

SANTA ROSA COUNTY, FLORIDA SHERIFF
FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

SANTA ROSA COUNTY, FLORIDA SHERIFF

FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

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SANTA ROSA COUNTY, FLORIDA SHERIFF

FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

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INDEPENDENT AUDITOR'S REPORT

Honorable Wendell Hall
Sheriff
Santa Rosa County, Florida

We have audited the accompanying special-purpose financial statements (hereinafter referred to as "financial statements") of each major fund and the aggregate remaining fund information 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, 2007, as listed in the table of contents. These financial statements are the responsibility of the Sheriff's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note A to the financial statements, 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, nor are they intended to be a complete presentation of the financial position and changes in financial position of Santa Rosa County, Florida, taken as a whole.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff, as of September 30, 2007, and the respective changes in financial position, where applicable, thereof 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 May 13, 2008, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on page 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 made for the purpose of forming an opinion on the fund level financial statements. The accompanying supplementary information, the Combining Balance Sheet - All Non-Major Governmental Funds, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - All Non-Major Governmental Funds, and Combining Schedule of Fiduciary Net Assets - All Agency Funds are presented for purposes of additional analysis and are not a required part of these financial statements. This supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Sheriff, Santa Rosa Board of County Commissioners, and the State of Florida Office of Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Creel, LLP

May 13, 2008

Santa Rosa County, Florida Sheriff
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2007

	Major Funds			Non-major	
	General	Jail Commissary	Grants	Other	Total
ASSETS					
Cash and cash equivalents	\$ 1,024,725	\$ 1,031,446	\$ 59,029	\$ 163,823	\$ 2,279,023
Due from other funds	233,466	--	15,943	--	249,409
Due from other governmental units	88,350	--	138,065	--	226,415
Accounts receivable	2,142	22,321	--	--	24,463
Inventory	31,331	--	--	--	31,331
Total assets	<u>\$ 1,380,014</u>	<u>\$ 1,053,767</u>	<u>\$ 213,037</u>	<u>\$ 163,823</u>	<u>\$ 2,810,641</u>
LIABILITIES					
Accounts payable and accrued payroll	\$ 973,128	\$ 20,978	\$ 18,731	\$ --	\$ 1,012,837
Due to other funds	15,943	94,566	135,611	3,289	249,409
Due to other governmental units	390,943	--	--	--	390,943
Unearned revenue	--	--	58,695	59,703	118,398
Total liabilities	<u>1,380,014</u>	<u>115,544</u>	<u>213,037</u>	<u>62,992</u>	<u>1,771,587</u>
FUND BALANCE					
Fund balance					
Unreserved	--	938,223	--	--	938,223
Reserved for law enforcement training	--	--	--	100,831	100,831
Total fund balance	<u>--</u>	<u>938,223</u>	<u>--</u>	<u>100,831</u>	<u>1,039,054</u>
 Total liabilities and fund balance	<u>\$ 1,380,014</u>	<u>\$ 1,053,767</u>	<u>\$ 213,037</u>	<u>\$ 163,823</u>	<u>\$ 2,810,641</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 BALANCES - GOVERNMENTAL FUNDS
For the year ended September 30, 2007

	Major			Non-Major	
	General	Jail Commissary	Grants	Other	Total
REVENUES					
Intergovernmental	\$ 3,734	\$ --	\$ 754,976	\$ 70,734	\$ 829,444
Miscellaneous	1,064	601,992	--	4,895	607,951
Total revenues	<u>4,798</u>	<u>601,992</u>	<u>754,976</u>	<u>75,629</u>	<u>1,437,395</u>
EXPENDITURES					
Current					
General government					
Judicial					
Personal services	806,639	--	--	--	806,639
Operating	37,106	--	--	--	37,106
Public safety					
Law enforcement					
Personal services	15,791,322	--	645,707	--	16,437,029
Operating	3,527,181	--	42,068	56,635	3,625,884
Capital outlay	1,062,870	--	67,201	24,329	1,154,400
Correction and detention					
Personal services	6,729,292	190,481	--	--	6,919,773
Operating	2,821,384	476,788	--	--	3,298,172
Capital outlay	--	6,791	--	--	6,791
Debt service					
Principal	57,450	--	--	--	57,450
Interest	1,426	--	--	--	1,426
Total expenditures	<u>30,834,670</u>	<u>674,060</u>	<u>754,976</u>	<u>80,964</u>	<u>32,344,670</u>
Excess (deficiency) of revenues over expenditures	(30,829,872)	(72,068)	--	(5,335)	(30,907,275)
OTHER FINANCING SOURCES (USES)					
Board of County Commissioners appropriation	30,948,230	--	--	--	30,948,230
Board of County Commissioners excess fees	(118,358)	--	--	--	(118,358)
Total other financing sources (uses)	<u>30,829,872</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>30,829,872</u>
Net change in fund balances	--	(72,068)	--	(5,335)	(77,403)
FUND BALANCES, BEGINNING OF YEAR	--	1,010,291	--	106,166	1,116,457
FUND BALANCES, END OF YEAR	<u>\$ --</u>	<u>\$ 938,223</u>	<u>\$ --</u>	<u>\$ 100,831</u>	<u>\$ 1,039,054</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, 2007

