

SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

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INDEPENDENT AUDITOR'S REPORT

Honorable Ann Bodenstein
Supervisor of Elections
Santa Rosa County, Florida

We have audited the accompanying special-purpose financial statements (hereinafter referred to as "financial statements") of the general fund of the Office of the Supervisor of Elections of Santa Rosa County, Florida (hereinafter referred to as "Supervisor of Elections"), as of and for the year ended September 30, 2006. These financial statements are the responsibility of the Supervisor of Elections' management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note A to the financial statements, the special-purpose financial statements consists of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Supervisor of Elections, nor are they intended to be a complete presentation of the financial position and changes in financial position of Santa Rosa County, Florida, taken as a whole.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Supervisor of Elections as of September 30, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2006, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, 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.

The budgetary comparison information on page 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

O'Sullivan Creel, LLP

December 6, 2006

Santa Rosa County, Florida Supervisor of Elections
BALANCE SHEET - GENERAL FUND
September 30, 2006

ASSETS

Due from Board of County Commissioners	\$ 69,605
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LIABILITIES

Accounts payable	\$ 10,222
Accrued expenses	9,532
Deferred revenue	49,851
Total liabilities	<u>69,605</u>

FUND BALANCE

Fund balance	<u>--</u>
Total liabilities and fund balance	<u>\$ 69,605</u>

Santa Rosa County, Florida Supervisor of Elections
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND
For the year ended September 30, 2006

REVENUES	
Grant revenue	\$ 15,265
Miscellaneous revenue	3,915
Total revenues	19,180
 EXPENDITURES	
Current:	
General government:	
Personal services	404,565
Operating	261,342
Capital outlay	117,548
Total expenditures	783,455
 Excess (deficiency) of revenues over expenditures	 (764,275)
 OTHER FINANCING SOURCES	
Board of County Commissioners appropriation	764,275
 Net change in fund balance	 --
 FUND BALANCE, BEGINNING OF YEAR	--
 FUND BALANCE, END OF YEAR	\$ --

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida Supervisor of Elections
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

1. Reporting Entity

The Santa Rosa County, Florida Supervisor of Elections (the “Supervisor of Elections”), as established by Article VIII of the Constitution of the State of Florida, is an elected official of Santa Rosa County, Florida (the “County”). Although the Supervisor of Elections is operationally autonomous from the Santa Rosa County Board of County Commissioners, it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Supervisor of Elections is reported as a part of the primary government of the County.

These *special-purpose financial statements* are not intended to be a complete presentation of the financial position and results of operations of Santa Rosa County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consists of only the *fund level* financial statements as defined in GASB Statement No. 34, and do not include presentations of *government-wide* financial statements of the Supervisor of Elections.

Pursuant to the provisions of 129.202, Florida Statutes, the Supervisor of Elections has elected to have the Office of the Clerk of the Circuit and County Courts of Santa Rosa County maintain the books and records pertaining to the operation of the Supervisor of Elections.

2. Fund Accounting

The accounting system of the Supervisor of Elections is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The general fund of the Supervisor of Elections is used to account for all financial resources which are generated from operations of the office, appropriations from the Board of County Commissioners, or any other resources not required to be accounted for in another fund.

Santa Rosa County, Florida Supervisor of Elections
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

2. Fund Accounting -- (Continued)

This fund utilizes a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

3. Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statement. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become both measurable and available as net current assets. The Supervisor of Elections considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred.

4. Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures in the fund level financial statements at the time of purchase. These assets are also capitalized at cost and accounted for in the County's government-wide financial statements.

5. Budgets and Budgetary Accounting

The Supervisor of Elections operates under budget procedures pursuant to Florida Statutes. The Supervisor of Elections' budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budget appropriations lapse at the end of the year, and are not carried over to the following year. The legal level of budgetary control is at the fund level.

6. Compensated Absences

Employees accumulate a limited amount of earned but unused sick leave, annual leave, and compensatory time which will be paid upon separation from service.

**Santa Rosa County, Florida Supervisor of Elections
NOTES TO FINANCIAL STATEMENTS
September 30, 2006**

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

6. Compensated Absences -- (Continued)

Unpaid compensated absences are recorded as a liability when the benefits are earned in the Santa Rosa County government-wide financial statements. For the governmental fund statements, expenditures are recognized when payments are made to employees.

NOTE B - LONG-TERM LIABILITIES - COMPENSATED ABSENCES

Disclosures required by Chapter 10.557(3)(g), Rules of the Auditor General State of Florida related to the liability for compensated absences are as follows:

Balance - October 1, 2005	\$ 34,226
Increases	27,909
Decreases	<u>(27,804)</u>
Balance - September 30, 2006	<u>\$ 34,331</u>

NOTE C - PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Supervisor of Election's Office are covered by the Florida Retirement System (FRS), a multiple employer cost sharing defined benefit pension plan. The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. The FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560.

The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits for all members actively employed on July 1, 2001 after 6 years of creditable service, regardless of membership class. Under the laws in effect before that date, members needed 7, 8, or 10 years of service to become vested, depending on their membership class. Normal retirement benefits are available to employees who retire at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Retirement age and years of service requirements will vary depending on membership class.

