

**PROPERTY APPRAISER,  
BROWARD COUNTY**

SPECIAL-PURPOSE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2005

**PROPERTY APPRAISER,  
BROWARD COUNTY**

FISCAL YEAR ENDED SEPTEMBER 30, 2005

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Honorable Lori Parrish  
Property Appraiser  
Broward County, Florida

We have audited the accompanying special-purpose financial statements of the Property Appraiser, Broward County, as of and for the year ended September 30, 2005 as listed in the table of contents. These financial statements are the responsibility of Property Appraiser, Broward County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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 opinion.

The special-purpose financial statements referred to above were prepared for the purpose of complying with rules and regulations of the Auditor General, State of Florida, on the basis of presentation described in Note 1, and are not intended to present the financial position of Broward County, Florida and the results of its operations in accordance with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the Property Appraiser, Broward County as of September 30, 2005, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2005 on our consideration of the Property Appraiser's internal control over financial reporting and our tests of its compliance with certain 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 read in conjunction with this report in considering the results of our audit.

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Honorable Lori Parrish  
Property Appraiser  
Broward County, Florida  
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The budgetary comparison information on page 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. 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.

*Rachlin Cohen & Holtz LLP*

November 15, 2005  
Fort Lauderdale, Florida



**PROPERTY APPRAISER,  
BROWARD COUNTY**

**BALANCE SHEET - GENERAL FUND**

**SEPTEMBER 30, 2005**

**ASSETS**

Cash	\$2,541,551
Accounts receivable	<u>1,334</u>
Total assets	<u>\$2,542,885</u>

**LIABILITIES AND FUND BALANCE**

Liabilities:	
Accounts payable and accrued expenses	\$ 171,987
Excess commissions collected in advance	2,370,898
Fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$2,542,885</u>

**PROPERTY APPRAISER,  
BROWARD COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2005

Revenues:	
Commissions from taxing authorities	\$ 14,624,181
Less unexpended portion	(680,327)
Other	363,490
Total revenues	<u>14,307,344</u>
Expenditures:	
Current:	
Salaries and benefits	10,063,452
Personal services - temporary	693,999
Operating expenditures	2,640,587
Capital outlay	909,306
Total expenditures	<u>14,307,344</u>
Net change in fund balance	-
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	<u>\$ -</u>

**PROPERTY APPRAISER,  
BROWARD COUNTY**

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2005

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Reporting Entity***

The Property Appraiser is an elected official in Broward County, Florida (the County) who is responsible for appraising all properties in the County and for maintaining the County's tax rolls. The Broward County Property Appraiser's Office (the Appraiser) is part of the oversight entity of Broward County.

The special-purpose financial statements presented include the General Fund of the Appraiser's office. The accompanying special-purpose financial statements were prepared for the purpose of complying with Section 10.557, Rules of the Auditor General for Local Government Entity Audits, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position and cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States. Pursuant to Florida Statutes, the Appraiser's special-purpose financial statements are included in the financial statements of the County.

The following is a summary of the more significant accounting policies used in the preparation of these special-purpose financial statements:

**Basis of Presentation**

*Fund Financial Statements* – The fund financial statements provide information about the Appraiser's General Fund. The General Fund, a governmental fund, is used to account for all financial resources applicable to the general operations of the Appraiser.

**Basis of Accounting and Measurement Focus**

*Governmental Fund Financial Statements* – The general fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Appraiser considers all revenues reported to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.



**PROPERTY APPRAISER  
BROWARD COUNTY**

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Capital Assets***

Acquisitions of tangible personal property are recorded as capital outlay expenditures in the General Fund at the time of purchase. Tangible personal property used in the operations of the Appraiser's office is recorded in the property records of the Board of County Commissioners (the Board). Office space used in the Appraiser's operations is provided at no cost by the Board and various municipalities within the County.

***Compensated Absences***

Employees accumulate vacation and sick pay based on the number of years of continuous service. Upon termination of employment, employees can receive payment for accumulated leave. The cost of vested vacation and sick pay benefits is recognized when payments are made to employees using the modified accrual basis of accounting. It is the Appraiser's policy that a maximum of fifteen (15) vacation days can be carried forward into the next calendar year. Any accrued balances that exceed fifteen (15) days on December 31 of each year will be forfeited.

