

Independent Auditors' Report on Schedule of Expenditures of Federal Awards and State Financial Assistance

The Honorable County Commissioners
St. Johns County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of St. Johns County, Florida (the "County"), as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 25, 2011. These financial statements are the responsibility of the County'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2011 on our consideration of the County'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.

This report is intended solely for the information and use of the Board of County Commissioners and management, and oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram LLC

April 25, 2011
Gainesville, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2010
St. Johns County, Florida**

<u>Federal Agency</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Program Totals</u>
<u>DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>				
Passed through the Department of Community Affairs				
Neighborhood Stabilization Program	14.228	10DB-4X-04-65-01-F-22	\$ 1,945,663	
<u>DEPARTMENT OF JUSTICE</u>				
Direct Assistance:				
Community Capacity Development - Weed and Seed	16.595	2008-WS-QX-0008	44,465	
Community Capacity Development - Weed and Seed	16.595	2009-WS-QX-0177	104,109	148,574
Bulletproof Vest Partnership Program	16.607	--	10,062	
ARRA - JAG 4 - Prisoner Re-entry Project	16.738	2010-JAGC-STJO-1-4X-236	33,901	
ARRA - JAG 2 - Prisoner Re-entry Project	16.803	2010-ARRC-STJO-3-W7-346	4,164	
Passed Through Florida Office of the Attorney General:				
Victims of Crime Act - VOCA	16.575	V09124	66,826	
Passed Through Florida Department of Children & Families:				
STOP Violence Against Women Formula Grant	16.588	LN926	117,025	
<u>DEPARTMENT OF TRANSPORTATION</u>				
Direct Assistance:				
Metropolitan Transportation Planning	20.505	--	39,816	
Federal Transit Capital Investment Grants	20.500	FL-04-0085-00	952,814	
Federal Transit Formula Grants	20.507	FL-03-0277-00	46,044	
Federal Transit Formula Grants	20.507	FL-90-X603-00	5,423	
Federal Transit Formula Grants	20.507	FL-04-0019-00	9,330	
Federal Transit Formula Grants	20.507	FL-90-X638-00	69,982	
Federal Transit Formula Grants	20.507	FL-90-X664-00	6,009	
ARRA - Federal Transit Formula Grants	20.507	FL-96-X009-00	1,013,220	
Federal Transit Formula Grants	20.507	FL90-X709-00	418,808	
Total Federal Transit Cluster				2,521,630
Passed Through Florida Department of Transportation:				
Occupant Protection Incentive Grants	20.602	APP89	45,537	
Highway Planning and Construction	20.205	411212-6-18-01	140,258	
Highway Planning and Construction	20.205	411215-5-18-01	9,323	
Highway Planning and Construction	20.205	214256-1-74-78	56,520	
ARRA - Highway Planning and Construction	20.205	426277-1-58-01	198,206	
ARRA - Highway Planning and Construction	20.205	426271-1-58-01	259,633	
ARRA - Highway Planning and Construction	20.205	426335-1-58-01, 426334-1-58-01	1,821,532	
Passed through the City of St Augustine Beach:				
Pope Road Scenic Outlook Phase I	20.205	--	18,892	
Pier Park Kiosk Sign - Phase I	20.205	--	5,500	
Northern Gateway Sign	20.205	--	7,800	2,517,664
<u>INSTITUTE OF MUSEUM & LIBRARY SCIENCES</u>				
Passed through the State Division of Library and Information Services:				
Grants to States	45.310	09-LSTA-E-06	63,850	
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Congressionally Mandated Projects	66.202	XP-95403810-0	33,963	
<u>ELECTION ASSISTANCE COMMISSION</u>				
Passed through the Department of State, Division of Elections:				
Poll Worker Recruitment Training 2006	90.401	--	3,137	
Poll Worker Recruitment Training 2007	90.401	--	1,963	
Ballot on Demand Equipment 2007	90.401	--	104,403	
Federal Election Activity Funds 2009	90.401	--	41,942	
Federal Election Activity Funds 2010	90.401	--	25,791	
HAVA Move Act 2010	90.401	--	4,535	181,771