Santa Rosa County, Florida Supervisor of Elections
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE C - PENSION AND RETIREMENT PLAN -- (Continued)

Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Deferred Retirement Option Program (DROP) is an elective program available for eligible members of the FRS Pension Plan, Teachers' Retirement System, and State and County Officers and Employees' Retirement System who are eligible for normal retirement. Under this program, a member effectively retires and continues covered employment for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving his/her predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

The FRS is noncontributory for employees and all contributions are made by participating FRS employers. Participating employer contributions are based upon state-wide rates established by the State of Florida. Average contribution rates for the fiscal year ended September 30, 2006 were as follows: regular employees, 8.34%, special risk employees, 19.13%, elected officials, 15.56%, senior management employees, 11.12%, and DROP participants, 9.73%. The Supervisor of Elections' contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$31,361, \$26,229, and \$26,143, for the years ended September 30, 2006, 2005, and 2004, respectively.

NOTE D - RISK MANAGEMENT

The Supervisor of Elections is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board of County Commissioners uses a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment

Santa Rosa County, Florida Supervisor of Elections
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE D - RISK MANAGEMENT -- (Continued)

The County is covered by outside insurance for the following exposures:

- Portable Communication Equipment
- Boats
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Conventional insurance remains in effect for buildings and contents. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public officials' liability coverage. The Supervisor of Elections participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

NOTE E - CANDIDATE QUALIFYING FEES

Every other year, the Supervisor of Elections' office, serving in a custodial capacity, collects candidate qualifying fees in accordance with Florida Statutes. The fees collected are disbursed pursuant to applicable Florida Statutes to the appropriate state party and to the Division of Elections. Qualifying fees collected during the year ended September 30, 2006 were \$2,685.

REQUIRED SUPPLEMENTARY INFORMATION

Santa Rosa County, Florida Supervisor of Elections
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the year ended September 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Grant revenues	\$ 29,450	\$ 57,512	\$ 15,265	\$ (42,247)
Miscellaneous revenues	--	--	3,915	3,915
Total revenues	29,450	57,512	19,180	(38,332)
EXPENDITURES				
Current				
General government				
Personal services	481,290	481,290	404,565	76,725
Operating	317,975	350,246	261,342	88,904
Capital outlay	25,000	131,500	117,548	13,952
Total expenditures	824,265	963,036	783,455	179,581
Excess (deficiency) of revenues over expenditures	(794,815)	(905,524)	(764,275)	141,249
OTHER FINANCING SOURCES				
Board of County Commissioners appropriation	794,815	905,524	764,275	(141,249)
Net change in fund balance	--	--	--	--
FUND BALANCE, BEGINNING OF YEAR	--	--	--	--
FUND BALANCE, END OF YEAR	\$ --	\$ --	\$ --	\$ --

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

Honorable Ann Bodenstein
Supervisor of Elections
Santa Rosa County, Florida

We have audited the special-purpose financial statements (hereinafter referred to as “financial statements”) of the general fund of the Office of the Supervisor of Elections of Santa Rosa County, Florida (hereinafter referred to as “Supervisor of Elections”), as of and for the year ended September 30, 2006, and have issued our report thereon dated December 6, 2006. 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 Supervisor of Elections’ 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 an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Supervisor of Elections’ 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*.

As required by the provisions of Chapter 10.550, Rules of the Auditor General, we have issued a separate management letter dated December 6, 2006, which should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Supervisor of Elections, management, and appropriate governmental agencies and should not be used by anyone other than these specified parties.

O'Sullivan Greel, LLP

December 6, 2006

MANAGEMENT LETTER

Honorable Ann Bodenstein
Supervisor of Elections
Santa Rosa County, Florida

We have audited the special-purpose financial statements (hereinafter referred to as “financial statements”) of the general fund of the Office of the Supervisor of Elections of Santa Rosa County, Florida (hereinafter referred to as “Supervisor of Elections”), as of and for the year ended September 30, 2006, and have issued our report thereon dated December 6, 2006.

We also issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, dated December 6, 2006. Disclosures in that report, if any, 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 and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

The Rules of the Auditor General (Section 10.554 (1) (h) 1.) require that we comment as to whether or not corrective actions were taken to address significant findings and recommendations reported in the preceding annual financial report. There were no such matters disclosed in the preceding annual financial report.

As required by the Rules of the Auditor General (Section 10.554 (1) (h) 2.), we determined that the Supervisor of Elections is in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.

The Rules of the Auditor General (Section 10.554 (1) (h) 3.) require that we report any recommendations made to improve the Supervisor of Elections’ financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such recommendations.

The Rules of the Auditor General (Section 10.554 (1) (h) 4.) require disclosure in the management letter of the following matters that are not clearly inconsequential, considering both quantitative and qualitative factors, including the following: violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred and were discovered within the scope of the audit; improper or illegal expenditures discovered within the scope of the audit which may or may not materially affect the financial statements; and deficiencies in internal control that are not reportable conditions including but not limited to: improper or inadequate accounting procedures (e.g. the omission of required disclosures from the annual financial statements); failures to properly record financial transactions; and other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be disclosed.

This management letter is intended solely for the information and use of the Supervisor of Elections, management, and appropriate governmental agencies and should not be used by anyone other than these specified parties.

O'Sullivan Creel, LLP

December 6, 2006

**Santa Rosa County, Florida Supervisor of Elections
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
For the year ended September 30, 2006**

There were no comments which require management's written response.