***Budgetary Requirements***

The Appraiser prepares an annual operating budget for its General Fund which is reflected as amended in these financial statements. The Appraiser's budgeting process is based on estimates of revenue and expenditures and requires that all budgets be approved by the State of Florida, Department of Revenue and then by the Board after a public hearing is held. Subsequent amendments to the budget, if any, are approved by the State of Florida, Department of Revenue and the Board. Budgets are prepared on the same basis of accounting as required for governmental fund types. Expenditures may exceed the approved budget amounts for individual categories as long as the total does not exceed the approved budget. Any ending fund balances are carried forward as an advance against the subsequent year's approved budget.

**NOTE 2. DEPOSITS AND INVESTMENTS**

***Deposits***

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.



**PROPERTY APPRAISER  
BROWARD COUNTY**

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
(Continued)

**NOTE 2. DEPOSITS AND INVESTMENTS (Continued)**

***Investments***

At September 30, 2005, the Property Appraiser had the following investment.

<u>Investment Type</u>	<u>Fair Value</u>
Repurchase Agreement	\$3,090,522
<u>Interest Rate Risk</u>	

The Property Appraiser has an investment policy that limits the maturities on repurchase agreements to no more than 60 days from the date of purchase. Repurchase agreements are fully collateralized by U.S. Treasury, U.S. Government agencies and/or United States Government obligations.

**NOTE 3. RELATED PARTY TRANSACTIONS**

The Appraiser utilizes the self-insurance program of the Board for worker's compensation claims on losses up to \$500,000 per claim. Expenditures for self-insured worker's compensation coverage charged by the Board for the year ended September 30, 2005 was approximately \$87,000 and are included in salaries and benefits.

The Board charges the Appraiser for maintenance, communication, and fleet management cost. Expenditures for these services for the fiscal year ended September 30, 2005 were approximately \$111,000 and are included in operating expenditures. The Board does not charge the Appraiser for data processing.

**NOTE 4. RETIREMENT PLAN**

***Plan Description***

The Appraiser participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer Public Employment Retirement System (PERS). Benefits provisions are established under Chapter 121, Florida Statutes, which may be amended by the Florida Legislature. The FRS is noncontributory and is totally administered by the State of Florida.

***Funding Policy***

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial cost method. If an unfunded actuarial liability reemerges as a result of future plan benefit changes, assumption changes, or methodology changes, it is assumed any unfunded actuarial liability

**PROPERTY APPRAISER  
BROWARD COUNTY**

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
(Continued)

**NOTE 4. RETIREMENT PLAN (Continued)**

***Funding Policy (Continued)***

would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated that future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

***Benefits***

Benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. Average final compensation is the average of the five highest fiscal years of earnings. The FRS provides vesting of benefits after six years of creditable service for all members. Early retirement may be taken anytime after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. The FRS also provides death and disability benefits. A state statute establishes benefits.

FRS issues an annual financial report. A copy can be obtained by sending a written request to:

Division of Retirement  
Cedars Executive Center  
2639 North Monroe Street, Bldg. C  
Tallahassee, FL 32399-1560

***Contributions***

The Appraiser's required contribution rate is established by State statute. Contribution rates ranged from 6.28% to 17.54% of covered payroll based on employee class. The required contribution by the Appraiser to the FRS for the fiscal year ended September 30, 2005 was approximately \$645,000 compared to \$644,000 for the fiscal year ended September 30, 2004, and \$359,000 for the fiscal year ended September 30, 2003. This represents an average contribution of approximately 7.99% in fiscal year 2005, 9.03% in fiscal year 2004, and 6.76% in fiscal year 2003. The Appraiser has met all contribution requirements for the current year and the two preceding years.