ASSETS

Cash	\$ 77,924
Miscellaneous receivable	40
Total assets	<u>77,964</u>

LIABILITIES

Accounts payable	20,479
Due to other governmental units	12,405
Deposits	45,080
Total liabilities	<u>77,964</u>

NET ASSETS

Net assets	<u><u>\$ --</u></u>
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Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

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

The Office of the Sheriff of Santa Rosa County, Florida (the “Sheriff”), as established by Article VIII of the Constitution of the State of Florida, is an elected official of the County. Although the Sheriff is operationally autonomous from the Santa Rosa County Board of County Commissioners, the Sheriff does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Sheriff is considered part of Santa Rosa County, Florida’s primary government.

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(4), 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:

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.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

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

2. Fund Accounting -- (Continued)

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

Grants Fund accounts for grant revenues and expenditures from several grantors which are used according to the terms of each grant.

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

- 1) **Second Dollar** accounts for shared fine revenues from the Santa Rosa Board of County Commissioners which are used for law enforcement training purposes.
- 2) **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 Sheriff uses agency funds to account for assets held in a custodial capacity for others. Assets equal liabilities in agency funds, and results of operations are not measured.

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. Cash and Cash Equivalents

For financial statement reporting, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

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

5. 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.

6. Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible property costing at least \$1,000 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 vehicles and 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.

7. 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. The legal level of budgetary control is the fund level.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

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

8. Compensated Absences

Employees accumulate a limited amount of earned but unused sick leave, annual leave, and compensatory time, which will be paid 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, expenditures are recognized when payments are made to employees.

9. Excess Revenue

In accordance with Section 218.36, Florida Statutes, excess appropriations are returned to the Santa Rosa Board of County Commissioners at fiscal year-end and are reported in the "due to other governmental units" liability account. 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 Santa Rosa Board of County Commissioners 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. At September 30, 2007 the reported amount of the Sheriff's deposits was \$2,312,760 and the bank balance was \$2,724,251, consisting entirely of deposits with financial institutions in checking accounts and an overnight repurchase agreement in the amount of \$1,020,000 which was 100% collateralized by securities of the Federal Home Loan Mortgage Corporation. At year-end the cost of the repurchase agreement approximated market value, and the collateral was rated AAA. The overnight repurchase agreement, invested September 30, 2007 matured on October 1, 2007.

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.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE C - CAPITAL ASSETS

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

	Balance 10/01/06	Additions	Reductions	Balance 9/30/07
Vehicles, equipment, and furniture	\$ 9,948,335	\$ 1,393,457	\$ (800,406)	\$ 10,541,386
Less: accumulated depreciation	<u>(5,768,384)</u>	<u>(1,356,704)</u>	<u>670,642</u>	<u>(6,454,446)</u>
Net Total	<u>\$ 4,179,951</u>	<u>\$ 36,753</u>	<u>\$ (129,764)</u>	<u>\$ 4,086,940</u>

Depreciation expense for the year ended September 30, 2007, was \$1,356,704.

NOTE D - LONG-TERM DEBT OBLIGATIONS

Disclosures required by Chapter 10.557(3)(g) Rules of the Auditor General State of Florida related to long-term debt are as follows:

Compensated Absences	
Balance - October 1, 2006	\$ 3,407,160
Increases	1,198,511
Decreases	<u>(995,708)</u>
Balance - September 30, 2007	<u>\$ 3,609,963</u>

Compensated absences are paid from the general fund.

