

SINGLE AUDIT SECTION



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of County Commissioners
of Seminole County, Florida

We have audited the financial statements of Seminole County, Florida, as of and for the year ended September 30, 2003, and issued our report thereon dated February 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Seminole County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Seminole County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of County Commissioners, management, federal and state awarding agencies and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, O'Keefe & Associates

February 27, 2004



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER
COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT**

To the Honorable Board of County Commissioners
of Seminole County, Florida

Compliance

We have audited the compliance of Seminole County, Florida (the "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 Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2003. 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.

As described in items 03-01 through 03-06, in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding reporting that are applicable to its major federal and state projects for Community Services Block Grant, Community Development Block Grant, Petroleum Contamination Site Cleanup, Emergency Management Programs, County Grant Awards, and the State Housing Initiatives Partnership Program. In our opinion, it is necessary for the County, to comply with such requirements applicable to those programs.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs and state projects for the year ended September 30, 2003.



Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program or state project in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 03-01 through 03-08.

Our consideration of internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program or state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the compliance of Seminole County, Florida (the "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 Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2003 as indicated above. 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 financial statements. Such information has been subjected to auditing procedures, as considered necessary, 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 Board of County Commissioners, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, O'Keefe & Associates

February 27, 2004

SEMINOLE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Fiscal Year Ended September 30, 2003

EXPENDITURES OF FEDERAL AWARDS

Grantor/Pass-through Grantor/Program	CFDA Number	Federal Expenditures
<u>Executive Office of the President,</u> <u>Office of National Drug Control Policy</u> HIDTA - High Intensity Drug Traffic Area	07.000	\$ 831,192
<u>U.S. Department of Commerce</u> Coastal Zone Management Administration Award	11.419	61,157
<u>U.S. Department of Environmental Protection Agency</u> Environmental Protection Consolidated Research Grants	66.500	141,881
<u>U.S. Department of Health and Human Services</u> Passed through Florida Department of Community Affairs: Community Services Block Grant	93.569	236,785
Passed through Florida Department of Children and Families: Temporary Assistance for Needy Families	93.558	<u>2,592,703</u> 2,829,488
<u>U.S. Department of Housing and Community Development</u> Community Development Block Grant Emergency Shelter Grant HOME Investment Partnership Program:	14.218 14.231 14.239	3,131,682 94,000 <u>655,729</u> 3,881,411
<u>US Department of Justice</u> Federal Equitable Sharing Program State Criminal Alien Assistance Program Public Safety Partnership & Community Policing Grants Local Law Enforcement Block Grant: Executive Office for Weed and Seed Drug Court Discretionary Grant	16.000 16.606 16.710 16.592 16.595 16.585	65,546 64,113 193,750 162,989 192,251 128,798
Passed through the Florida Department of Law Enforcement: Crime Victim Assistance Byrne Formula Grant Residential Substance Abuse Treatment for State Prisoners	16.575 16.579 16.593	82,297 280,378 <u>116,180</u> 1,286,302
<u>U.S. Department of Treasury</u> Gang Resistance Education & Training	21.053	65,930
<u>U.S. Department of Transportation</u> Passed through the Florida Department of Transportation: Highway Planning & Construction Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.205 20.605	3,470,911 <u>77,772</u> 3,548,683

The accompanying notes are an integral part of this schedule.

Continued

SEMINOLE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE -CONTINUED
Fiscal Year Ended September 30, 2003

EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Grantor/Pass-through Grantor/Program	CFDA Number	Federal Expenditures
<u>Federal Emergency Management Agency</u>		
Passed through the Florida Department of Community Affairs:		
Hazard Mitigation - Emergency Shelter Window Retrofit 5 schools	83.548	227,291
Emergency Management Performance Grant	83.552	<u>28,599</u>
		255,890
<u>U.S. Department of Health and Human Services</u>		
Passed through the Florida Department of Revenue:		
Child Support Enforcement Title IV - D	93.563	<u>396,660</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ <u>13,298,594</u>

