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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, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 27, 2008. Our report on the financial statements included a paragraph explaining that the County restated certain beginning balances. 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 May 27, 2008 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.

May 27, 2008
Gainesville, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2007
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 Justice</u> | | | | |
| Direct Assistance: | | | | |
| Community Capacity Development - Weed and Seed | 16.595 | 2006-WS-Q6-0120 | 104,405 | |
| Bulletproof Vest Partnership Program | 16.607 | FY 06/07 | 2,249 | |
| Bulletproof Vest Partnership Program | 16.607 | FY 05/06 | 1,080 | 3,329 |
| Public Safety Partnerships and Community Policing Grants | 16.710 | 2004-UM-WX-0011 | 75,000 | |
| Passed Through Florida Department of Law Enforcement: | | | | |
| Byrne Formula Grant Program | 16.738 | 2007-JAGC-STJO-1-P3-045 | 32,040 | |
| Byrne Formula Grant Program | 16.738 | 2006-DJ-BX-0856 | 24,355 | 56,395 |
| Passed Through Florida Department of Children & Families: | | | | |
| STOP Violence Against Women Formula Grant | 16.588 | LN026 | 120,842 | |
| Passed Through Florida Office of the Attorney General: Crime Victim Assistance - VOCA | 16.575 | V5121 | 77,170 | |
| <u>Department of Homeland Security</u> | | | | |
| Passed through the Department of Community Affairs: | | | | |
| Emergency Management Performance Grant | 97.042 | 07BG-04-04-65-01-206 | 33,016 | |
| Homeland Security Grant Program | 97.067 | 06-DS-3W-04-65-01-328 | 12,135 | |
| Homeland Security Grant Program | 97.067 | 07-DS-5N-04-65-02-303 | 14,477 | |
| Homeland Security Grant Program | 97.067 | 08-DS-14-08-61-01-001 | 34,189 | 60,801 |
| Passed Through the Florida Department of Law Enforcement: | | | | |
| State Domestic Preparedness Equipment Support Program | 97.004 | 2006-LETP-STJO-1-N1-004 | 215,064 | |
| Homeland Security Grant Program | 97.067 | 2007-SHSP-STJO-1-Q5-007 | 4,871 | |
| Homeland Security Grant Program | 97.067 | 2007-SHSP-STJO-2-Q5-016 | 1,833 | 6,704 |
| <u>Executive Office of the President, Office of National Drug Control & Policy</u> | | | | |
| Direct Assistance: | | | | |
| High Intensity Drug Trafficking | -- | IPF 5 | 1,981,471 | |
| <u>Election Assistance Commission</u> | | | | |
| Passed through the Department of State, Division of Elections: | | | | |
| HAVA - Title I | 39.011 | -- | 16,100 | |
| <u>Department of Transportation</u> | | | | |
| Direct Assistance: | | | | |
| Federal Transit Formula Grants | 20.507 | FL-90-X522-00 | 736,658 | |
| Federal Transit Formula Grants | 20.507 | FL-03-0277-00 | 37,054 | |
| Federal Transit Formula Grants | 20.507 | FL-90-X574-02 | 279,390 | |
| Federal Transit Formula Grants | 20.507 | FL-03-0380-00 | 716,437 | |
| Federal Transit Formula Grants | 20.507 | FL-90-X603-00 | 420,691 | |
| Federal Transit Formula Grants | 20.507 | FL-04-0019-00 | 250,258 | 2,440,488 |

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2007
St. Johns County, Florida**