Long-Term Debt - Capital Lease	
Balance - October 1, 2006	\$ 57,450
Additions	--
Principal payments	<u>(57,450)</u>
Balance - September 30, 2007	<u>\$ --</u>

The capital lease related to a lease-purchase agreement with Ford Motor Credit related to the lease-purchase of automobiles. The acquired assets have been recorded as capital assets of the Board of County Commissioners of Santa Rosa County, Florida. The lease paid in full during the current year.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE E - INTERFUND BALANCES

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 233,466	\$ 15,943
Jail Commissary	--	94,566
Grants	15,943	135,611
Non-major governmental	--	3,289
	<u>\$ 249,409</u>	<u>\$ 249,409</u>

Of the total due to the General Fund in the amount of \$233,466, \$135,611 consists of advances to the Grant Fund which will be paid back to the General Fund after reimbursement is received from grantors. The remainder consists of expenditures made for the Jail Commissary fund totaling \$94,566 and various other funds which are typically reimbursed to the General Fund on a monthly basis. The balance of \$15,943 payable to the Grant Fund consists of amounts owed to the Grant Fund for expenses allocable to the General Fund.

NOTE F - PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Sheriff are covered by the Florida Retirement System (FRS), a multiple employer cost sharing defined benefit pension plan. The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code.

The FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560.

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 for all members actively employed on July 1, 2001 after 6 years of creditable service, regardless of membership class. Under the laws in effect before that date, members needed 7, 8, or 10 years of service to become vested, depending on their membership class. Normal retirement benefits are available to employees who retire at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Retirement age and years of service requirements will vary depending on membership class. Early retirement is available after 6 years of service with a 5% reduction of benefits for

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE F - PENSION AND RETIREMENT PLAN -- (Continued)

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.

Deferred Retirement Option Program (DROP) is an elective program available for eligible members of the FRS Pension Plan, Teachers' Retirement System, and State and County Officers and Employees' Retirement System who are eligible for normal retirement. Under this program, a member effectively retires and continues covered employment for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving his/her predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

The FRS is noncontributory for employees and all contributions are made by participating FRS employers. Participating employer contributions are based upon state-wide rates established by the State of Florida. Average contribution rates for the fiscal year ended September 30, 2007 were as follows: regular employees, 9.85%, special risk employees, 20.92%, elected officials, 16.53%, senior management employees, 13.12%, and DROP participants, 10.91%. The Sheriff's contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$2,946,887, \$2,457,102, and \$2,204,651, for the years ended September 30, 2007, 2006, and 2005, respectively.

NOTE G - OPERATING LEASES

Certain office equipment is leased under non-cancelable operating leases expiring in various years through 2010.

Year ending <u>September 30,</u>	
2008	\$ 65,166
2009	65,166
2010	<u>65,165</u>
Total minimum payments required	<u>\$ 195,497</u>

Rental expense for the year ended September 30, 2007 was \$173,423.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

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, \$25,000 deductible
- Public Officials' Liability, \$25,000 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 (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the year ended September 30, 2007

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ --	\$ --	\$ 3,734	\$ 3,734
Miscellaneous	--	--	1,064	1,064
Total revenues	--	--	4,798	4,798
EXPENDITURES				
Current				
General government				
Judicial				
Personal services	850,290	809,290	806,639	2,651
Operating	51,093	43,593	37,106	6,487
Public safety				
Law enforcement				
Personal services	15,661,972	15,796,972	15,791,322	5,650
Operating	3,840,303	2,882,864	3,527,181	(644,317)
Capital outlay	914,790	1,128,290	1,062,870	65,420
Correction and detention				
Personal services	6,439,918	6,759,918	6,729,292	30,626
Operating	3,189,864	3,527,303	2,821,384	705,919
Capital outlay	--	--	--	--
Debt service				
Principal	--	--	57,450	(57,450)
Interest	--	--	1,426	(1,426)
Total expenditures	30,948,230	30,948,230	30,834,670	113,560
Excess (deficiency) of revenues over expenditures	(30,948,230)	(30,948,230)	(30,829,872)	118,358
OTHER FINANCING SOURCES (USES)				
Board of County Commissioners appropriation	30,948,230	30,948,230	30,948,230	--
Board of County Commissioners excess fees	--	--	(118,358)	(118,358)
Total other financing sources (uses)	30,948,230	30,948,230	30,829,872	(118,358)
Net change in fund balance	--	--	--	--
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, 2007

