency) of revenues over expenditures	(21,541,925)	(21,632,975)	(19,528,798)	2,104,177
OTHER FINANCING SOURCES (USES)				
BOCC appropriation	21,541,925	21,632,975	20,695,326	(937,649)
BOCC excess fees	--	--	(1,022,621)	(1,022,621)
Interfund transfers	--	--	(143,907)	(143,907)
Total other financing sources (uses)	21,541,925	21,632,975	19,528,798	(2,104,177)
Excess of revenues and other financing sources over expenditures and other financing uses	--	--	--	--
FUND BALANCE, BEGINNING OF YEAR	--	--	--	--
FUND BALANCE, END OF YEAR	\$ --	\$ --	\$ --	\$ --

SUPPLEMENTARY INFORMATION - COMBINING FUND FINANCIAL STATEMENTS

Santa Rosa County, Florida Sheriff
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2003

	Grants Fund	Second Dollar Fund	Federal Seizure Fund	Totals
ASSETS				
Cash	\$ 109,530	\$ 81,610	\$ 4,416	\$ 195,556
Due from other governmental units	146,924	--	--	146,924
Total assets	<u>\$ 256,454</u>	<u>\$ 81,610</u>	<u>\$ 4,416</u>	<u>\$ 342,480</u>
LIABILITIES				
Due to other funds	\$ 222,688	\$ --	\$ --	\$ 222,688
Due to other governmental units	3,522	--	--	3,522
Deferred revenue	30,244	--	4,416	34,660
Total liabilities	<u>256,454</u>	<u>--</u>	<u>4,416</u>	<u>260,870</u>
FUND BALANCE				
Fund balance				
Reserved for law enforcement training	--	81,610	--	81,610
Total liabilities and fund balance	<u>\$ 256,454</u>	<u>\$ 81,610</u>	<u>\$ 4,416</u>	<u>\$ 342,480</u>

Santa Rosa County, Florida Sheriff
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ALL NON-MAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2003

	Grants Fund	Second Dollar Fund	Federal Seizure Fund	Totals
REVENUES				
Intergovernmental	\$ 793,438	\$ 30,909	\$ --	\$ 824,347
Forfeitures	--	--	11,904	11,904
Miscellaneous		527	50	577
Total revenues	<u>793,438</u>	<u>31,436</u>	<u>11,954</u>	<u>836,828</u>
EXPENDITURES				
Current				
Public safety				
Law enforcement				
Personal services	681,296	--	--	681,296
Operating	69,416	6,017	11,954	87,387
Capital outlay	186,633	--	--	186,633
Total expenditures	<u>937,345</u>	<u>6,017</u>	<u>11,954</u>	<u>955,316</u>
Excess (deficiency) of revenues over expenditures	(143,907)	25,419	--	(118,488)
OTHER FINANCING SOURCES (USES)				
Interfund transfers	143,907	--	--	143,907
	<u>143,907</u>	<u>--</u>	<u>--</u>	<u>143,907</u>
Excess of revenues and other financing sources over expenditures and other financing uses	--	25,419	--	25,419
FUND BALANCE, BEGINNING OF YEAR	<u>--</u>	<u>56,191</u>	<u>--</u>	<u>56,191</u>
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ 81,610</u>	<u>\$ --</u>	<u>\$ 81,610</u>

Santa Rosa County, Florida Sheriff
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
ALL AGENCY FUNDS
For the year ended September 30, 2003

	Individual Depositors Fund	Suspense Fund	Prisoner Personal Fund	Seizure Fund	Flower Fund	Totals
ASSETS						
Cash	\$ 7,679	\$ 18,918	\$ 46,737	\$ 41,023	\$ 5,256	\$ 119,613
Total assets	<u>\$ 7,679</u>	<u>\$ 18,918</u>	<u>\$ 46,737</u>	<u>\$ 41,023</u>	<u>\$ 5,256</u>	<u>\$ 119,613</u>
LIABILITIES						
Accounts payable	\$ --	\$ 18,899	\$ --	\$ 2,567	\$ --	\$ 21,466
Due to other governments	7,679	19	--	18,774	--	26,472
Due to other funds	--	--	30,290	--	--	30,290
Deposits	--	--	16,447	19,682	5,256	41,385
Total liabilities	<u>\$ 7,679</u>	<u>\$ 18,918</u>	<u>\$ 46,737</u>	<u>\$ 41,023</u>	<u>\$ 5,256</u>	<u>\$ 119,613</u>



O'SULLIVAN CREEL, LLP

Certified Public Accountants & Consultants

316 South Baylen Street - Suite 200 - Pensacola, FL 32502

**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, 2003, and have issued our report thereon dated December 19, 2003. 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 material weaknesses.

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 Geel, LLP

December 19, 2003



O'SULLIVAN CREEL, LLP
Certified Public Accountants & Consultants

316 South Baylen Street - Suite 200 - Pensacola, FL 32502

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, 2003, and have, issued our report thereon dated December 19, 2003.

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 19, 2003. 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. There were no such matters disclosed in the preceding annual financial audit report.

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 no matters 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 Greel, LLP

December 19, 2003

**Santa Rosa County, Florida Sheriff
RESPONSE TO MANAGEMENT LETTER
For the year ended September 30, 2003**

There were no comments which require management's written response.