| <u>Federal Agency</u> | <u>Federal CFDA Number</u> | <u>Contract Number</u> | <u>Expenditures</u> | <u>Program Totals</u> |
|--|------------------------------------|----------------------------|---------------------|---------------------------|
| Passed Through Florida Department of Transportation: | | | | |
| A1A National Scenic Byway | 20.205 | 411212-4-18-01 | 5,167 | |
| State and Community Highway Safety | 20.600 | AOQ02 | 19,931 | |
| Alcohol Traffic Safety and Drunk Driving | | | | |
| Prevention Incentive Grant | 20.601 | AOQ44 | 15,242 | |
| Safety Incentives to Prevent Operation of Motor | | | | |
| Vehicles by Intoxicated Persons | 20.605 | AOK30 | 55,066 | |
| | | | | |
| <u>Housing & Urban Development</u> | | | | |
| Passed Through Florida Department of Community | | | | |
| Affairs: | | | | |
| CDBG - Housing Rehabilitation | 14.228 | O5DB-2Q-04-65-01-H17 | 468,889 | |
| | | | | |
| <u>Department of Health and Human Services</u> | | | | |
| Passed Through Florida Department of Children & | | | | |
| Families: | | | | |
| Temporary Assistance for Needy Families | 93.558 | DH646 | 43,724 | |
| Temporary Assistance for Needy Families | 93.558 | DJ993 | 415,941 | 459,665 |
| Chafee Educational and Training Vouchers Program | 93.599 | DJ993 | 19,825 | |
| Voting Access for Individuals with Disabilities | 93.617 | -- | 2,801 | |
| Child Welfare Services -- State Grants | 93.645 | DJ993 | 285,534 | |
| Foster Care -- Title IV-E | 93.658 | DJ993 | 802,063 | |
| Adoption Assistance | 93.659 | DJ993 | 258,800 | |
| Social Services Block Grant | 93.667 | DJ993 | 304,146 | |
| CAPTA Grant | 93.669 | DJ993 | 6,372 | |
| Chafee Independence Program | 93.674 | DJ993 | 43,760 | |
| Medical Assistance Program | 93.778 | DJ993 | 6,170 | |
| Block Grant for Community Mental Health Services | 93.958 | DH646 | 109,668 | |
| Block Grant for the Prevention & Treatment of | | | | |
| Substance Abuse | 93.959 | DH646 | 455,298 | |
| | | | <u>455,298</u> | |
| Total Expenditures of Federal Awards | | | <u>\$ 8,509,182</u> | |

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2007
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>Florida Department of State</u> | | | | |
| Gates Replacement Grant | 45.XXX | 06-Gates-42 | 31,500 | |
| Cultural Facilities Grant Program | 45.014 | 07-9015 | 500,000 | |
| Library Cooperative Grants | 45.018 | 0607-NEFLIN-MG-03 | 4,392 | |
| State Aid to Libraries | 45.030 | 07-ST-71 | 178,395 | |
| Historic Preservation Grant | 45.031 | S0745 | 1,720 | |
| Acquisition, Restoration of Historic Properties | 45.032 | SC601 | 100,678 | |
| <u>Florida Department of Health</u> | | | | |
| County Grant Awards | 64.005 | C6058 | 47,896 | |
| <u>Florida Department of Community Affairs</u> | | | | |
| Florida Forever - Vilano Beach Park | 52.002 | 06-034-FF6 | 4,146,790 | |
| Florida Forever - Mussallem Beachfront Park | 52.002 | 06-033-FF6 | 2,410,574 | 6,557,364 |
| Emergency Management Programs | 52.008 | 07BG-04-04-65-01-206 | 104,630 | |
| <u>Florida Department of Transportation</u> | | | | |
| NPDES Permit | 55.XXX | 214256-1-74-78 | 59,453 | |
| Public Transit Block Grant Program | 55.010 | 418441-1-84-01 | 125,237 | |
| Public Transit Block Grant Program | 55.010 | 418441-2-94-07 | 240,610 | 365,847 |
| Public Transit Service Development Program | 55.012 | 217141-2-84-07 | 62,172 | |
| <u>Florida Housing Finance Corporation</u> | | | | |
| State Housing Initiative Partnership Program | 52.901 | 2004-2005 | 323,483 | |
| State Housing Initiative Partnership Program | 52.901 | 2005-2006 | 632,733 | |
| State Housing Initiative Partnership Program | 52.901 | 2006-2007 | 532,874 | 1,489,090 |
| <u>Florida Department of Children & Families</u> | | | | |
| Substance Abuse Treatment and Aftercare Services for Children | 60.030 | DH646 | 149,101 | |
| Substance Abuse Detoxification Services for Adults | 60.031 | DH646 | 53,221 | |
| Substance Abuse Treatment and Aftercare Services for Adults | 60.033 | DH646 | 118,645 | |
| Indigent Psychiatric Outpatient Services | 60.039 | DH613 | | |
| Indigent Psychiatric Outpatient Services | 60.039 | DH646 | 5,501 | |
| Purchase Therapeutic Services Child Community Support Services | 60.047 | DH646 | 72,318 | |
| Adult Community Mental Health Support Services | 60.053 | DH646 | 908,473 | |
| Adult Community Mental Health Emergency Stabilization | 60.054 | DH646 | 45,077 | |
| Children's Mental Health Community Support Services | 60.055 | DH646 | 20,046 | |
| Children's Mental Health Emergency Stabilization | 60.057 | DH646 | 79,395 | |
| Community Based Care Supports | 60.094 | DJ993 | 1,822,983 | |

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2007
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>Florida Department of Environmental Protection</u> | | | | |
| Florida Recreational Development Assistance Program | 37.017 | F5137 | 200,000 | |
| Florida Recreational Development Assistance Program | 37.017 | F7107 | 72,422 | 272,422 |
| 2004 Hurricane Recovery Plan Grant Program | 37.065 | 05SJ1 | 45,000 | |
| <u>Florida Department of Juvenile Justice</u> | | | | |
| Mental Health Services | 80.011 | X1309 | <u>74,886</u> | |
| Total Expenditures of State Financial Assistance | | | <u>\$ 13,170,205</u> | |

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2007
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> |
|-----------------------------------|------------------------|---------------|
| Federal Transit Formula Grants | 20.507 | \$ 1,178,392 |



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**Report on Compliance and on Internal Control Over Compliance
Applicable to Each Major Federal Awards Program
and State Financial Assistance Project**

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 are applicable to each of its major federal programs and state projects for the year ended September 30, 2007. 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, 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, 2007.

