

SANTA ROSA COUNTY, FLORIDA PROPERTY APPRAISER

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

SANTA ROSA COUNTY, FLORIDA PROPERTY APPRAISER

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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INDEPENDENT AUDITOR'S REPORT

Honorable Gregory S. Brown
Property Appraiser
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 Property Appraiser of Santa Rosa County, Florida (hereinafter referred to as "Property Appraiser"), as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Property Appraiser's 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 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 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 Property Appraiser's 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 financial statements, 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 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 Property Appraiser, 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 Property Appraiser, as of September 30, 2010, and the change in financial position 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 a report dated February 21, 2011 on our consideration of the Property Appraiser'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.

The budgetary comparison information on page 13 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.

This report is intended solely for the information and use of the Property Appraiser, Santa Rosa County Board of County Commissioners, and the State of Florida Office of Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Creel, LLP

February 21, 2011

**Santa Rosa County, Florida Property Appraiser
BALANCE SHEET - GENERAL FUND
September 30, 2010**

ASSETS

Cash	\$ 116,853
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LIABILITIES

Accounts payable	\$ 21,524
Due to Board of County Commissioners	47,152
Accrued salaries and wages	48,177
Total liabilities	<u>116,853</u>

FUND BALANCE

Fund balance	<u>--</u>
Total liabilities and fund balance	<u>\$ 116,853</u>

**Santa Rosa County, Florida Property Appraiser
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GENERAL FUND
For the year ended September 30, 2010**

REVENUES

Charges for services	\$	40,590
Miscellaneous		4,041
Total revenues		44,631

EXPENDITURES

Current:		
General government:		
Personal services		2,233,412
Operating expenditures		485,393
Capital outlay		18,084
Total expenditures		2,736,889

Excess (deficiency) of revenues over expenditures		(2,692,258)
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OTHER FINANCING SOURCES (USES)

Board of County Commissioners appropriation		2,739,410
Board of County Commissioners excess fees		(47,152)
Total other financing sources (uses)		2,692,258

Net change in fund balance		--
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FUND BALANCE, BEGINNING OF YEAR		--
--	--	----

FUND BALANCE, END OF YEAR	\$	--
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Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

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 Property Appraiser (the "Property Appraiser"), 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 Property Appraiser is operationally autonomous from the Santa Rosa County Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Property Appraiser is considered part of the County's primary government.

These *special-purpose financial statements* of the Property Appraiser are not intended to be a complete presentation of the financial position and results of operations of the County taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist 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 Property Appraiser.

2. Fund Accounting

The accounting system of the Property Appraiser 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 Property Appraiser is used to account for all financial resources which are generated from operations of the office, appropriations from the Board, or any other resources not required to be accounted for in another fund. 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).

Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

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

3. Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The General Fund uses the modified accrual basis of accounting. Its revenues are recognized when they become both measurable and available as net current assets. The Property Appraiser 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 and certain intangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures at the time of purchase. These assets are capitalized at cost and accounted for in the County's government-wide financial statements.

5. Budget and Budgetary Accounting

The Property Appraiser operates under budget procedures pursuant to Section 195.087, Florida Statutes. As permitted by Section 195.087 certain revenues and expenditures related to copy fees, sale of maps, and other charges for services are not subject to budget procedures. 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. Unpaid compensated absences are recorded as a liability when the benefits are earned in the County's government-wide financial statements. For the general fund, compensated absence expenditures are recognized when payments are made to employees.

**Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2010**

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

7. Excess Revenue

In accordance with Section 218.36(2), Florida Statutes, excess revenue is remitted to the Board at fiscal year-end. This excess revenue at September 30, 2010, is reported as due to Board of County Commissioners.

8. Events Occurring After Reporting Date

The Property Appraiser has evaluated events and transactions that occurred between September 30, 2010 and February 21, 2011, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE B - CASH

At September 30, 2010, the bank reported deposits before outstanding checks of \$141,922, all of which were held by a financial institution designated as “a qualified public depository” by the State Treasurer. All deposits were fully insured through a combination of Federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, risk of loss due to bank failure is not significant.

NOTE C - LONG-TERM DEBT - COMPENSATED ABSENCES

Disclosures required by Chapter 10.557(3)(h), Rules of the State of Florida Auditor General, related to long-term debt are as follows:

Balance - October 1, 2009	\$ 323,532
Increases	170,877
Decreases	<u>(166,340)</u>
Balance - September 30, 2010	<u>\$ 328,069</u>

Compensated absences are budgeted annually and paid from the General Fund.

Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE D – PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Property Appraiser are covered by the Florida Retirement System (“FRS”). 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 offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans.

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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 may vary depending on membership class. 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.

The FRS Investment Plan is a defined contribution plan in which participants are vested after one year of service. The employer makes contributions each month based on a percentage of the employee’s gross salary and membership class. The contribution percentage is the same whether participating in the Pension Plan or Investment Plan. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the funds are portable upon termination if the participant is vested. Members in the investment plan are not eligible for participation in the Deferred Retirement Option Program (“DROP”).

Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE D – PENSION AND RETIREMENT PLAN -- (Continued)

DROP is an elective program available for members of the FRS who are eligible for normal retirement. Under this program, a member effectively retires but 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 their 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, 2010 were as follows: regular employees, 10.08%; special risk employees, 21.50%; elected officials, 17.06%; senior management employees, 13.48%; and DROP participants, 11.25%. The Property Appraiser's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution for each year. Contributions to the Investment Plan were equal to the legislatively mandated contribution rates, which are equal to a percentage of the members' gross monthly salary based on the members' class. Contributions to both plans totaled \$178,637, 175,814, and \$176,815 for the years ended September 30, 2010, 2009, and 2008 respectively.