EXPENDITURES OF STATE FINANCIAL ASSISTANCE

	Identification Number	CSFA Number	State Expenditures
<u>Florida Department of Community Affairs</u>			
Emergency Management Programs:			
Hazardous Materials Analysis	04CP-11-06-69-01-054	52.023	\$ 1,503
Performance Grant	03BG-04-06-69-01-059	52.008	103,196
Performance Grant	03CP-11-06-69-01-183	52.008	<u>10,782</u>
			115,481
<u>Florida Department of Environmental Protection</u>			
Innovative Waste Reduction & Recycling Grant	IG1-15	37.050	78,981
Waste Tire & Playground Surfacing Grant	WT359	37.015	35,657
End-of-Life Electronics Management Grant	SO062	37.031	40,470
Petroleum Contamination Site Cleanup:			
Petroleum Cleanup	GC 634-Task 2	37.024	265,655
Petroleum Cleanup	GC 634-Task 3	37.024	<u>133,599</u>
			399,254
<u>Florida Housing Finance Corporation</u>			
State Housing Initiatives Partnership Program	FY 2000/2003	52.901	1,979,376
(Includes payments to subrecipients totaling \$655,783)			
<u>Florida Department of Health</u>			
Emergency Medical Services Matching Awards:			
EMS-First Response Equipment - Bio Hazard Suits	NA	64.003	17,813
County Grant Awards: Emergency Medical Services	C 0057	64.005	290,816

The accompanying notes are an integral part of this schedule.
Continued

SEMINOLE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE -CONTINUED
Fiscal Year Ended September 30, 2003

EXPENDITURES OF STATE FINANCIAL ASSISTANCE - CONTINUED

Grantor/Pass-through Grantor/Program	Identification Number	CSFA Number	State Expenditures
<u>Florida Department of Juvenile Justice</u>			
Invest in Children Grant Program:			
Seminole Collaborative Youth Initiative	DP-181	80.001	153,566
Youth Referral, Education & Aftercare Counseling	PC 213	80.001	-
Neighborhood Accountability	NB 106	80.001	-
			153,566
Conditional Release Services	G8031	80.018	457,560
Conditional Release Services	S4J02	80.018	152,520
			610,080
Juvenile Assessment Centers	G8032	80.020	155,250
Juvenile Assessment Centers	S5J02	80.020	51,750
			207,000
<u>Florida Department of Law Enforcement</u>			
Drug Control/Money Laundering Investigations	2002-11533	71.005	48,621
<u>Florida Department of State</u>			
Acquisition, Restoration of Historic Properties :			
Seminole County Museum Project	SC262	45.032	41,386
State Aid to Libraries	02-ST-58	45.030	402,546
			443,932
<u>Florida Department of Transportation</u>			
Transportation Outreach Program	410924-2-34-01 (AL630)	55.022	267,422
County Incentive Grant Program:			
East Lake Mary Blvd., Phase 3, Segment 1	410520-1-54-01 (AJ766)	55.008	94,544
East Lake Mary Phase 1	410521-1-54-01 (AJ765)	55.008	3,512,801
East Lake Mary Phase 2	410522-1-54-01 (AK818)	55.008	2,922,868
			6,530,213
<u>State Court System</u>			
Civil Traffic Infraction Hearing Officers	NA	22.001	16,439
<u>Executive Office of the Governor</u>			
Visit Florida	NA	31.006	2,516
			\$ 11,237,637

The accompanying notes are an integral part of this schedule.

NA = Not available

SEMINOLE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE - CONTINUED
Fiscal Year Ended September 30, 2003

NOTES TO SCHEDULE

Basis of Accounting

The Schedule has been prepared in accordance with accounting principles generally accepted in the United States of America. Expenditures have been recognized on the schedule and are reflected in Seminole County's financial statements in accordance with the accrual basis of accounting. All expenditures were recorded in governmental fund types.

Subrecipients

The County paid \$655,783 to subrecipients for its state financial assistance projects. All state project disbursements were made under the direct distribution of the County.

SEMINOLE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:

- . Material weakness(es) identified? _____ Yes X No
- . Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted. _____ Yes X No

Federal Awards and State Financial Assistance

Internal control over major federal programs and state projects:

- . Material weakness(es) identified? _____ Yes X No
- . Reportable condition(s) identified that are not considered to be material weaknesses? X Yes _____ None reported

Type of auditor's report issued on compliance for major federal programs and state projects: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with the Rules of the Auditor General? _____ X _____ Yes _____ No

Identification of major federal and state programs:

CFDA Number	Name of Federal Program
93.569	Community Services Block Grant
16.592	Local Law Enforcement Block Grant
16.579	Byrne Formula Grant Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
CSFA Number	Name of State Program
37.024	Petroleum Contamination Site Cleanup
52.901	State Housing Initiatives Partnership Program
52.008	Emergency Management Performance Grant
55.022	Transportation Outreach
64.005	County Grant Awards

Dollar threshold used to distinguish between type A and type B Programs:

Federal	<u>\$398,958</u>
State	<u>\$337,129</u>

Auditee qualifies as low-risk auditee: _____ X _____ Yes _____ No

SEMINOLE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2003

Section II - Financial Statement Findings

None

Section III - Findings and Questioned Costs - Major Federal and State Award Programs

FEDERAL

03-01

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Community Services Block Grant

CFDA: 93.569

Condition: Allowable Costs

Payroll costs allocated to the program surpass limitations in the grant agreement.

