

SINGLE AUDIT REPORT
SANTA ROSA COUNTY, FLORIDA
SEPTEMBER 30, 2009

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Board of County Commissioners
Honorable Mary M. Johnson, Clerk and Accountant to the
Board of County Commissioners
Santa Rosa County, Florida

Compliance

We have audited the compliance of Santa Rosa County, Florida (hereinafter referred to as "County"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement*, that are applicable to each of its major Federal programs and State projects for the year ended September 30, 2009. The County's major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs and State projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs and State projects for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs and State projects. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major Federal program or State project to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program or State project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program or State project 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 material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance 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 controls that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santa Rosa County, Florida, as of and for the year ended September 30, 2009, and have issued our report thereon dated March 30, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is

fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of County Commissioners, management, and appropriate Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Creel, LLP

March 30, 2010

Santa Rosa County Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year ended September 30, 2009

<u>Federal and State Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA/ CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through Florida Dept. of Community Affairs			
Disaster Grants - Public Assistance	97.036	05-PA-G-01-67-01-541	\$ 3,217,980
Disaster Grants - Public Assistance	97.036	08-PA-C2-01-67-13-550	17,108
Disaster Grants - Public Assistance	97.036	08-PA-00-01-67-13-501	12,831
Disaster Grants - Public Assistance	97.036	09-SS-E8-01-67-13-501	343,551
			<u>3,591,470</u>
Hazard Mitigation Grant - Villa Venyce Stormwater	97.039	07HM-5@-01-67-01-018	2,320
Hazard Mitigation Grant - Orion Lake	97.039	07HM-5@-01-67-01-014	450
Hazard Mitigation Grant - Sabertooth	97.039	07HM-5@-01-67-01-013	1,755
Hazard Mitigation Grant - Greenbriar Stormwater	97.039	07HM-5@-01-67-01-020	456
			<u>4,981</u>
Homeland Security Grant Program	97.067	08-DS-60-01-67-01-206	389
Homeland Security Grant Program	97.067	09-DS-51-01-67-01-356	13,834
Homeland Security Grant Program (CERT)	97.067	09-CI-49-01-67-01-394	5,000
Homeland Security Grant Program (Citizen Corps Component)	97.067	09-CC-49-01-67-01-367	10,000
			<u>29,223</u>
Emergency Management Performance Grants	97.042	08-BG-04-01-67-01-285	19,298
Emergency Management Performance Grants	97.042	09-BG-20-01-67-01-209	8,019
Emergency Management Performance Grants	97.042	09-BG-03-01-67-01-212	34,554
			<u>61,871</u>
Flood Mitigation Assistance Grant	97.029	09 FM-45-01-67-01-343	19,895
Passed Through the Florida Dept. of Law Enforcement Homeland Security Grant Program	97.067	2008-SHSP-SANT-1S4-002	16,695
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through Florida Dept. of Community Affairs			
Community Development Block Grants	14.228	07DB-3K-01-67-01-NE2	66,127
Community Development Block Grants	14.228	07DB-3R-01-67-01-N25	430,222
Community Development Block Grants	14.228	09DB-T3-01-67-01-E03	87,390
			<u>583,739</u>
<u>U.S. Department of Justice</u>			
Passed Through Florida Dept. of Children and Families			
Public Safety Partnership and Community Policing Grants	16.588	LN928	15,769
Passed Through Office of Justice Programs			
Drug Court Discretionary Grant Program	16.585	2005-BX-0047	14,632
Drug Court Discretionary Grant Program	16.585	2005-DC-BX-0047	124,724
			<u>139,356</u>
Passed Through Florida Dept. of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1159	5,850
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-JAGC-SANT-1-T7-100	28,028
			<u>33,878</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through Florida Dept. of Revenue			
Child Support Enforcement	93.563	CD357	124,501
Child Support Enforcement	93.563	CSP57	43,857
			<u>168,358</u>
<u>U.S. Department of Agriculture</u>			
Emergency Watershed Protection Program	10.923	69-4209-8-1686	321,581
<u>U.S. Dept. of Commerce</u>			
Habitat Conservation	11.463	2006-0103-003	11,550
<u>U.S. Department of Transportation</u>			
Passed Through Florida Dept. of Transportation			
Formula Grants for Other Than Urbanized Areas	20.509	AO184	91,232
Safety Incentives To Prevent Operation of Motor Vehicles By Intoxicated Persons	20.605	2009-JAGD-SANT-2-T8-132	5,431
Total Federal Awards			<u>\$ 5,095,029</u>

Board of County Commissioners
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year ended September 30, 2009

