

**BROWARD COUNTY PROPERTY APPRAISER**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**Year Ended September 30, 2010**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Honorable Lori Parrish  
Broward County Property Appraiser  
Ft. Lauderdale, Florida

We have audited the accompanying special purpose financial statements of the Broward County Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2010, as listed in the foregoing table of contents. These financial statements are the responsibility of the Property Appraiser'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 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 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 opinions.

As described in Note 1 of the financial statements, the financial statements referred to above present only the financial position and results of operations of the Property Appraiser and are not intended to present the financial position and results of operations of Broward County, Florida, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, such special purpose financial statements present fairly, in all material respects, the financial position of the Property Appraiser as of September 30, 2010, 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 February 2, 2011 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, 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 results of our audit.

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

*Moore Stephens Lovelace, P.A.*

Certified Public Accountants

Orlando, Florida  
February 2, 2011

# **BROWARD COUNTY PROPERTY APPRAISER**

## **BALANCE SHEET - GENERAL FUND**

**September 30, 2010**

### **ASSETS**

Cash and cash equivalents	\$ 3,091,299
Account receivable	<u>238</u>
TOTAL ASSETS	<u><u>\$ 3,091,537</u></u>

### **LIABILITIES AND FUND BALANCE**

#### **LIABILITIES**

Accounts payable	\$ 543,176
Due to Board of County Commissioners	5,407
Excess commissions collected in advance	<u>2,542,954</u>
TOTAL LIABILITIES	3,091,537

FUND BALANCE	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 3,091,537</u></u>

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

# **BROWARD COUNTY PROPERTY APPRAISER**

## **STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND**

**Year Ended September 30, 2010**

### REVENUES

Commissions from taxing authorities	\$ 17,318,558
Excess commissions utilized	25,485
Other income	<u>722,432</u>

TOTAL REVENUES 18,066,475

### EXPENDITURES

#### Current:

#### General government:

Salaries and benefits	15,880,095
Operating expenditures	2,014,149
Capital outlay	<u>172,231</u>

TOTAL EXPENDITURES 18,066,475

NET CHANGE IN FUND BALANCE -

FUND BALANCE - BEGINNING OF YEAR

-

FUND BALANCE - END OF YEAR

\$ -

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

# BROWARD COUNTY PROPERTY APPRAISER

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND - BUDGET AND ACTUAL

Year Ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 17,318,704	\$ 19,886,997	\$ 17,318,558	\$ (2,568,439)
Excess commissions utilized	-	-	25,485	25,485
Miscellaneous income	-	628,307	722,432	94,125
TOTAL REVENUES	17,318,704	20,515,304	18,066,475	(2,448,829)
EXPENDITURES				
Current:				
General government:				
Salaries and benefits	16,054,094	16,762,255	15,880,095	882,160
Operating expenditures	1,264,610	3,567,288	2,014,149	1,553,139
Capital outlay	-	185,761	172,231	13,530
TOTAL EXPENDITURES	17,318,704	20,515,304	18,066,475	2,448,829
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

The Property Appraiser provides contractual services for non-ad valorem districts, which are not included in the budget submitted to the Department of Revenue. The Property Appraiser adopts an internal budget for these activities. Any excess revenues over expenditures at the end of the fiscal year are included in our excess commissions collected in advance. Revenues budgeted internally totaled \$628,307. These budgeted revenues were offset by related budgeted expenditures of \$628,307 for salaries and benefits.

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

**BROWARD COUNTY PROPERTY APPRAISER**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2010**

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

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

**Reporting Requirement**

The Broward County Property Appraiser (the "Property Appraiser") is a separately elected county official established pursuant to the Constitution of the State of Florida. The Property Appraiser's financial statements do not purport to reflect the financial position or the results of operations of Broward County, Florida, taken as a whole. These special purpose financial statements are presented to comply with the requirements of Florida Statutes and the Rules of the Auditor General of the State of Florida. The Property Appraiser's General Fund is combined with the Board of County Commissioners' (the "Board") and other constitutional officers' general funds in the Broward County, Florida ("County"), Comprehensive Annual Financial Report ("CAFR") to properly reflect the county-wide General Fund.