Criteria:

In order to ensure costs are in compliance with regulatory agreement, appropriate monitoring procedures should be developed to review payroll allocations.

Recommendation :

Policies and procedures should be established to provide guidance on the monitoring of allowable costs per special limitations in the grant agreement.

Grantee Response:

Policies and procedures will be implemented to ensure the grant reports are both timely and accurate.

03-02

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grant

CFDA: 14.218

Questioned Costs: \$ 129,058

Condition: Allowable Costs

Payroll costs allocated to the program were in excess of actual costs.

Criteria:

In order to ensure costs are in compliance with regulatory agreement, appropriate monitoring procedures should be developed to review payroll allocations and actual costs.

Recommendation :

Policies and procedures should be established to provide guidance on the monitoring of allowable costs per special limitations in the grant agreement.

Grantee Response:

See 03-01

SEMINOLE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2003

STATE

03-03

FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

Petroleum Contamination Site Cleanup

CSFA: 37.024

Grant Number: GC 634

Questioned Costs: \$ 39,460

Condition: Allowable Costs and Reporting

Payroll costs allocated to the program were in excess of the actual costs.

The underlying applicable accounting records do not support the reported amounts.

Criteria:

In order to ensure the completeness and accuracy of the financial reports, the underlying accounting data should be reconciled to the reports.

Monitoring should be instilled to review payroll allocations and actual costs.

Recommendation :

Policies and procedures should be established to provide guidance on the linkage of the underlying accounting data to the financial reports and on the monitoring of allowable costs per special limitations in the grant agreement.

Grantee Response:

Policies and procedures will be implemented to ensure costs reported to the grantor agency are in agreement with the County's financial records and costs charged to grants are within special limitations of the grant agreement.

03-04

DEPARTMENT OF COMMUNITY AFFAIRS

Emergency Management Programs

CSFA: 52.008

Grant Number: 3BG-04-06-69-01-059

Condition: Reporting

A report was not filed in a timely manner consistent with award guidelines.

Criteria:

The grant requires the fourth quarter report to be filed by October 31st of each year

Recommendation :

Policies and procedures should be established to provide guidance that provides for the reliable and timely processing of financial reports.

Grantee Response:

Policies and procedures will be implemented to ensure the grant reports are both timely and accurate.

SEMINOLE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2003

Section III - Findings and Questioned Costs - Major Federal and State Award Programs (Continued)

03-05

DEPARTMENT OF HEALTH

County Grant Awards

CSFA: 64.005

Grant Number: C 2057

Condition: Reporting

The final expenditure report was not filed in a timely fashion consistent with award agreement.

Criteria:

The final expenditure report is due no later than November 15th for the period ended September 30th.

Recommendation :

Policies and procedures should be established to provide guidance for the reliable and timely processing of financial reports.

Grantee Response:

See 03-04.

03-06

FLORIDA HOUSING FINANCE CORPORATION

State Housing Initiatives Partnership Program

CSFA: 52.901

Grant Number: 2000/2003

Questioned Costs: \$ 483,812

Condition: Reporting, Cash Management, Subrecipient Monitoring

Underlying applicable accounting records do not support the reported amounts. The funds received were not expended during the time period covered by the agreement. Subrecipients did not expend the funds received from the County in the time period covered by the agreement

Criteria:

In order to ensure the completeness and accuracy of the financial reports, the underlying accounting data should be reconciled to the reports.

The agreement requires funds to be expended within a three year time period.

The agreement requires subrecipients to expend funds within a three year time period.

Recommendation :

Policies and procedures should be established to provide guidance on the linkage of the underlying accounting data to the reports to ensure that funds received are expended within the agreement stipulations for the County and subrecipients.

Grantee Response:

Policies and procedures will be implemented to ensure costs reported to the grantor agency are in agreement with the County's financial records, costs charged to grants are within special limitations of the grant agreement and stronger monitoring of subrecipients for compliance with grant requirements.