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Internal Control Over Compliance

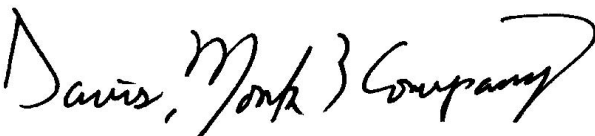
The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's 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, 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 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 control over compliance that we consider to be material weaknesses, as defined above.

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 cursive script that reads "Davis, Monk & Company". The signature is written in dark ink and is positioned above the date and location information.

May 27, 2008
Gainesville, Florida

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2007
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 disclose a significant deficiency in internal control over financial reporting. The significant deficiency was not considered to be a material weakness.
- (iii) The audit did not disclose any noncompliance considered material to the financial statements.
- (iv) The audit did not disclose significant deficiencies in internal control over major federal programs or state projects.
- (v) The auditors’ report on compliance for the major federal award programs and state projects expressed an unqualified opinion.
- (vi) The audit did not disclose findings relative to the major federal programs or state projects.
- (vii) The County’s major federal programs and state projects were:

| <u>Federal Programs</u> | <u>Federal CFDA Number</u> |
|--|--------------------------------|
| CDBG – Housing Rehabilitation | 14.228 |
| Federal Transit Formula Grants | 20.507 |
| Fostercare Title IV-E | 93.658 |
| Block Grants for the Prevention and Treatment of Substance Abuse | 93.959 |
| | |
| <u>State Projects</u> | <u>State CSFA Number</u> |
| Cultural Facilities Grant Program | 45.014 |
| Florida Forever | 52.002 |
| Adult Community Mental Health Support Services | 60.053 |

- (viii) A threshold of \$300,000 was used to distinguish between Type A and Type B programs for federal programs, and \$395,106 was used for state projects.
- (ix) The County qualified 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, 2007
St. Johns County, Florida**

SECTION II – FINANCIAL STATEMENT FINDINGS

The following finding relates to the **Board of County Commissioners**:

07-1 **Condition** – Internal controls over financial reporting were not sufficient to ensure that all financial activities of the County’s federal and state grants were accurately recorded. During the audit process, we detected certain grant-related errors in the Schedule of Expenditures of Federal and State Awards and in the general ledger system. These errors, which were not material, were ultimately corrected by management.

Recommendation – We recommend that the County improve its internal controls over financial activities of federal and state grants. Steps should be taken to ensure that all transactions of federal and state grants are accurately reported.

The following matter relates to the **Sheriff’s Office**:

07-2 **Condition** – Several of the Office’s agency fund transactions and those of the Canteen fund are decentralized. Currently, these departments do not prepare interim trial balances during the year, therefore, the Finance department cannot review the completeness of the accounting records of these funds. We noted at year-end that the agency fund accounting records required adjustments for receivables and payables and that the Canteen fund’s inventory at year-end was not properly recorded due to improper valuation and incomplete physical counts.

Recommendation – To the extent possible, the Office should consider centralizing the accounting functions of its Agency and Canteen funds. If management decides this is not cost effective for the Office, we recommend that accounting procedures be implemented such that trial balances are prepared and submitted to Finance for review at least quarterly and at year-end. The Office may also want to consider developing procedures for fiscal year-end close out by the decentralized departments.

SECTION III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS

None.

SECTION IV – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

None.



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**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, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 27, 2008. Our report on the financial statements included a paragraph explaining that the County restated certain beginning balances. 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 opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 07-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

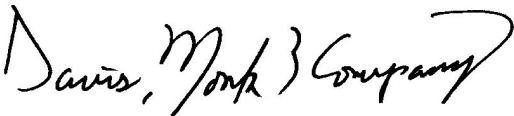
Compliance and Other Matters

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 a matter in our audit of the Sheriff's office that we reported to management in the accompanying Schedule of Findings and Questioned Costs as item 07-2.

The County's responses to the findings identified in our audit are described in its accompanying letters of response. 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 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 "Davis, Mark } Company". The signature is written in a cursive style with a large, sweeping flourish at the end.