NOTE E - OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

The Property Appraiser participates in the health insurance plan offered to employees of the Board and other County Elected Officials (the Board plan). Additionally, retirees and eligible dependants have the option of continuing in the Board plan at the same group rate as for active employees.

The Board engaged an actuarial firm to determine the estimated obligation associated with the post employment health insurance benefits as of September 30, 2010 for all participants of the Board plan. Costs attributed to the Property Appraiser have been allocated based on the Property Appraiser's payroll compared to total payroll of all participants in the Board plan. The Property Appraiser's Annual OPEB Cost for fiscal year 2010 was \$69,884, and employer contributions included in Personal Services expenditures in the

**Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2010**

NOTE E - OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN -- (Continued)

Statement of Revenues, Expenditures, and Changes in Fund Balance were \$15,397. The net OPEB obligation of the Property Appraiser was \$107,229, and the Unfunded Actuarial Accrued Liability, which is being amortized over a thirty year period as part of the Annual Required Contribution, was \$514,680. Because these financial statements focus on current financial resources, they do not include the net OPEB obligation or any other long-term liability. A full presentation of the OPEB liabilities, funding status, and actuarial methods and assumptions is included in the 2010 Board's Annual Financial Report.

Following are the components of the Property Appraiser's net OPEB obligation at September 30, 2010:

Normal Cost	\$ 40,631
Amortization of Unfunded Actuarial Accrued Liability	<u>30,288</u>
Annual Required Contribution (ARC)	70,919
Interest on Net OPEB Obligation	2,179
Adjustment to ARC	<u>(3,214)</u>
Annual OPEB Cost	69,884
Estimated Employer Contributions Made	<u>(15,397)</u>
Increase in net OPEB Obligation	54,487
Net OPEB Obligation, October 1, 2009	<u>52,742</u>
Net OPEB Obligation, September 30, 2010	<u><u>\$ 107,229</u></u>

Santa Rosa County, Florida Property Appraiser
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE F - RISK MANAGEMENT

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

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

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

- Buildings and contents, \$5,000 deductible
- Boats
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public official's liability coverage. The Property Appraiser participates in the County's self-insurance 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 catastrophe losses.

REQUIRED SUPPLEMENTARY INFORMATION

**Santa Rosa County, Florida Property Appraiser
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS)
AND ACTUAL - GENERAL FUND - (Unaudited)
For the year ended September 30, 2010**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Miscellaneous	\$ --	\$ --	\$ 4,041	\$ 4,041
Total revenues	--	--	4,041	4,041
EXPENDITURES				
Current:				
General government:				
Personal services	2,246,866	2,204,433	2,233,412	(28,979)
Operating expenditures	477,099	519,799	444,803	74,996
Capital outlay	15,200	15,200	18,084	(2,884)
Total expenditures	<u>2,739,165</u>	<u>2,739,432</u>	<u>2,696,299</u>	<u>43,133</u>
Excess (deficiency) of revenues over expenditures	(2,739,165)	(2,739,432)	(2,692,258)	47,174
OTHER FINANCING SOURCES (USES)				
Board of County Commissioners appropriation	2,739,165	2,739,432	2,739,410	(22)
Board of County Commissioners excess fees	--	--	(47,152)	(47,152)
Total other financing sources (uses)	<u>2,739,165</u>	<u>2,739,432</u>	<u>2,692,258</u>	<u>(47,174)</u>
Net change in fund balance	--	--	--	--
FUND BALANCE, BUDGETARY BASIS, BEGINNING OF YEAR	--	--	--	--
FUND BALANCE, BUDGETARY BASIS, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	--	<u>\$ --</u>
Adjustment for revenues not budgeted			40,590	
Adjustment for expenditures allowed under Florida Statute 195.087			(40,590)	
FUND BALANCE - GAAP BASIS, END OF YEAR			<u>\$ --</u>	

INDEPENDENT AUDITOR'S 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

Honorable Gregory S. Brown
Property Appraiser
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 Property Appraiser of Santa Rosa County, Florida (hereinafter referred to as "Property Appraiser"), as of and for the year ended September 30, 2010, and have issued our report thereon February 21, 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 Property Appraiser'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 Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser'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 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 Property Appraiser'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*.

As required by the provisions of Chapter 10.550, Rules of the Auditor General, we have issued a separate management letter dated February 21, 2011, which should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Property Appraiser, Santa Rosa County Board of County Commissioners, and the State of Florida Office of Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Geel, LLP

February 21, 2011

MANAGEMENT LETTER

Honorable Gregory S. Brown
Property Appraiser
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 Property Appraiser of Santa Rosa County, Florida (hereinafter referred to as “Property Appraiser”), as of and for the year ended September 30, 2010, and have issued our report thereon dated February 21, 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. We have issued our Independent Auditor’s Report on Internal Control Over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated February 21, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor’s reports.

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. Corrective action has been taken to address the recommendation made in the preceding audit report.

Section 10.554 (1) (i) 2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Property Appraiser complied with Section 218.415, Florida Statutes.

Section 10.554 (1) (i) 3., 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 did not have any such recommendations.

Section 10.554 (1) (i) 4., Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554 (1) (i) 5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Property Appraiser, Santa Rosa County Board of County Commissioners, and the State of Florida Office of Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Cheel, LLP

February 21, 2011

**Santa Rosa County, Florida Property Appraiser
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
For the year ended September 30, 2010**

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