**Description of Fund**

The accounting records are organized on the basis of funds and classified for reporting purposes into one basic fund type:

General Fund – The General Fund is a governmental fund used to account for all revenues and expenditures applicable to the general operations of the Property Appraiser. The General Fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources, rather than upon net income determination).

**Basis of Accounting and Presentation**

The accounts of the General Fund are maintained on the modified accrual basis. Under the modified accrual basis of accounting, expenditures are recorded at the time liabilities are incurred and revenues are recorded when received in cash or when they are considered both measurable and available and, as such, susceptible to accrual. The extent to which General Fund revenues exceed General Fund expenditures is reflected as a liability in compliance with Florida Statutes.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Budgetary Requirements and Basis**

Expenditures are controlled by appropriations in accordance with the budgetary requirements set forth in the Florida Statutes. The budgeted revenues and expenditures in these financial statements reflect all amendments approved by the Florida Department of Revenue. The budget is adopted on a basis consistent with generally accepted accounting principles.

## NOTE 2 - CASH AND CASH EQUIVALENTS

### **Cash**

Cash consists of various demand deposit accounts, which are insured by the Federal Deposit Insurance Corporation or are covered by the State of Florida collateral pool, a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails.

### **Investments**

Florida Statutes 218.415, 219.075 and the Property Appraiser's investment policy authorize investments in certificates of deposit, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund, administered by the Florida State Board of Administration, and obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The Property Appraiser had investments at September 30, 2010.

<u>Investment Type</u>	<u>Fair Value</u>
Repurchase agreement	\$2,313,157

### **Interest Rate Risk**

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Appraiser has an investment policy that limits the maturities on repurchase agreements to no more than 60 days from the date of purchase.

### **Credit Risk**

The Appraiser's repurchase agreement is fully collateralized by U.S. Treasury, U.S. Government agencies and/or United States Government obligations.



### NOTE 3 - PENSION PLAN

#### Plan Description

The Property Appraiser's employees participate in the Florida Retirement System ("FRS"), a multiple-employer, cost-sharing, defined-benefit retirement system, administered by the Florida Department of Management Services. As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. For a detailed plan description, see the Broward County, Florida, CAFR for the fiscal year ended September 30, 2010.

#### Funding Policy

The Property Appraiser's contributions to the FRS for fiscal years ended September 30, 2008 through 2010 were \$1,221,785, \$1,217,205 and \$1,249,780, respectively, which were equal to the required contribution for each fiscal year.

### NOTE 4 - INSURANCE COVERAGE

The Property Appraiser participates in the County's self-insurance program for workers' compensation. Any losses above the self-insured retention limit would be covered by the Board's purchase of excess coverage. Expenditures self-insured workers' compensation coverage charge by Broward County for the year ended September 30, 2010 was approximately \$115,510. All required payments have been made during the fiscal year.

### NOTE 5 - LONG-TERM LIABILITIES

The Property Appraiser incurs a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Property Appraiser is not legally required and does not accumulate expendable available financial resources to liquidate this obligation. A summary of changes in long-term liabilities for the fiscal year ended September 30, 2010, is as follows:

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
Compensated absences	<u>\$552,019</u>	<u>\$76,715</u>	<u>(\$48,287)</u>	<u>\$580,447</u>

### NOTE 6 - CONTINGENCIES

Various lawsuits and claims arising in the ordinary course of operations are pending against the Property Appraiser. These primarily relate to property assessments within the County. The ultimate effect of such litigation cannot be ascertained at this time. In the opinion of management for the Property Appraiser, the liabilities that may arise from such action would not result in losses that would materially affect the financial position of the Property Appraiser or its changes in financial position.

## NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

### Plan Description

The Property Appraiser has a single employer defined benefit healthcare plan. The Property Appraiser plan allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement. The benefits of the Property Appraiser's plan conform to Florida statutes, which are the legal authority for the plan. The plan has no assets and does not issue separate financial reports.

### Funding Policy and Annual OPEB Cost

Gabriel, Roeder, Smith & Company were engaged by Broward County to perform an actuarial valuation of its other post-employment benefits provided to retiring employees. The results are presented below.

The Property Appraiser makes no direct contribution to the Property Appraiser plan. Retirees and their beneficiaries pay the same group rates as are charged to the Property Appraiser for active employees. However, the County actuary, in their actuarial valuation, calculated an offset to the cost of these benefits which is described below that is called the Employer Contribution.

The Property Appraiser's annual other post-employment benefit ("OPEB") cost for the plan is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost for the County, which includes the Property Appraiser's share for the current year and the related information for the plan, is as follows:

	<u>Broward County</u>
Required contributions rates:	
Employer	Pay-as-you-go
Plan members	N/A
Annual required contribution	\$ 4,207,601
Interest on net OPEB obligations	266,273
Adjustment to annual required contribution	<u>(213,129)</u>
Annual OPEB cost	4,260,745
Contributions made	<u>(1,218,534)</u>
Increase in net OPEB obligation	3,042,211
Net OPEB obligation - beginning of year	6,656,829
Net OPEB obligation - end of year	<u>\$ 9,699,040</u>

The Property Appraiser's share of the net post-employment benefits other than pension's liability for the year ended September 30, 2010 is \$313,099.

**NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (Continued)****Funding Policy and Annual OPEB Cost (Continued)**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010 and 2009 for the plan was as follows:

	2010	2009
Annual OPEB cost	\$ 4,260,745	\$ 5,099,586
Percentage of OPEB cost contributed	28.96%	32.20%
Net OPEB obligation	\$ 9,699,040	\$ 6,656,828

**Funded Status and Funding Progress**

The funded status of the plan as of October 1, 2009 was as follows:

Actuarial accrued liability	\$ 43,581,820
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	\$ 43,581,820
Funded Ratio	0.00%
Covered payroll	\$ 270,611,701
Unfunded actuarial accrued liability as a percentage of covered payroll	16.1%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplemental information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the Property Appraiser has not contributed assets to the plan at this time.

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Property Appraiser and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	10/1/2009
Actuarial cost method	Entry age
Amortization method	Level Percent, closed
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increases	4.00%
Healthcare inflation rate	9% initial, 4.5% ultimate

**NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**Actuarial Methods and Assumptions *(Continued)***

The County has also included a schedule of funding progress in their September 30, 2010 financial statements.

## **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***

To the Honorable Lori Parrish  
Broward County Property Appraiser  
Ft. Lauderdale, Florida

We have audited the special purpose financial statements of the Broward County Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2010, and have issued our report thereon dated February 2, 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.

To the Honorable Lori Parrish  
Broward County Property Appraiser

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Property Appraiser's special purpose 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 that are required to be reported under *Government Auditing Standards*.

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

Handwritten signature in blue ink: Moore Stephens Lovelace, P.A.

Certified Public Accountants

Orlando, Florida  
February 2, 2011



### **INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

To the Honorable Lori Parrish  
Broward County Property Appraiser  
Ft. Lauderdale, Florida

We have audited the special purpose financial statements of the Broward County Property Appraiser (the "Property Appraiser") as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated February 2, 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 Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated February 2, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with 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 report:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.
- 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 agreement, 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 not more than inconsequential. In connection with our audit, we did not have any such findings.



To the Honorable Lori Parrish  
Broward County Property Appraiser

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor, based on professional judgment, report the following matters that have an inconsequential effect on 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.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

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 require us to indicate that this letter is intended solely for the information and use of the Property Appraiser and management, and the State of Florida Auditor General and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moore Stephens Lovelace, P.A.*

Certified Public Accountants

Orlando, Florida  
February 2, 2011