May 27, 2008
Gainesville, Florida

Sheriff

DAVID B SHOAR

OFFICE
904/824-8304



ST JOHNS COUNTY SHERIFF'S OFFICE

4015 LEWIS SPEEDWAY, SAINT AUGUSTINE, FLORIDA 32084
904/810-6779 (FAX) • 904/829-6495 (TDD) • WWW.SJSO.ORG

25 February 2008

David W. Martin, CPA
Florida Auditor General
111 West Madison Street
Tallahassee, FL 32399-1450

SUBJECT: RESPONSE TO 2007 MANAGEMENT LETTER

In response to the schedule of findings for the audit of fiscal year ending September 30, 2007, management provides the following:

Condition – Several of the Office's agency fund transactions and those of the Canteen fund are decentralized. Currently, these departments do not prepare interim trial balances during the year, therefore, the Finance department cannot review the completeness of the accounting records of these funds. We noted at year-end that the agency fund accounting records required adjustments for receivables and payables and that the Canteen fund's inventory at year-end was not properly recorded due to improper valuation and incomplete physical counts.

Recommendation – To the extent possible, the Office should consider centralizing the accounting functions of its Agency and Canteen funds. If management decides this is not cost effective for the Office, we recommend that accounting procedures be implemented such that the trial balances are prepared and submitted to Finance for review at least quarterly and at year-end. The Office may also want to consider developing procedures for fiscal year-end close out by the decentralized departments.

Response – Management agrees that decentralized agency funds should be reviewed quarterly. We are currently incorporating this recommendation into our standard operating procedures.

Should you need further information about the financial condition or internal controls at the St. Johns County Sheriff's Office, please contact me directly.

FOR THE SHERIFF:

Sincerely,

A handwritten signature in black ink that reads 'Mark E. Simpson'.

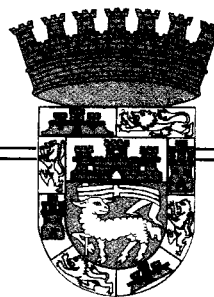
Mark E. Simpson, CPFO
Chief Financial Officer



St. Johns County Board of County Commissioners

MICHAEL D. WANCHICK
County Administrator

4020 LEWIS SPEEDWAY
ST. AUGUSTINE, FLORIDA 32084



PHONE: (904) 209-0530
FAX: (904) 209-0531

May 16, 2008

Mr. Alan G. Nast, C.P.A.P.A., Partner
Davis Monk & Company
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 "Financial Statement Findings" relating to the Board of County Commissioners for the "Year Ended September 30, 2007":

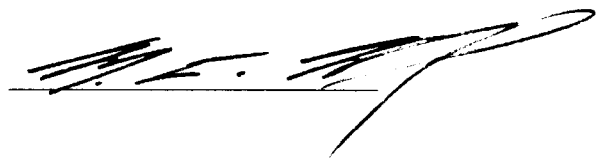
"07-1 Condition – Internal controls over financial reporting were not sufficient to ensure that all financial activities of the County's federal and state grants were accurately recorded. During the audit process, we detected certain grant-related errors in the Schedule of Expenditures of Federal and State Awards and in the general ledger system. These errors, which were not material, were ultimately corrected by management.

Recommendation – We recommend that the County improve its internal controls over financial activities of federal and state grants. Steps should be taken to ensure that all transactions of federal and state grants are accurately reported."

"07-1 Condition" Response – While the County has added a position during 2007 to oversee administration of its grant programs and better ensure accurate reporting, coordination will be increased as well as further ensuring that County departments follow the "Grant Procedures" section in the County's Administrative Code.

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,



Michael D. Wanchick
County Administrator

**St. Johns County, Florida
Summary Schedule of Prior Audit Findings
(Relative to Federal Programs and State Projects)
For the Year Ended September 30, 2007**

There were no prior audit findings relative to federal programs or state projects.



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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, 2007, and have issued our report thereon dated May 27, 2008. We have also issued our report on internal control over financial reporting and on compliance and other matters. That report 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 significant findings and recommendations made in the preceding audit. In that regard, prior audit finding 06-3 was not resolved and is repeated in the accompanying Schedule of Findings and Questioned Costs as item 07-1. Prior audit findings 06-1 and 06-2 were 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(8). 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, 2007, 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, 2007.

Investment of Public Funds

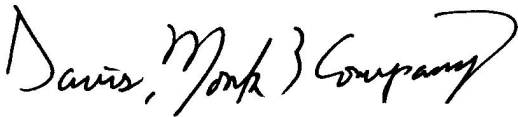
As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

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

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 "Davis, Monk & Company". The signature is written in a cursive, flowing style.

May 27, 2008
Gainesville, Florida