	Second Dollar Fund	Federal Seizure Fund	Totals
ASSETS			
Cash	\$ 104,120	\$ 59,703	\$ 163,823
LIABILITIES			
Due to other funds	\$ 3,289	\$ --	\$ 3,289
Unearned revenue	--	59,703	59,703
Total liabilities	3,289	59,703	62,992
FUND BALANCE			
Fund balance			
Reserved for law enforcement training	100,831	--	100,831
Total liabilities and fund balance	\$ 104,120	\$ 59,703	\$ 163,823

Santa Rosa County, Florida Sheriff
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL NON-MAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2007

	Second Dollar Fund	Federal Seizure Fund	Totals
REVENUES			
Intergovernmental	\$ 41,875	\$ 28,859	\$ 70,734
Miscellaneous	4,895	--	4,895
Total revenues	<u>46,770</u>	<u>28,859</u>	<u>75,629</u>
EXPENDITURES			
Current			
Public safety			
Law enforcement			
Operating	52,105	4,530	56,635
Capital outlay	-	24,329	24,329
Total expenditures	<u>52,105</u>	<u>28,859</u>	<u>80,964</u>
Net change in fund balances	(5,335)	--	(5,335)
FUND BALANCES, BEGINNING OF YEAR	<u>106,166</u>	<u>--</u>	<u>106,166</u>
FUND BALANCES, END OF YEAR	<u>\$ 100,831</u>	<u>\$ --</u>	<u>\$ 100,831</u>

Santa Rosa County, Florida Sheriff
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS -
ALL AGENCY FUNDS
September 30, 2007

	Individual Depositors Fund	Suspense Fund	Prisoner Personal Fund	Seizure Fund	Flower Fund	Totals
ASSETS						
Cash	\$ 12,084	\$ 20,692	\$ 13,370	\$ 21,171	\$ 10,607	\$ 77,924
Miscellaneous receivable	40	--	--	--	--	40
Total assets	<u>12,124</u>	<u>20,692</u>	<u>13,370</u>	<u>21,171</u>	<u>10,607</u>	<u>77,964</u>
LIABILITIES						
Accounts payable	--	20,479	--	--	--	20,479
Due to other governments	12,124	213	--	68	--	12,405
Deposits	--	--	13,370	21,103	10,607	45,080
Total liabilities	<u>12,124</u>	<u>20,692</u>	<u>13,370</u>	<u>21,171</u>	<u>10,607</u>	<u>77,964</u>
NET ASSETS						
Net assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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

Honorable Wendell Hall
Sheriff
Santa Rosa County, Florida

We have audited the special-purpose financial statements (hereinafter referred to as "financial statements") of each major fund and the aggregate remaining fund information 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, 2007, and have issued our report thereon dated May 13, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of 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 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Sheriff in a separate letter dated May 13, 2008.

This report is intended solely for the information and use of the Sheriff, Santa Rosa County Board of County Commissioners, and the State of Florida Office of Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Creel, LLP

May 13, 2008

MANAGEMENT LETTER

Honorable Wendell Hall
Sheriff
Santa Rosa County, Florida

We have audited the special-purpose financial statements (hereinafter referred to as “financial statements”) of each major fund and the aggregate remaining fund information 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, 2007, and have issued our report thereon dated May 13, 2008.

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 Financial Statements Performed in Accordance with *Government Auditing Standards* dated May 13, 2008. 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) (i) 1.) require that we comment as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The recommendations made in the preceding annual financial audit report have been implemented.

As required by the Rules of the Auditor General (Section 10.554 (1) (i) 2.), we determined that the Sheriff is in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, except as discussed in finding 2007-1 in Attachment A.

The Rules of the Auditor General (Section 10.554 (1) (i) 3.) require that we comment as to whether or not there were any recommendations made to improve the Sheriff’s financial management, accounting procedures, and internal controls. We are submitting for consideration the recommendations described in Attachment A, as required by the Rules of the Auditor General (Section 10.554(1) (i) 3.).

The Rules of the Auditor General (Section 10.554 (1) (i) 4.) require disclosure in the management letter of violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. No items were identified which are required to be disclosed.

The Rules of the Auditor General (Section 10.554 (1) (i) 5.) permit disclosure in the management letter based on professional judgment of matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors, including the following: violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; improper expenditures or illegal acts that would have an immaterial effect on the financial statements; control deficiencies that are not significant deficiencies, including, but not limited to: improper or inadequate accounting procedures (e.g. the omission of required disclosures from the annual financial statements), 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. We are submitting for consideration the recommendations described in Attachment A as required to be disclosed by the Rules of the Auditor General (Section 10.554 (1) (i) 5.).

