

SANTA ROSA COUNTY, FLORIDA

SINGLE AUDIT REPORT

SEPTEMBER 30, 2016

**SANTA ROSA COUNTY, FLORIDA
SINGLE AUDIT REPORT
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF
THE AUDITOR GENERAL**

Board of County Commissioners
Santa Rosa County, Florida

Report on Compliance for Each Major Federal Program and State Project

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) *Compliance Supplement*, and the requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2016. The County's major federal programs and state projects are identified in the summary of auditor results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance 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 on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Florida Department of Financial Services *State Projects Compliance Supplement*, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of Santa Rosa County, Florida, as of and for the year ended September 30, 2016, and have issued our report thereon dated March 17, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis as required by the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Warren Averett, LLC

Pensacola, Florida

March 17, 2017

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of the Interior National Park Service</u>				
Passed through Florida Department of Environmental Protection: Outdoor Recreation, Acquisition, Development and Planning	15.916	LW617	162,355	-
<u>U.S. Department of Health and Human Services</u>				
Passed Through Florida Dept. of Revenue: Child Support Enforcement Program	93.563	COC57	228,915	-
Child Support Enforcement Program	93.563	CST57	14,665	-
			<u>243,580</u>	<u>-</u>
Passed Through Florida Division of Elections: Voting Access for Individuals with Disabilities Grants to the States	93.617	2015-2016-0004-SAN	14,255	-
<u>U.S. Department of Homeland Security</u>				
Passed Through Florida Division of Emergency Management: Hazard Mitigation Grant	97.039	16HM-6B-01-67-01-196	307,052	-
Hazard Mitigation Grant	97.039	16HM-J3-01-67-01-216	68,286	-
Hazard Mitigation Grant	97.039	16HM-J3-01-67-01-217	96,674	-
Hazard Mitigation Grant	97.039	16HM-H4-01-67-01-250	104,989	-
Hazard Mitigation Grant	97.039	16HM-H4-01-67-01-422	131,372	-
			<u>708,373</u>	<u>-</u>
Passed Through Florida Division of Emergency Management: Disaster Grants - Public Assistance	97.036	13-DB-73-01-67-02-618	1,762,904	-
Disaster Grants - Public Assistance	97.036	13-IS-3S-01-67-02-513	554,283	-
			<u>2,317,187</u>	<u>-</u>
Passed Through Florida Division of Emergency Management: Homeland Security Grant Program	97.067	16-DS-T9-01-67-01-294	16,150	-
Homeland Security Grant Program	97.067	16-DS-P4-01-67-01-232	32,000	-
Homeland Security Grant Program	97.067	16-DS-T9-01-67-01-282	152,743	-
Homeland Security Grant Program	97.067	16-DS-P4-01-67-01-441	310,016	-
Homeland Security Grant Program	97.067	16-DS-P4-01-67-01-442	101,043	-
			<u>611,952</u>	<u>-</u>
Passed Through Florida Division of Emergency Management: Emergency Management Performance Grant	97.042	16-CI-S9-01-67-02-351	5,720	-
Emergency Management Performance Grant	97.042	16-CC-S9-01-67-02-350	5,969	-
Emergency Management Performance Grant	97.042	16FG-5A-01-67-01-124	57,411	-
Emergency Management Performance Grant	97.042	17-FG-P9-01-67-01-131	19,213	-
			<u>88,313</u>	<u>-</u>
Passed Through Florida Division of Emergency Management: Flood Mitigation Assistance Grant Program	97.029	15FM-J2-01-67-01-276	7,851	-
Flood Mitigation Assistance Grant Program	97.029	15FM-J9-01-67-01-486	179,078	-
			<u>186,929</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through Escambia County Consortium: Home Investment Partnerships Program	14.239	M-11DC-12-0225	201,691	-
<u>U.S. Department of Justice</u>				
Passed Through Florida Coalition Against Domestic Violence: Violence Against Women Formula Grants	16.588	16-8027-SAO	48,295	-
Violence Against Women Formula Grants	16.588	17-8027-SAO	15,766	-
			<u>64,061</u>	<u>-</u>