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2010
St. Johns County, Florida**

<u>Federal Agency</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Program Totals</u>
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES</u>				
Passed Through Florida Department of State, Division of Elections:				
Voting Access for Individuals with Disabilities	93.617	--	5,400	
Passed through the Florida Department of Revenue:				
Child Support Enforcement	93.563	CD335	77,880	
Passed Through Florida Department of Children & Families:				
Promoting Safe and Stable Families	93.556	NJ204	271,719	
Temporary Assistance for Needy Families	93.558	NJ204	351,454	
Temporary Assistance for Needy Families	93.558	NH210	29,971	381,425
Chafee Educational and Training Vouchers Program	93.599	NJ204	14,322	
Adoption Incentive Payments	93.603	NJ204	18,840	
Child Welfare Services -- State Grants	93.645	NJ204	57,274	
ARRA - Foster Care -- Title IV-E	93.658	NJ204	13,726	
Foster Care -- Title IV-E	93.658	NJ204	812,158	825,884
ARRA - Adoption Assistance	93.659	NJ204	4,089	
Adoption Assistance	93.659	NJ204	344,766	348,855
Social Services Block Grant	93.667	NJ204	195,678	
CAPTA Grant	93.669	NJ204	27	
Chafee Independence Program	93.674	NJ204	38,250	
Medical Assistance Program	93.778	NJ204	6,758	
Block Grant for Community Mental Health Services	93.958	NH210	95,385	
Substance Abuse	93.959	NH210	402,987	
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>				
Office of National Drug Control & Policy				
Direct Assistance:				
High Intensity Drug Trafficking	95.001	--	3,240,272	
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
Direct:				
Assistance to Firefighters Grant	97.044	EMW-2008-FO-10497	68,112	
Passed through the Department of Community Affairs:				
Disaster Grants - Public Assistance	97.036	08-PA-B9-04-65-13-662	86,152	
Emergency Management Performance Grant	97.042	09-BG-03-04-65-01-104	43,078	
Passed Through the Florida Department of Law Enforcement:				
Homeland Security Grant Program	97.067	2009-SHSP-STO-1-V3-056	17,400	
Passed Through the Florida Department of Financial Services:				
Homeland Security Grant Program	97.067	08DS-60-13-00-13-374	27,489	
Passed Through the Florida Division of Emergency Management:				
Homeland Security Grant Program	97.067	10-DS-39-04-65-01	25,226	70,115
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 13,978,859</u>	

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2010
St. Johns County, Florida**

<u>State Agency</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Program Totals</u>
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
So PV/Vilano Beach Restoration	37.003	07SJ1	\$ 1,412	
Florida Recreational Development Assistance Program	37.017	A08168	200,000	
Innovative Waste Reduction and Recycling	37.050	IG8-14	17,942	
<u>DEPARTMENT OF STATE</u>				
State Aid to Libraries	45.030	10-ST-73	118,251	
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>				
Emergency Management Programs	52.008	07-HM-32-04-65-03-003	53,739	
Emergency Management Programs	52.008	10-BG-25-04-65-01-053	102,691	156,430
Hurricane Shelter Retrofit Project	52.024	09-SR-18-04-65-010-246	38,868	
Hurricane Disaster Assistance	52.600308	08-PA-B9-04-65-13-662	14,359	
<u>FLORIDA HOUSING FINANCE CORPORATION</u>				
State Housing Initiative Partnership Program	52.901	2006-2007	140,435	
State Housing Initiative Partnership Program	52.901	2007-2008	603,299	
State Housing Initiative Partnership Program	52.901	2008-2009	376,850	
State Housing Initiative Partnership Program	52.901	2009-2010	251,533	1,372,117
<u>DEPARTMENT OF TRANSPORTATION</u>				
County Incentive Grant Program	55.008	424025-1-58-01	495,449	
Public Transit Block Grant Program	55.010	418441-1-84-04	61,687	
Public Transit Block Grant Program	55.010	418441-1-84-05	80,661	142,348
Transportational Regional Incentive Program	55.026	424307-1-58-01, 424307-1-68-01	3,887,003	
<u>DEPARTMENT OF CHILDREN & FAMILIES</u>				
Substance Abuse Treatment & Aftercare Services for Children	60.030	NH210	126,884	
Substance Abuse Detoxification Services for Adults	60.031	NH210	40,938	
Substance Abuse Treatment & Aftercare Services for Adults	60.033	NH210	122,998	
Indigent Psychiatric Outpatient Services	60.039	NH210	5,040	
Adult Community Mental Health Support Services	60.053	NJ210	829,690	
Adult Community Mental Health Emergency Stabilization	60.054	NH210	41,300	
Children's Mental Health Community Support Services	60.055	NJ210	18,287	
Children's Mental Health Emergency Stabilization	60.057	NJ210	72,702	
Community Based Care Supports	60.094	NJ204	1,733,444	
<u>DEPARTMENT OF HEALTH</u>				
Emergency Medical Services Matching Awards	64.003	M9016	92,484	
County Grant Awards	64.005	C9058	29,310	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 9,557,256	

