

SANTA ROSA COUNTY, FLORIDA SHERIFF
FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

SANTA ROSA COUNTY, FLORIDA SHERIFF

FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

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SANTA ROSA COUNTY, FLORIDA SHERIFF

FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

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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, 2008, 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, 2008, 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 11, 2009, 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 17 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 11, 2009

Santa Rosa County, Florida Sheriff
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2008

	Major Funds		Non-major	
	General	Jail Commissary	Other	Total
ASSETS				
Cash	\$ 1,160,275	\$ 880,673	\$ 164,757	\$ 2,205,705
Due from other funds	157,901	--	21,145	179,046
Due from other governmental units	240,817	--	118,606	359,423
Accounts receivable	18,932	20,320	--	39,252
Inventory	36,199	--	--	36,199
Total assets	<u>\$ 1,614,124</u>	<u>\$ 900,993</u>	<u>\$ 304,508</u>	<u>\$ 2,819,625</u>
LIABILITIES				
Accounts payable and accrued payroll	\$ 1,211,817	\$ 9,680	\$ 1,400	\$ 1,222,897
Due to other funds	21,145	26,756	131,145	179,046
Due to other governmental units	381,162	--	--	381,162
Unearned revenue	--	--	84,679	84,679
Total liabilities	<u>1,614,124</u>	<u>36,436</u>	<u>217,224</u>	<u>1,867,784</u>
FUND BALANCE				
Fund balance				
Unreserved	--	864,557	--	864,557
Reserved for law enforcement training	--	--	87,284	87,284
Total fund balance	<u>--</u>	<u>864,557</u>	<u>87,284</u>	<u>951,841</u>
 Total liabilities and fund balance	 <u>\$ 1,614,124</u>	 <u>\$ 900,993</u>	 <u>\$ 304,508</u>	 <u>\$ 2,819,625</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, 2008

	Major		Non-Major	
	General	Jail Commissary	Other	Total
REVENUES				
Intergovernmental	\$ --	\$ --	\$ 940,417	\$ 940,417
Miscellaneous	3,520	349,229	2,376	355,125
Total revenues	3,520	349,229	942,793	1,295,542
EXPENDITURES				
Current				
General government				
Judicial				
Personal services	856,157	--	--	856,157
Operating	46,359	--	--	46,359
Public safety				
Law enforcement				
Personal services	15,656,266	--	583,162	16,239,428
Operating	3,842,844	--	119,851	3,962,695
Capital outlay	694,766	--	253,327	948,093
Correction and detention				
Personal services	6,878,620	162,334	--	7,040,954
Operating	2,968,585	259,532	--	3,228,117
Capital outlay	--	1,029	--	1,029
Total expenditures	30,943,597	422,895	956,340	32,322,832
Excess (deficiency) of revenues over expenditures	(30,940,077)	(73,666)	(13,547)	(31,027,290)
OTHER FINANCING SOURCES (USES)				
Board of County Commissioners appropriation	30,948,230	--	--	30,948,230
Board of County Commissioners excess fees	(8,153)	--	--	(8,153)
Total other financing sources (uses)	30,940,077	--	--	30,940,077
Net change in fund balances	--	(73,666)	(13,547)	(87,213)
FUND BALANCES, BEGINNING OF YEAR	--	938,223	100,831	1,039,054
FUND BALANCES, END OF YEAR	\$ --	\$ 864,557	\$ 87,284	\$ 951,841

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, 2008

ASSETS

Cash	\$ 121,161
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LIABILITIES

Accounts payable	31,371
Due to other governmental units	9,254
Deposits	80,536
Total liabilities	<u>121,161</u>

NET ASSETS

Net assets	<u>\$ --</u>
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Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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, 2008

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.

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.

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, 2008

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

5. Inventory

Inventory consists primarily of general office supplies, patrol supplies, and fuel 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, 2008

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.

10. Effects of New Pronouncements

In June 2004, GASB issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement addresses how state and local governments should account for and report costs and obligations related to postemployment healthcare and other nonpension benefits. Annual other postemployment benefit (OPEB) cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally, would provide sufficient resources to pay benefits as they become due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy allowed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. The County is currently studying the financial statement impact of the new requirements. The County intends to implement the new reporting requirements as required for the FY 2008-09 financial statements.

**Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2008**

NOTE B - CASH

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, 2008 the reported amount of the Sheriff's deposits was \$2,326,866 and the bank balance was \$2,887,653, consisting entirely of deposits with financial institutions in checking accounts.

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 10/01/07	Additions	Reductions	Balance 9/30/08
Vehicles, equipment, and furniture	\$ 10,541,386	\$ 936,892	\$ (308,046)	\$ 11,170,232
Less: accumulated depreciation	<u>(6,454,446)</u>	<u>(1,399,194)</u>	<u>254,947</u>	<u>(7,598,693)</u>
Net Total	<u>\$ 4,086,940</u>	<u>\$ (462,302)</u>	<u>\$ (53,099)</u>	<u>\$ 3,571,539</u>

Depreciation expense for the year ended September 30, 2008, was \$1,399,194.