SEMINOLE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2003

Section III - Findings and Questioned Costs - Major Federal and State Award Programs (Continued)

03-07

DEPARTMENT OF TRANSPORTATION

County Incentive Grant Program

CSFA: 55.008

Grant Number: AJ 765, AK 818

Condition: Cash Management

Submission of drawdown requests for September 30, 2003 in the amount of \$429,135 were not submitted until February 11, 2004.

Criteria:

Drawdowns should be submitted in a timely fashion to expunge any time lapse between drawdown of funds and actual disbursements.

Recommendation :

Policies and procedures should be established to provide guidance for periodic independent evaluation of cash management activities.

Grantee Response:

Policies and procedures will be implemented to ensure timeliness of drawdown requests to facilitate cash management objectives.

03-08

DEPARTMENT OF TRANSPORTATION

Transportation Outreach

CSFA: 55.022

Grant Number: AL 630

Condition: Cash Management

Submission of drawdown requests for September 30, 2003 in the amount of \$108,834 were not submitted until February 6, 2004.

Criteria:

Drawdowns should be submitted in a timely fashion to expunge any time lapse between drawdown of funds and actual disbursements.

Recommendation :

Policies and procedures should be established to provide guidance for periodic independent evaluation of cash management activities.

Grantee Response:

See 03-07.

SEMINOLE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2003

Schedule of Prior Year Findings

02-01

FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

Petroleum Contamination Site Cleanup

CSFA: 37.024

Grant Number: GC 634

Condition: Reporting

The underlying applicable accounting records do not support reported amounts.

Criteria:

In order to ensure the completeness and accuracy of the financial reports, the underlying accounting data should be reconciled to the reports.

Recommendation:

Policies and procedures should be established to provide guidance on the linkage of the underlying accounting data to the financial reports.

Current Status

See 03-03

02-02

FLORIDA HOUSING FINANCE CORPORATION

State Housing Initiatives Partnership Program

CSFA: 52.901

Grant Number: SHIP

Condition: See 02-01

Criteria: See 02-01

Recommendation : See 02-01

Current Status See 03-06

02-03

FLORIDA DEPARTMENT OF TRANSPORTATION

County Grant Awards: Emergency Medical Services

CSFA: 64.005

Grant Number: C0057

Condition: See 02-01

Criteria: See 02-01

Recommendation : See 02-01

Current Status See 03-05



MANAGEMENT LETTER

To the Honorable Board of County Commissioners
of Seminole County, Florida

We have audited the financial statements of Seminole County, Florida, as of and for the fiscal year ended September 30, 2003, and have issued our report thereon dated February 27, 2004. In planning and performing our audit of the financial statements of Seminole County, Florida we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our report on compliance and internal control over financial reporting, report on compliance and internal control over compliance applicable to each major federal awards programs and major state project, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated February 27, 2004, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(g) 1.a.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no inaccuracies, irregularities, shortages, defalcations, and/or violations of laws, rules, regulations, and contractual provisions disclosed in the preceding annual report.

The Rules of the Auditor General (Section 10.554(1)(g) 1.b.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. Recommendations made in the preceding annual financial audit report were implemented during the current fiscal year.

As required by the Rules of the Auditor General (Section 10.554(1)(g) 2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that Seminole County, Florida complied with Section 218.415, Florida Statutes.

The Rules of Auditor General (Section 10.554(1)(g) 4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed certain matters that are listed on the attached schedule of findings.



As required by the Rules of the Auditor General (Section 10.554(1)(e) 2.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that Seminole County, Florida is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(e) 3.), we determined that the annual financial report for Seminole County, Florida for the fiscal year ended September 30, 2003, filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2003.

As required by the Rules of the Auditor General (Sections 10.554(g)(6) c. and 10.556), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

This management letter is intended solely for the information of the Board of County Commissioners, management, federal and state awarding agencies and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, O'Keefe & Associates

February 27, 2004

SEMINOLE COUNTY, FLORIDA
MANAGEMENT LETTER – SCHEDULE OF FINDINGS
September 30, 2003

Environmental Services Accounts Receivable and Customer Deposits

The utility billing system detail accounts receivable report is being reconciled to the general ledger, however no one is communicating the differences to County Finance after they are identified. In addition, the customer deposit activity report is not being agreed to the general ledger.

We recommend that Environmental Services work with County Finance in communicating all differences between the utility billing system and the general ledger so that the required entries can be made on a monthly basis.

Management Response:

Management concurs with the finding and will institute procedures to ensure subsidiary ledgers are reconciled to the general ledger in a timely fashion.