**NOTE 5. COMPENSATED ABSENCES**

The following changes in compensated absences occurred during the year ended September 30, 2005:

Balance at October 1, 2004	\$ 301,846
Additions	125,099
Reductions	<u>(81,466)</u>
Balance at September 30, 2005	345,479
Less current portion	<u>-</u>
Long-term portion	<u>\$ 345,479</u>

**PROPERTY APPRAISER,  
BROWARD COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2005



**PROPERTY APPRAISER,  
BROWARD COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2005

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Commissions from taxing authorities	\$ 15,066,858	\$ 16,314,752	\$ 16,314,752	\$ -
Less unexpended portion	-	-	(2,370,898)	(2,370,898)
Other	-	-	363,490	363,490
Total revenues	<u>15,066,858</u>	<u>16,314,752</u>	<u>14,307,344</u>	<u>(2,007,408)</u>
Expenditures:				
Current:				
Salaries and benefits	9,746,063	10,608,692	10,063,452	545,240
Personal services - temporary	50,000	1,263,037	693,999	569,038
Operating expenditures	4,707,469	2,881,047	2,640,587	240,460
Capital outlay	<u>563,326</u>	<u>1,561,976</u>	<u>909,306</u>	<u>652,670</u>
Total expenditures	<u>15,066,858</u>	<u>16,314,752</u>	<u>14,307,344</u>	<u>2,007,408</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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## **COMPLIANCE SECTION**

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**Report of Independent Certified Public Accountants 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 Lori Parrish  
Property Appraiser  
Broward County, Florida

We have audited the special-purpose financial statements of the Property Appraiser, Broward County (the Appraiser) as of September 30, 2005 and for the year then ended, and have issued our report dated November 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Appraiser's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the special-purpose 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 Appraiser's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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 that are required to be reported under *Government Auditing Standards*.

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Property Appraiser  
Broward County, Florida  
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However, we noted one matter that we reported to management of the Appraiser in the accompanying schedule of findings.

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

*Rachlin Cohen & Holtz LLP*

Miami, Florida  
November 15, 2005



**Management Letter in Accordance with the Rules of the Auditor General**

Honorable Lori Parrish  
Property Appraiser  
Broward County, Florida

We have audited the special-purpose financial statements of the Property Appraiser, Broward County (the Appraiser) as of and for the year ended September 30, 2005, and have issued our report thereon dated November 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in this report, which is dated November 15, 2005, should be considered in conjunction with this management letter.

In connection with our audit of special-purpose financial statements of the Appraiser for the year ended September 30, 2005, we report the following in accordance with Chapter 10.550 Rules of the Auditor General, *Local Government Entity Audits*, which requires that this report specifically address but not be limited to the matters outlined in Rule 10.554(1)(h):

1. There were no significant findings or recommendations made in the preceding annual financial audit.
2. The Appraiser was in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. Recommendations to improve the Appraiser's present financial management and accounting procedures are accompanying this report in the schedule of findings.
4. During the course of our audit, other than matters that are clearly inconsequential considering both quantitative and qualitative factors, nothing came to our attention that caused us to believe that the Appraiser:
  - a. Was in violation of any laws, rules or regulations and contractual provisions or abuse that have occurred, or were likely to have occurred, or were discovered within the scope of the audit.
  - b. Made any illegal or improper expenditures that were discovered within the scope of the audit that may materially affect the financial statements.

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Honorable Lori Parrish  
Property Appraiser  
Broward County, Florida  
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- c. Had deficiencies in internal control that are reportable conditions including but not limited to:
  - (1) Improper or inadequate accounting procedures.
  - (2) Failures to properly record financial transactions
  - (3) Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of the auditor.
- 5. The Appraiser was incorporated by Laws of Florida Chapter 2889. There were no component units related to the Appraiser.

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

*Rachlin Cohen & Holtz LLP*

Fort Lauderdale, Florida  
November 15, 2005

**PROPERTY APPRAISER  
BROWARD COUNTY**

**SCHEDULE OF FINDINGS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2005**

**CURRENT YEAR COMMENT AND RECOMMENDATION**

***Condition***

***05-1 Journal Entries***

During our review of the general ledger and journal entries we noted that adjusting journal entries were not sequentially numbered thereby making a determination of the completeness of the records difficult to ascertain.

***Recommendation***

We recommend that each adjusting journal entry should be assigned a number which would allow the accounting personnel to track the journal entries posted to the general ledger to ensure that all approved journal entries were made and properly recorded.

***Management Response***

We began numbering all journal entries on December 1, 2005. Additionally, Jim Hoskins, CPA, met with the members of the Accounting Department to show them how to keep the important source documents for each month and all journal entries in a monthly binder.