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2010
St. Johns County, Florida**

NOTE 1 – BASIS OF PRESENTATION

Expenditures generally represent allowable costs, determined in accordance with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – SUBRECIPIENTS

The County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Neighborhood Stabilization Program	14.228	\$ 1,945,663
Federal Transit Capital Investment Grants	20.500	93,369
Federal Transit Formula Grants	20.507	415,027

The County provided state awards to subrecipients as follows:

<u>Project Title</u>	<u>CSFA Number</u>	<u>Amount</u>
State Housing Initiative Partnership	52.901	\$ 583,833

**Report on Compliance With Requirements That Could Have a
Direct and Material Effect on Each Major Program and
Project and on Internal Control Over Compliance**

The Honorable County Commissioners
St. Johns County, Florida

Compliance

We have audited the compliance of St. Johns 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 State Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2010. The County's major federal programs and state projects are identified in the summary of auditors' 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 on the County's compliance with those requirements.

In our opinion pertaining to the major federal programs, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

As described in item 10-1 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with the requirements regarding matching that are applicable to its County Incentive Grant project, CSFA No. 55.008. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that state project.

In our opinion pertaining to the major state projects, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2010.

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 the 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 internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 10-1 to be a material weakness.

The Honorable County Commissioners
St. Johns County, Florida
Page 3

The County's response to the finding identified in our audit is described in its accompanying letter of response. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of County Commissioners and management, and oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.

Car, Riggs & Ingram LLC

April 25, 2011
Gainesville, Florida

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010
St. Johns County, Florida**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

- (i) The independent auditors’ report on the financial statements expressed an unqualified opinion.
- (ii) The audit did not report significant deficiencies or disclose material weaknesses in internal control over financial reporting.
- (iii) The audit did not disclose any noncompliance considered material to the financial statements.
- (iv) The audit did not report significant deficiencies or disclose material weaknesses in the internal control over the major federal programs. The audit reported a significant deficiency in internal control over a major state project. The deficiency was considered to be a material weakness.
- (v) The auditors’ report on compliance for the major federal award programs expressed an unqualified opinion. The auditors’ report on compliance for the major state projects expressed a qualified opinion.
- (vi) The audit disclosed no findings relative to the major federal programs. The audit disclosed a finding relative to a major state project, as described in item 10-1.
- (vii) The County’s major federal programs and state projects were:

<u>Federal Programs</u>	<u>Federal CFDA Number</u>
Neighborhood Stabilization Program	14.228
Highway Planning and Construction	20.205
Federal Transit Cluster	20.500 and 20.507
Foster Care -- Title IV E	93.658
<u>State Projects</u>	<u>State CSFA Number</u>
County Incentive Grant Program	55.008
Transportation Regional Incentive Program	55.026
Adult Community Mental Health Support Services	60.053

- (viii) A threshold of \$419,366 was used to distinguish between Type A and Type B programs for federal programs, and \$300,000 was used for state projects.
- (ix) The County did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010
St. Johns County, Florida**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings relative to the financial statements.

SECTION III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS

There were no findings relative to the major federal programs.