<u>Federal and State Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA/ CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<u>Florida Department of Agriculture and Consumer Services</u>			
Mosquito Control	42.003	14159	\$ 37,023
<u>Florida Department of Community Affairs</u>			
Emergency Management Programs	52.008	08-BG-04-01-67-01-285	14,290
Emergency Management Programs	52.008	09-BG-03-01-67-01-212	<u>64,172</u>
			78,462
Emergency Management Projects	52.023	09-CP-04-01-67-01-184	9,447
<u>Florida Housing Finance Corporation</u>			
State Housing Initiative Partnership Program	52.901	N/A	1,075,581
Hurricane Housing Recovery Program	52.902	67ER-05/67ER-06	402,665
<u>Florida Department of Transportation</u>			
State Highway Project Reimbursement	55.023	40979225802 - AOD07	74,145
State Highway Project Reimbursement	55.023	40979215802 - AOD06	38,667
State Highway Project Reimbursement	55.023	22087655802 - AP518	37,507
State Highway Project Reimbursement	55.023	40979225801 - APE95	205,216
State Highway Project Reimbursement	55.023	40979225803 - AP559	<u>57,315</u>
			412,850
Small County Outreach Program	55.009	AP910	701,980
Small County Outreach Program	55.009	AP912	<u>666,290</u>
			1,368,270
Transportation Regional Incentive Program	55.026	421994-1	94,838
<u>Florida Fish & Wildlife Conservation Commission</u>			
Florida Boating Improvement Program	77.006	08063	5,810
<u>Florida Department of Elder Affairs</u>			
Senior Center Fixed Capital Outlay	65.013	XQ895	64,097
<u>Florida Department of Health</u>			
County Grant Awards	64.005	C8055	42,376
<u>Florida Department of Management Services</u>			
Wireless 911 Emergency Telephone System	72.001	N/A	466,427
<u>Florida Department of State</u>			
State Aid to Libraries	45.030	09-ST-73	667,207
<u>Florida Executive Office of the Governor</u>			
Enterprise Florida Inc.	31.003	DIG 09-05	152,144
<u>Florida Department of Law Enforcement</u>			
Drug Control/Money Laundering Investigations - Matching Funds	71.005	DC-07/08-1	12,840
Violent Crime Investigations	71.004	PE-18-0133	7,536
<u>Florida Department of Environmental Protection</u>			
Beach Erosion Control Program	37.003	07SR1	14,345
Statewide Surface Water Restoration & Wastewater Projects	37.039	LP8970	<u>217,009</u>
Total State Financial Assistance			<u>\$ 5,128,927</u>

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

Santa Rosa County, Florida
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State grant activity of Santa Rosa County, Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Santa Rosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2009

A. SUMMARY OF AUDITOR RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified Opinion
Internal control over financial reporting:
Material weakness(es) identified? _____ yes no
Significant deficiency (ies) identified that are
not considered to be material weakness(es)? yes _____ none reported

Noncompliance material to financial statements
noted? _____ yes no

FEDERAL AWARDS

Internal control over major programs:
Material weakness(es) identified? _____ yes no
Significant deficiency (ies) identified that are
not considered to be material weakness(es)? _____ yes none reported

Type of auditor's report issued on compliance
for major programs: Unqualified opinion

Any audit findings disclosed that are required
to be reported in accordance with section 510(a) of
Circular A-133? _____ yes no

STATE FINANCIAL ASSISTANCE

Internal control over major projects:
Material weakness(es) identified? _____ yes no
Significant deficiency (ies) identified that are
not considered to be material weakness(es)? _____ yes none reported

Type of auditor's report issued on compliance
for major projects: Unqualified Opinion

Any audit findings disclosed that are required
to be reported in accordance with Chapter 10.550,
Rules of the Auditor General? _____ yes no

Santa Rosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2009

IDENTIFICATION OF MAJOR PROGRAMS

Federal Programs

CFDA No. 97.036 Disaster Grants – Public Assistance
CFDA No. 10.923 Emergency Watershed Protection Program

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

State Projects

CSFA No. 52.901 State Housing Initiative Partnership Program
CSFA No. 55.009 Small County Outreach Program
CSFA No. 55.023 State Highway Project Reimbursement Program

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

B. FINANCIAL STATEMENT FINDINGS

2009-01 – Year End Financial Reporting Process

Criteria or specific requirement

The County should have adequate accounting, reconciliation, and review procedures in place to prepare financial statements in compliance with GAAP.

Condition

During our test work, audit adjustments were made to certain accounts (accounts receivable, due from other units, and accounts payable) to accurately reflect balances at year-end. The nature of these accounts do not demand frequent accounting entries or adjustments during the year, but require some level of periodic review and analysis to correctly reconcile the accounts in preparation of the year-end financial statements.

Context

Several adjustments were made as a result of the audit.

Santa Rosa County, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2009

B. FINANCIAL STATEMENT FINDINGS -- (Continued)

Effect

Year-end financial statements may not be in compliance with GAAP.

Cause

Certain accounts receivable and due from other governmental units balances were not reviewed and adjusted to the proper balances at year end. Also, certain accounts payable balances were not recorded at year-end.

Recommendation

We encourage the County to take special precaution to ensure that all accounts are reviewed, reconciled and appropriately adjusted as needed through the year.

View of responsible officials and planned corrective action

The County will make sure that all accounts are reviewed, reconciled and appropriately adjusted as needed through the year.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

There were no findings which were required to be reported in accordance with section 510(a) of OMB Circular A-133.

D. FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE

There were no findings which were required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*.

Santa Rosa County, Florida
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2009

A. Prior-Year Findings and Questioned Costs – Major Federal Programs

None reported.

B. Prior-Year Findings and Questioned Costs – Major State Projects

Finding 2008-03
Florida Department of Transportation
CSFA No. 55.004, Aviation Development Grants

Condition

During our testwork, we noted that the County claimed and received (in December 2008) reimbursement for expenditures totaling \$1,065,660, but should have only claimed and received \$915,400 resulting in an unallowable reimbursement of \$150,260 and overstatement of grants receivable and revenues at September 30, 2008. This was caused by a clerical error on the reimbursement application which was not detected by the County at the time the application was submitted. Reimbursement requests for the Aviation Development Grants are prepared by the County's engineering department.

Recommendation

The County should establish procedures to ensure that all reports prepared by the Engineering Department are reviewed for clerical accuracy.

Current Status

Finding has been corrected.