

Martin County, Florida

Management Letters for the Board of County
Commissioners and Constitutional Officers
September 30, 2015





RSM US LLP

**Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida**

To the Honorable Members of the Board
of County Commissioners
Martin County, Florida
Report on the Financial Statements

We have audited the financial statements of Martin County, Florida (the County) as of and for the year ended September 30, 2015, and have issued our report thereon dated May 31, 2016

Auditor's Responsibility

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report as noted in Appendix B.

Official Title and Legal Authority

Sections 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the County's financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not the County has met one or of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County'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 same.

Annual Financial Report

Section 10.554(1)(i)5.b., rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.321(1)(a), Florida Statutes is in agreement with the annual financial audit report for the fiscal year ended September 30 2015. In connection with our audit we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d, Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the County's financial management. These recommendations are disclosed in Appendix A under the heading "Current Year's Recommendations to Improve Financial Management."

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

West Palm Beach, Florida
June 20, 2016

Martin County, Florida

**Appendix A – Current Year’s Recommendations to Improve Financial Management
Fiscal Year Ended September 30, 2015**

ML 2015-1 Preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance

Criteria: Management is responsible for the preparation of an accurate and complete schedule of expenditures of federal awards and state financial assistance.

Condition: Changes were made to the schedule of expenditures of federal awards and state financial assistance, as additional invoices were submitted too late to the finance department, who then notifies the Office of Management and Budget.

Context: These changes pertained only to the County’s preparation of the schedule of expenditures of federal awards and state financial assistance under OMB Circular A-133 and Florida Single Audit Act.

Cause: The grant process is by nature decentralized, as the project owners are most able to manage the grant expenditures. Due to the decentralized process of grant management within the various county departments, invoices are not always submitted on a timely basis to accounting and therefore the Office of Management and Budget is tasked with adjusting the Federal and State expenditures.

Effect: Changes to the schedule could affect the selection of major programs or projects and therefore impact the County’s compliance with OMB Circular A-133 and the Florida Single Audit Act.

Recommendation: We recommend the County review its current financial reporting close process with regard to submittal of expenditure invoices and reconciliations provided by the operating departments to ensure that preparer of the schedule of expenditures of federal awards and state financial assistance receives the information they need to properly prepare the schedule on a timely basis. The expenditure reconciliations provided by the operating departments managing the grants need to provide up to date information including invoices that may have just been received or are pending from a vendor. We also recommend that the schedule be reviewed by a person that is independent of the preparation of the schedule and is knowledgeable of the reporting requirements of OMB Circular A-133 and the Florida Single Audit Act. Since much of the underlying information used to create the schedule is produced by the finance department, it may be effective to utilize the same individual who oversees the accounting for the special revenue funds where the grant activity is recorded to prepare the schedule.

Management Response: We concur with the audit recommendations that Finance can provide further assistance to the County in helping establish improved grants expenditure reconciliation and fund closeout procedures, as well as to provide the independent review and analysis of grants expenditures as they pertain to the Schedule of Expenditures of Federal Awards and State Financial Assistance (SEFA) pursuant to OMB A-133, the Single Audit Act and Rules of the Auditor General, Chapter 10.550.

Martin County, Florida

Appendix A – Current Year’s Recommendations to Improve Financial Management (Continued)
Fiscal Year Ended September 30, 2015

ML 2015-2 Preparation of the Comprehensive Annual Financial Report (CAFR)

Criteria: Management is responsible for the preparation of an accurate and complete comprehensive annual financial report in a timely manner.

Condition: Although management was able to produce an accurate and complete comprehensive annual financial report, the process is onerous, time-consuming, and requires a great deal of effort.

Context: Due to a delay in reporting by the Florida Department of Retirement Services for the fiscal year 2015 GASB 68 implementation the county received a two month extension from the GFOA. While the extension provided additional time to prepare the data a significant amount of effort was still required to calculate and record the information and schedules needed to prepare and issue the CAFR.