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, 2007	\$ 3,609,963
Increases	1,498,099
Decreases	<u>(1,494,826)</u>
Balance - September 30, 2008	<u>\$ 3,613,236</u>

Compensated absences are paid from the general fund.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

NOTE E - INTERFUND BALANCES

At September 30, 2008, interfund balances consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 157,901	\$ 21,145
Jail Commissary	--	26,756
Grants	21,145	124,244
Non-major governmental	--	6,901
	<u>\$ 179,046</u>	<u>\$ 179,046</u>

Of the total due to the General Fund, \$124,244 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 \$26,756 and various other funds which are typically reimbursed to the General Fund on a monthly basis. The balance of \$21,145 consists of expenditures incurred in the Grants Fund that will be reimbursed by 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 after 6 years of creditable service. 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 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.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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

Deferred Retirement Option Program (DROP) is an elective program available for members of the FRS 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 their 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, 2008 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 \$2,942,036 \$2,946,887 and \$2,457,102, for the years ended September 30, 2008, 2007, and 2006, respectively.

NOTE G - OPERATING LEASES

Certain office equipment and vehicles are leased under non-cancelable operating leases expiring in various years through 2010. Future minimum lease payments are as follows:

Year ending <u>September 30,</u>	
2009	\$ 89,033
2010	<u>65,165</u>
Total minimum payments required	<u><u>\$ 154,198</u></u>

Rental expense for the year ended September 30, 2008 was \$224,188.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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
- Portable Communication Equipment

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

- Boats
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible
- Building Contents, \$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.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

NOTE J – SIGNIFICANT COMMITMENTS

The Sheriff has agreements with a vendor to provide (a) commissary services and property room management and (b) facilities, food and laundry services at the Santa Rosa County Jail through September 30, 2009. Upon mutual agreement, the agreements may be renewed for four additional one-year periods. Also the agreements can be cancelled by either party with 60 days written notice. The Sheriff will pay \$2,678 per week or \$139,256 per year for commissary services, subject to annual inflation adjustments. The Sheriff will pay at the rate ranging from \$1.11 to \$1.27 per meal based on prison population, subject to annual inflation adjustments. Expenditures under the contracts for the year ended September 30, 2008 were \$917,227.

The Sheriff has an agreement with a vendor to provide for the delivery of medical care to individuals under the custody and control of the Sheriff. In July 2008 the agreement was renewed through September 30, 2009. The agreement is renewable for two additional one-year terms unless either party delivers written notice of non-renewal. Also, the agreement can be cancelled by either party with 120 days written notice. Under the terms of the agreement the Sheriff provides the vendor with office space, furniture, and equipment and pays an annual based price in equal monthly installments. If the average daily monthly population exceeds 490 inmates then the compensation payable is increased by a per diem rate for each inmate over 510. Medical service expenditures under contract for the year ended September 30, 2008 were \$1,181,360. For 2009 the annual based price is \$1,303,585 plus \$.60 per day for each inmate over 510.

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, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Miscellaneous	\$ --	\$ --	\$ 3,520	\$ 3,520
EXPENDITURES				
Current				
General government				
Judicial				
Personal services	916,872	856,237	856,157	80
Operating	45,627	46,762	46,359	403
Public safety				
Law enforcement				
Personal services	15,414,134	15,656,271	15,656,266	5
Operating	3,912,922	3,842,897	3,842,844	53
Capital outlay	612,101	694,767	694,766	1
Correction and detention				
Personal services	7,128,666	6,878,624	6,878,620	4
Operating	2,917,908	2,972,672	2,968,585	4,087
Total expenditures	<u>30,948,230</u>	<u>30,948,230</u>	<u>30,943,597</u>	<u>4,633</u>
Excess (deficiency) of revenues over expenditures	(30,948,230)	(30,948,230)	(30,940,077)	8,153
OTHER FINANCING SOURCES (USES)				
Board of County Commissioners appropriation	30,948,230	30,948,230	30,948,230	--
Board of County Commissioners excess fees	--	--	(8,153)	(8,153)
Total other financing sources (uses)	<u>30,948,230</u>	<u>30,948,230</u>	<u>30,940,077</u>	<u>(8,153)</u>
Net change in fund balance	--	--	--	--
FUND BALANCE, BEGINNING OF YEAR	--	--	--	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

SUPPLEMENTARY INFORMATION - COMBINING FUND FINANCIAL STATEMENTS

Santa Rosa County, Florida Sheriff
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2008

	Grants Fund	Second Dollar Fund	Federal Seizure Fund	Totals
ASSETS				
Cash	\$ 41,150	\$ 95,585	\$ 28,022	\$ 164,757
Due from other funds	21,145	--	--	21,145
Due from other governmental units	118,606	--	--	118,606
Total assets	<u>\$ 180,901</u>	<u>\$ 95,585</u>	<u>\$ 28,022</u>	<u>\$ 304,508</u>
LIABILITIES				
Accounts payable	\$ --	\$ 1,400	\$ --	\$ 1,400
Due to other funds	124,244	6,901	--	131,145
Unearned revenue	56,657	--	28,022	84,679
Total liabilities	<u>180,901</u>	<u>8,301</u>	<u>28,022</u>	<u>217,224</u>
FUND BALANCE				
Fund balance				
Reserved for law enforcement training	--	87,284	--	87,284
Total liabilities and fund balance	<u>\$ 180,901</u>	<u>\$ 95,585</u>	<u>\$ 28,022</u>	<u>\$ 304,508</u>

