

**PROPERTY APPRAISER,
BROWARD COUNTY**

SPECIAL-PURPOSE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

**PROPERTY APPRAISER,
BROWARD COUNTY**

FISCAL YEAR ENDED SEPTEMBER 30, 2006

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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, 2006 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller 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 Appraiser's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2006, 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.

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In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2006 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 considered in assessing the results of our audit.

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 8, 2006
Fort Lauderdale, Florida

**PROPERTY APPRAISER,
BROWARD COUNTY**

BALANCE SHEET - GENERAL FUND

SEPTEMBER 30, 2006

ASSETS

Cash	<u>\$3,849,152</u>
Total assets	<u>\$3,849,152</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable and accrued expenses	\$ 786,946
Due to Board of County Commissioners	2,184
Excess commissions collected in advance	3,060,022

Fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$3,849,152</u>

**PROPERTY APPRAISER,
BROWARD COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2006

Revenues:

Commissions from taxing authorities	\$ 17,903,858
Less unexpended portion	(689,124)
Other	<u>468,076</u>
Total revenues	<u>17,682,810</u>

Expenditures:

Current:

Salaries and benefits	12,961,625
Personal services - temporary	65,756
Operating expenditures	3,948,428
Capital outlay	<u>707,001</u>
Total expenditures	<u>17,682,810</u>

Net change in fund balance -

Fund balance, beginning of year -

Fund balance, end of year \$ -

**PROPERTY APPRAISER,
BROWARD COUNTY**

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

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 Depositary 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, 2006, the Property Appraiser had the following investment.

<u>Investment Type</u>	<u>Fair Value</u>
Repurchase Agreement	\$4,464,323

Interest Rate Risk

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, 2006 was approximately \$93,000 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, 2006 were approximately \$161,000 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, 2006 was approximately \$870,300 compared to \$645,000 for the fiscal year ended September 30, 2005, and \$644,000 for the fiscal year ended September 30, 2004. This represents an average contribution of approximately 8.24% in fiscal year 2006, 7.99% in fiscal year 2005, and 9.03% in fiscal year 2004. 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, 2006:

Balance at October 1, 2005	\$ 345,479
Additions	171,432
Reductions	(74,994)
Balance at September 30, 2006	441,917
Less current portion	(4,632)
Long-term portion	<u>\$ 437,285</u>

**PROPERTY APPRAISER,
BROWARD COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2006

**PROPERTY APPRAISER,
BROWARD COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Commissions from taxing authorities	\$ 18,796,263	\$ 20,274,755	\$ 17,903,858	\$(2,370,897)
Less unexpended portion	-	-	(689,124)	(689,124)
Other	-	-	468,076	468,076
Total revenues	<u>18,796,263</u>	<u>20,274,755</u>	<u>17,682,810</u>	<u>(2,591,945)</u>
Expenditures:				
Current:				
Salaries and benefits	13,971,374	13,986,374	12,961,625	1,024,749
Personal services - temporary	84,000	69,000	65,756	3,244
Operating expenditures	4,131,495	5,259,618	3,948,428	1,311,190
Capital outlay	<u>609,394</u>	<u>959,763</u>	<u>707,001</u>	<u>252,762</u>
Total expenditures	<u>18,796,263</u>	<u>20,274,755</u>	<u>17,682,810</u>	<u>2,591,945</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE SECTION

**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, 2006 and for the year then ended, and have issued our report dated November 8, 2006. 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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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

Fort Lauderdale, Florida
November 8, 2006

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, 2006, and have issued our report thereon dated November 8, 2006. We conducted our audit in accordance with United States generally accepted auditing standards, and *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 8, 2006, should be considered in conjunction with this management letter.

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.

Recommendations made in the preceding annual financial audit have been implemented.

As required by the Rules of the Auditor General (Section 10.554(l)(h)2.), the scope of our audit included 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.

The Rules of the Auditor General (Section 10.554(l)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(l)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs and are not clearly inconsequential: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e. g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit found no matters that were required to be disclosed.

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The Rules of the Auditor General (Section 10.554(l)(h)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Property Appraiser was incorporated by Laws of Florida, Chapter 2889. There were no component units related to the Property Appraiser.

The Property Appraiser, during fiscal year 2006, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

This management letter is intended solely for the information of the Property Appraiser, Board of County Commissioners and the Auditor General 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 8, 2006

**PROPERTY APPRAISER
BROWARD COUNTY**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.

SEPTEMBER 30, 2005

PRIOR YEAR COMMENT AND STATUS

Financial Statement Findings

The following addresses the status of the financial statement finding reported in the fiscal year ended September 30, 2005 schedule of findings:

Matters that are not repeated in the accompanying schedule of findings.

- Journal Entries (see Item 05-01)

**PROPERTY APPRAISER
BROWARD COUNTY**

SCHEDULE OF FINDINGS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

None.