Cause: The finance department is working with an old information technology system which requires a considerable amount of manual summarization and use of excel spreadsheets to generate the information needed for the comprehensive annual financial report. Also the finance department has limited staff in its accounting and financial reporting group to be able to process the ongoing activities of the County and prepare the year-end financial statements at the same time.

Effect: In an environment where governments are attempting to operate as efficiently as possible, and obtaining and retaining qualified staff is a challenge, the effort required to complete the CAFR puts a significant amount of strain on the finance staff.

Recommendation: We recommend the County research and consider alternatives and updated methods of financial reporting including system modifications or system changes. The County can accomplish more efficient financial reporting with a system of financial reporting that leverages up-to-date financial reporting tools balanced against the current and future availability of qualified personnel resources.

Martin County, Florida

**Appendix B – Prior Year’s Recommendations to Improve Financial Management
Fiscal Year Ended September 30, 2014**

No.	Prior Years’ Observations	Observation is Still Relevant Partially Implemented	Comment Addressed or No Longer Relevant
ML 2014-01	Reserves for Incurred But Not Reported Health Insurance Claims		X





RSM US LLP

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

To the Honorable Carolyn Timmann
Clerk of the Circuit Court and Comptroller
Martin County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Office of the Clerk of the Circuit Court of Martin County, Florida (the Office), as of and for the year ended September 30, 2015, and have issued our report thereon dated June 20, 2016, which was prepared to comply with State of Florida reporting requirements.

Auditor's Responsibility

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 Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 20, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Sections 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Office's financial statements.

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Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had the following recommendation:

In the process of auditing the Statement of County Funded Court-Related Functions the Facility Construction costs had not been properly updated. We recommend that the Office create a process to ensure that all amounts have been properly reported and are fully supported.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

West Palm Beach, Florida
June 20, 2016



RSM US LLP

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

The Honorable Laurel Kelly
Property Appraiser
Martin County, Florida

Report on the Financial Statements

We have audited the financial statement of the major fund of the accompanying financial statements of the major fund of the Office of the Property Appraiser of Martin County, Florida (Office), as of and for the year ended September 30, 2015, and have issued our report thereon dated June 20, 2016.

Auditor's Responsibility

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 Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 20, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Sections 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Office's financial statements.

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Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Office's financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

West Palm Beach, Florida
June 20, 2016



RSM US LLP

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

The Honorable William Snyder
Sheriff
Martin County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Office of the Sheriff of Martin County, Florida (the Office), as of and for the year ended September 30, 2015, and have issued our report thereon dated June 20, 2016, which was prepared to comply with State of Florida reporting requirements.

Auditor's Responsibility

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 Chapter 10.550, Rules of the Auditor General.

Other Reports

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Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

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Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Sheriff of Martin County, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

West Palm Beach, Florida
June 20, 2016



RSM US LLP

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

The Honorable Vicki Davis
Office of the Supervisor of Elections
Martin County, Florida

Report on the Financial Statements

We have audited the financial statement of the major fund of the Office of the Supervisor of Elections, of Martin County, Florida (the Office), as of and for the year ended September 30, 2015, and have issued our report thereon dated June 20, 2016 which was prepared to comply with State of Florida reporting requirements.

Auditor's Responsibility

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 Chapter 10.550, Rules of the Auditor General.

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Prior Audit Findings

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RSM US LLP

West Palm Beach, Florida
June 20, 2016



RSM US LLP

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

The Honorable Ruth Pietruszewski
Tax Collector
Martin County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Office of the Tax Collector of Martin County, Florida (the Office), as of and for the year ended September 30, 2015, and have issued our report thereon dated June 20, 2016, which was prepared to comply with State of Florida reporting requirements.

Auditor's Responsibility

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 Chapter 10.550, Rules of the Auditor General.

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RSM US LLP

West Palm Beach, Florida
June 20, 2016