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, 2008

	Grants Fund	Second Dollar Fund	Federal Seizure Fund	Totals
REVENUES				
Intergovernmental	\$ 837,224	\$ 38,238	\$ 64,955	\$ 940,417
Miscellaneous	--	2,376	--	2,376
Total revenues	<u>837,224</u>	<u>40,614</u>	<u>64,955</u>	<u>942,793</u>
EXPENDITURES				
Current				
Public safety				
Law enforcement				
Personal services	583,162	--	--	583,162
Operating	24,117	54,161	41,573	119,851
Capital outlay	229,945	--	23,382	253,327
Total expenditures	<u>837,224</u>	<u>54,161</u>	<u>64,955</u>	<u>956,340</u>
Net change in fund balances	--	(13,547)	--	(13,547)
FUND BALANCES, BEGINNING OF YEAR	<u>--</u>	<u>100,831</u>	<u>--</u>	<u>100,831</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 87,284</u>	<u>\$ -</u>	<u>\$ 87,284</u>

Santa Rosa County, Florida Sheriff
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS -
ALL AGENCY FUNDS
September 30, 2008

	Individual Depositors Fund	Suspense Fund	Seizure Fund	Flower Fund	Totals
ASSETS					
Cash	\$ 8,842	\$ 31,422	\$ 70,453	\$ 10,444	\$ 121,161
LIABILITIES					
Accounts payable	--	31,371	--	--	31,371
Due to other governments	8,842	51	361	--	9,254
Deposits	--	--	70,092	10,444	80,536
Total liabilities	<u>8,842</u>	<u>31,422</u>	<u>70,453</u>	<u>10,444</u>	<u>121,161</u>
NET ASSETS					
Net assets	<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, 2008, and have issued our report thereon dated May 11, 2009. 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*.

As required by the provisions of Chapter 10.550, Rules of the Auditor General, we have issued a separate management letter dated May 11, 2009, which should be considered in assessing the results of our audit.

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 11, 2009

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, 2008, and have issued our report thereon dated May 11, 2009.

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. We have also issued our 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. Disclosures in that report, which is dated May 11, 2009, should be considered in conjunction with this management letter.

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 government 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.

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. 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 Auditor General (Section 10.554 (1) (i) 4.) require disclosure in the management letter of violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts 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 determination of financial statement amounts, considering both quantitative and qualitative factors, including the following: violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred; 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 by the Rules of the Auditor General (Section 10.554 (1) (i) 5.).

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter 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 11, 2009

Santa Rosa County, Florida Sheriff
CURRENT YEAR RECOMMENDATIONS (Attachment A)
For the year ended September 30, 2008

2008-1 SEGREGATION OF DUTIES

Finding – The Sheriff’s Chief Financial Officer (CFO), has access to the accounts payable system and has the ability to print and sign checks.

Recommendation – Under an ideal control structure, personnel with signature authority for a checking account would not have access to the check stock or have access to the printer to produce checks. The Sheriff has a small accounting department and therefore does not have enough personnel to maintain an ideal control structure over cash disbursements. As a mitigating control to the lack of segregation of duties for disbursements, we recommend that supervisory personnel review all disbursements monthly. This review should include both bank statements and copies of cancelled checks to ensure proper vendors are being paid and that payment amounts are correct.

2008-2 LEASES

Finding – The Sheriff recorded a lease as an operating lease when it met the requirements to be recorded as a capital lease.

Recommendation – The Sheriff should review all leases entered into annually to determine the proper accounting treatment as an operating or capital lease.

2008-3 JUSTICE SHARED FUNDING

Finding – The Sheriff participates in law enforcement efforts conducted with the United States Department of Justice. As a result of these activities, funds are received from the sale of forfeited property. Use of such funds is restricted for particular purposes by the United States Department of Justice, and according to the published guide, monies received should not remain unspent for a period of time exceeding two years from the date of receipt. The Sheriff did not have a system in place to monitor whether funds are spent within the required time period.

Recommendation – We noted no instance where these monies were retained unnecessarily. However, we recommend that the Sheriff develop a system to monitor the unspent funds and implement a plan to spend funds within the time period required by the guidelines of the Department of Justice.

Santa Rosa County, Florida Sheriff
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
For the year ended September 30, 2008

2008-1 SEGREGATION OF DUTIES

The Sheriff will comply with the recommendation for supervisory review of disbursements.

2008-2 LEASES

The Sheriff will review all new or renewed leases to determine the proper accounting treatment.

2008-3 JUSTICE SHARED FUNDING

The Sheriff has developed a spreadsheet to track the receipts and disbursements of federally shared revenues by fiscal year and will review so that spending plans comply with the time period required by the guidelines of the Department of Justice.