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Contract / Grant Number	Expenditures	Passed Through to Subrecipients
Passed Through Florida Office of the Attorney General: Crime Victim Assistance	16.575	V106-14233	38,183	-
Direct Program: Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-1040	13,390	-
Passed Through Florida Department of Law Enforcement: Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAGC-SANT-1-H3-176	41,309	-
			<u>54,699</u>	-
U.S. Department of Transportation				
Direct Program: Airport Improvement Program	20.106	3-12-0052-013-2016	69,048	-
Passed Through Florida Dept. of Transportation: Formula Grants for Rural Areas	20.509	AQF63	87,268	87,268
Formula Grants for Rural Areas	20.509	G0712	4,990	4,990
			<u>92,258</u>	<u>92,258</u>
Passed Through Florida Dept. of Transportation: Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	FL 16-008	25,472	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	FL 16-009	13,011	-
			<u>38,483</u>	-
Passed Through Florida Dept. of Transportation: Highway Planning and Construction	20.205	ARA75 (433575-1-38-01)	8,622	-
Highway Planning and Construction	20.205	G0014 (431701-1-58-01)	58,500	-
Highway Planning and Construction	20.205	G0014 (431701-1-68-01)	6,500	-
Highway Planning and Construction	20.205	G0105 (418652-2-58-01)	953,681	-
Highway Planning and Construction	20.205	G0105 (418652-2-68-01)	125,458	-
Passed through Florida Department of Environmental Protection: Recreational Trails Program	20.219	T1204	32,866	-
Subtotal Highway Planning and Construction Cluster			<u>1,185,627</u>	-
U.S. Election Assistance Commission				
Passed Through Florida Division of Elections: Help America Vote Act Requirement Payments	90.401	2015-2016-0001-SAN	57,233	-
Total Federal Awards			<u>\$ 6,134,227</u>	<u>\$ 92,258</u>

SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>State Grantor/Pass-through Grantor/Program Title</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>Florida Department of Agriculture and Consumer Services</u>				
Mosquito Control	42.003	022295	31,540	-
Agriculture Nonpoint Source Best Management Practices Implementation	42.017	023012	48,186	-
<u>Florida Department of Economic Opportunity</u>				
Passed through Enterprise Florida, Inc.				
Enterprise Florida, Inc. - Defense Infrastructure Grant	40.003	DIG 13-05	22,242	-
Enterprise Florida, Inc. - Defense Infrastructure Grant	40.003	DIG 14-01	3,878	-
			<u>26,120</u>	<u>-</u>
Military Base Protection	40.014	DRG S0071	5,420	-
Passed through Enterprise Florida, Inc.				
Florida Defense Support Task Force Grant	40.014	DTF 15-07	20,654	-
Florida Defense Support Task Force Grant	40.014	DTF 16-03	41,310	-
			<u>67,384</u>	<u>-</u>
Local Economic Development Initiatives	40.012	DRG S0045	37,966	-
Passed through Florida Sports Foundation				
Local Economic Development Initiatives	40.012	N/A	12,000	-
			<u>49,966</u>	<u>-</u>
<u>Florida Department of Health</u>				
County Grant Awards	64.005	C3055	13,861	-
County Grant Awards	64.005	C4055	20,070	-
			<u>33,931</u>	<u>-</u>
<u>Florida Department of State</u>				
State Aid to Libraries	45.030	16-ST-77	51,862	-
<u>Florida Department of Transportation</u>				
Small County Outreach Program	55.009	G0643 (439014-1-54-01)	66,748	-
<u>Florida Division of Emergency Management</u>				
Emergency Management Programs	31.063	16-BG-83-01-67-01-057	100,272	-
Emergency Management Programs	31.063	17-BG-83-01-67-01-064	26,004	-
			<u>126,276</u>	<u>-</u>
<u>Florida Department of Environmental Protection</u>				
Beach Management Funding Assistance Program	37.003	17SR1	6,862,124	-
<u>Florida Housing Finance Corporation</u>				
State Housing Initiative Partnership Program	40.901	N/A	877,200	-
Total State Financial Assistance			<u>\$ 8,241,337</u>	<u>\$ -</u>

**SANTA ROSA COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

1. BASIS OF PRESENTATION

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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.