SECTION IV – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

CSFA No. 55.008

	<u>QUESTIONED COSTS</u>
10-1 Condition - The County does not have sufficient controls in place to monitor the progress of its matching requirements for state projects. As a result, noncompliance with the matching provision of the County Incentive Grant project occurred.	<u>\$ 70,298</u>
Recommendation - The County's internal controls relative to state financial assistance projects should be strengthened to ensure compliance with matching provisions.	

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

The Honorable County Commissioners
St. Johns County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of St. Johns County, Florida (the "County"), as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 25, 2011. 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 County'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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

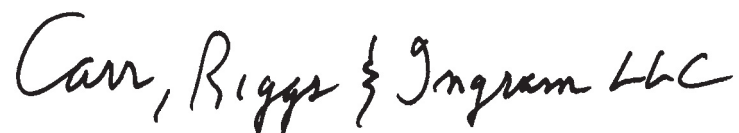
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters, which we have reported in separately-issued reports for the County's constitutional officers.

This report is intended solely for the information and use of the Board of County Commissioners and management, and oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

April 25, 2011
Gainesville, Florida

St. Johns County, Florida
Summary Schedule of Prior Audit Findings
(Relative to Federal Programs and State Projects)
For the Year Ended September 30, 2010

The following is an update of the prior audit finding:

Summary of prior audit finding 09-3 **CFDA Nos. 07.XXX, 20.205, and 97.067 / CSFA Nos. 52.901, 55.026, and 72.002**

Procedures were not adequate to ensure the proper identification of programs and an accurate Schedule of Expenditures of Federal Awards and State Financial Assistance as required by OMB Circular A-133 and the Florida Single Audit Act.

Current Status – Resolved.



St. Johns County Board of County Commissioners

Office of the County Administrator
Michael D. Wanchick, County Administrator

April 25, 2011

Mr. Alan G. Nast, C.P.A.P.A., Partner
Carr, Riggs & Ingram
P.O. Box 13494
4010 N.W. 25 Place
Gainesville, Florida 32606

Dear Alan:

The following represents St. Johns County management's response to the finding for the "Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Project and on Internal Control Over Compliance" for the "Year Ended September 30, 2010":

"10-1 **Condition**" Response – The County will develop a form that will add an additional control procedure when closing out matching grants so that all County expenditures for the grant project to date will be compared directly to grant funds received to date so that the correct County reimbursement for the grant will be checked and billed appropriately. Overbilling occurred due to a supplemental grant agreement adding additional grant funds and the grant manager assuming that total project expenditures ensured the maximum grant match requirement when in fact the project came in well under budget including a rare concluding deductive change order.

If any other information or response is necessary, please contact Doug Timms, County Budget Officer, in the County's Office of Management and Budget at (904) 209-0566.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael D. Wanchick", is written over a horizontal line.

Michael D. Wanchick
County Administrator

Management Letter

The Honorable County Commissioners
St. Johns County, Florida

We have audited the financial statements of St. Johns County, Florida (the "County"), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated April 25, 2011. We have also issued reports on internal control and on compliance and other matters. Those reports should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and U.S. Office of Management and Budget Circular A-133. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. In that regard, all prior audit findings have been resolved.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." in connection with our audit, we determined that the County has not met one or more of the conditions described in Section 218.503(1), Florida Statutes, that are indicative of a state of financial emergency.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

Annual Financial Report

As required by the Rules of the Auditor General, we determined that the annual financial report for the fiscal year ended September 30, 2010, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2010.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

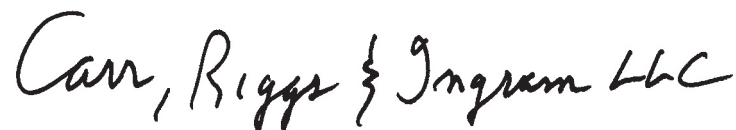
Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

As required by the Rules of the Auditor General, we performed separate audits of each of the County's constitutional officers. The comments included in those separately-issued reports should be considered in conjunction with this management letter.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

April 25, 2011
Gainesville, Florida