The Sheriff's responses to the recommendations described in Attachment A are included in the accompanying management's response to management letter. We did not audit the Sheriff's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Sheriff, Santa Rosa County Board of County Commissioners, and the State of Florida Office of Auditor General and is not intended to be and should not be used by anyone other than those specified parties.

O'Sullivan Creel, LLP

May 13, 2008

Santa Rosa County, Florida Sheriff
CURRENT YEAR RECOMMENDATIONS (Attachment A)
For the year ended September 30, 2007

2007-1 AUTHORIZED INVESTMENTS AND INVESTMENT POLICY

Finding - The Sheriff has a written investment policy, as permitted by Florida Statutes Chapter 218.415. This policy limits the investment of surplus cash to savings accounts in qualified public depositories. Beginning in 2007, in order to increase investment return on surplus cash of the Jail Commissary Fund, the bank began to sweep excess funds into overnight repurchase agreements; however, the Sheriff's existing written investment policy does not specifically allow this type of investment.

Recommendation - Although overnight repurchase agreements are an efficient way to temporarily invest funds, the Sheriff should discontinue making such investments or either amend the investment policy to permit such investments and set forth minimum requirements for maturities of collateral backing the agreements.

2007-2 PRISONERS PERSONAL ACCOUNTS

Finding - We noted the accounting department was having difficulty reconciling the prisoners' personal deposits to the detailed listing of amounts maintained in the SMARTCOP software program.

Recommendation - The SMARTCOP software used to account for prisoner deposits and expenses is maintained at the jail, whereas the bank reconciliations are performed by the accounting department. We recommend causes for the differences be identified and appropriate changes to the monthly reconciliation and balancing processes be implemented.

2007-3 VEHICLE CREDIT CARDS

Finding - Through the normal internal review of credit card expenditures, the Sheriff determined an employee had made improper purchases with the card assigned to her department provided vehicle. Management has estimated unauthorized expenditures to be approximately \$2,800. The matter has been referred to the state attorney's office for investigation.

Recommendation - Although this incident was detected through internal review, we encourage the Sheriff to review the control policies and procedures and monitoring efforts related to employee credit card usage to determine if other safeguards might be prudent to implement.

Santa Rosa County, Florida Sheriff
CURRENT YEAR RECOMMENDATIONS (Attachment A)
For the year ended September 30, 2007

2007-4 FUELING STATION SOFTWARE

Finding - The Sheriff maintains a fueling station at the main office for the refueling of department vehicles. Controls over the fueling station include the issuance of a key to each employee authorized to use the station. This enables monitoring of the amount of fuel used by each employee and in total. However, the software used to monitor usage has not been functioning properly and has not been updated to enable monitoring of fuel usage. Also, without the ability to monitor usage a reconciliation of the fuel inventory cannot be performed.

Recommendation - We recommend the Sheriff either update the current software or obtain suitable replacement software to enable monitoring of fuel usage. Reconciliations of the fuel inventory accounting for purchases and usage should be performed on at least a monthly basis.

Santa Rosa County, Florida Sheriff
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
For the year ended September 30, 2007

2007-1 AUTHORIZED INVESTMENTS AND INVESTEMENT POLICY

The Sheriff has moved the Inmate Welfare Fund bank account to First National Bank, into a premier savings account which meets the requirements of F.S. 218.415. The written investment policy has not been revised.

2007-2 PRISONERS PERSONAL ACCOUNTS

The Sheriff has contracted with Aramark Corp. to run the inmate commissary and all inmate accounting and funds management.

2007-3 VEHICLE CREDIT CARDS

The credit card bills will continue to be monitored for non-fuel purchases and excessive gas purchases for each user. Fuel cards will be turned in to supervisors when the member is off for more than 14 days regardless of the reason. The policy will be changed to have Fleet notified when the member will return to work. The monthly monitoring will be expanded to include verifying that purchases are not made during these absences. The policy will be modified to require members to complete a notification form to Fleet if their cards are used to make multiple purchases for other than themselves caused by loss of card or failed card by another member.

2007-4 FUELING STATION SOFTWARE

The Sheriff is currently obtaining quotes on software, both upgraded and new to facilitate the monitoring of fuel usage from the main office storage tank. Month ending "stick readings" are being used in the interim to book the "fuel inventory" each month end.