2. 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 under programs of the federal and state government for the year ended September 30, 2016. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Santa Rosa County, Florida elected to utilize the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

A. SUMMARY OF AUDITOR RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified 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 AND STATE FINANCIAL ASSISTANCE

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: Unmodified opinion

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

IDENTIFICATION OF MAJOR PROGRAMS

Federal Programs

CFDA No. 97.036 Disaster Grant – Public Assistance

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes _____ no

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

A. SUMMARY OF AUDITOR RESULTS (CONTINUED)

State Projects

CSFA No. 37.003 Beach Management Funding Assistance Program
CSFA No. 40.901 State Housing Initiative Partnership Program

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

B. FINANCIAL STATEMENT FINDING

2016-001: General Fund Budget Over Expenditure

Florida Statute 129.06 (2) allows for the county budget to be increased and amended during the year, and as late as 60 days after the end of the fiscal year, for receipts not originally anticipated and received for a particular purpose. During the year, an accrual for significant intergovernmental grants to fund beach re-nourishment expenditures resulted in the need to increase both the budgeted revenues and expenditures.

Although the Board was aware of, and approved the grant revenue sources, the official budget was not amended. Since the budget was not duly amended in accordance with Florida Statute 129.06, the actual expenditures reported in the general fund's schedule of revenues, expenditures, and changes in fund balance – budget and actual, exceeded the total appropriations by approximately \$11.7 million.

Management's Response

See the accompanying Corrective Action Plan for management's response.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

There were no findings which were required to be reported in accordance with the Uniform Guidance.

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
SCHEDULE OF PRIOR YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

SCHEDULE OF PRIOR YEAR FINDINGS

There were no findings reported in the prior year which require Management's response.

CORRECTIVE ACTION PLAN

The finding from the March 17, 2017 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

Contact Person – Michael Burton, Director of Finance

2016-001: General Fund Budget Over Expenditure

Florida Statute 129.06 (2) allows for the county budget to be increased and amended during the year, and as late as 60 days after the end of the fiscal year, for receipts not originally anticipated and received for a particular purpose. During the year, an accrual for significant intergovernmental grants to fund beach re-nourishment expenditures resulted in the need to increase both the budgeted revenues and expenditures.

Although the Board was aware of, and approved the grant revenue sources, the official budget was not amended. Since the budget was not duly amended in accordance with Florida Statute 129.06, the actual expenditures reported in the general fund's schedule of revenues, expenditures, and changes in fund balance – budget and actual, exceeded the total appropriations by approximately \$11.7 million.

Management's Response

Actual revenues were approximately \$17 million more than the final budget and expenditures were approximately \$11.7 million more than the final budget. The \$11.7 million overage in expenditures and approximately \$10 million of the overage in revenues relate to the Navarre Beach berm restoration project (the Project) taken on during the year. A consultant was hired for the Project and it was estimated costs would run approximately \$17.8 million. The funding was projected to come as follows, State, Federal & TDC funding of approximately \$7.8 million, County reserves of approximately \$5 million, and a MSBU for approximately \$5 million. Due to the unknown variables of the funding sources and the actual cost to complete, a budget was not originally adopted for the Project at the beginning of fiscal year 2016. An RFP was advertised in December 2015 for the Project and the low bid meeting specifications came in at \$14,920,300 and was approved by the Board of County Commissioners (BOCC), approximately \$2.9 million less than the consultant estimated. Since the bid came in significantly lower than the estimated costs and there were still questions as to the funding sources and the amount from those sources, the Budget Director did not amend the revenue and expenditure budget at that time due to the uncertainties of what the final amounts would be. In June 2016, the contractor for the Project requested the first payment; however, there was not enough in the budget to pay the requested amount.

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS AND
CORRECTIVE ACTION PLAN – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Management's Response – Continued

The Finance department contacted the Budget Director and were advised that a budget amendment would be forthcoming and to go ahead and pay the contractor. In July 2016 there was a deductive change order to the Project for approximately \$2 million. In August 2016, it was finally decided by the BOCC that they would not implement an MSBU to fund a portion of the Project. The final payment to the contractor was made near fiscal year end with some additional work to be performed by the consultant subsequent to year end. The Budget Director, in an attempt to accurately portray the revenues and expenditures related to the Project without having to make numerous budget amendments, planned to adjust the budget accordingly after the fiscal year end, but inadvertently exceeded the 60 day limitation under Florida Statute 129.06. Once this was realized, it was too late to adjust the budget accordingly which resulted in the significant difference between the budget and actual revenues and expenditures.

In order to prevent this from happening in the future, it has been agreed upon that going forward the budget department will issue a budget amendment number before any items are paid that do not have sufficient funds budgeted.