

BROWARD COUNTY PROPERTY APPRAISER

SPECIAL PURPOSE FINANCIAL STATEMENTS

Year Ended September 30, 2011

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Lori Parrish
Broward County Property Appraiser
Fort 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, 2011, 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, 2011, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 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.

Harvey Covington & Thomas, L.L.C.

Hollywood, Florida
December 6, 2011

BROWARD COUNTY PROPERTY APPRAISER

BALANCE SHEET - GENERAL FUND

September 30, 2011

ASSETS

Cash and cash equivalents	\$ 2,694,352
Account receivable	<u>430</u>
TOTAL ASSETS	<u><u>\$ 2,694,782</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 566,985
Due to Board of County Commissioners	-
Excess commissions collected in advance	<u>2,127,797</u>

TOTAL LIABILITIES 2,694,782

FUND BALANCE

-

TOTAL LIABILITIES AND FUND BALANCE \$ 2,694,782

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, 2011

REVENUES

Commissions from taxing authorities	\$ 16,365,148
Excess commissions utilized	415,157
Other income	<u>722,808</u>

TOTAL REVENUES 17,503,113

EXPENDITURES

Current:

General government:

Salaries and benefits	15,496,724
Operating expenditures	1,910,504
Capital outlay	<u>95,885</u>

TOTAL EXPENDITURES 17,503,113

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, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 17,872,105	\$ 18,908,103	\$ 16,365,148	\$ (2,542,955)
Excess commissions utilized	-	-	415,157	415,157
Miscellaneous income	-	641,330	722,808	81,478
TOTAL REVENUES	17,872,105	19,549,433	17,503,113	(2,046,320)
EXPENDITURES				
Current:				
General government:				
Salaries and benefits	15,401,238	16,066,560	15,496,724	569,836
Operating expenditures	2,395,267	3,340,803	1,910,504	1,430,299
Capital outlay	75,600	142,070	95,885	46,185
TOTAL EXPENDITURES	17,872,105	19,549,433	17,503,113	2,046,320
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 \$641,330. These budgeted revenues were offset by related budgeted expenditures of \$641,330 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, 2011

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.

BROWARD COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
Year Ended September 30, 2011

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, 2011.

<u>Investment Type</u>	<u>Fair Value</u>
Repurchase agreement	\$1,921,199

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.

BROWARD COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
Year Ended September 30, 2011

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, 2011.

Funding Policy

The Property Appraiser's contributions to the FRS for fiscal years ended September 30, 2009 through 2011 were \$1,217,205, \$1,249,780, and \$1,110,754, respectively, which were equal to the required employer contribution for each fiscal year. Beginning in July 2011 FRS Investment Plan and Pension Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The employees' contributions to the FRS for fiscal year ended September 30, 2011 were \$73,777.

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 worker's compensation coverage charge by Broward County for the year ended September 30, 2011 was approximately \$112,370. 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, 2011, is as follows:

	Balance			Balance	Less	Long
	October 1,			September	Current	Term
	2010	Additions	Deletions	30, 2011	Portion	Portion
Compensated absences	\$580,447	\$137,368	(\$16,813)	\$701,002	(\$2,566)	\$698,436

BROWARD COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
Year Ended September 30, 2011

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 retirees are required to pay the premium(s) in advance in order to participate. 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

The amount of any liability for the employees of the Broward County Property Appraiser has been reported in the September 30, 2011 Broward County, Florida CAFR. The County has also included a schedule of funding progress in their September 30, 2011 financial statements.

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended September 30, 2011 through December 6, 2011, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

COMPLIANCE SECTION

**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**

To the Honorable Lori Parrish
Broward County Property Appraiser
Fort 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, 2011, and have issued our report thereon dated December 6, 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, Board of County Commissioners, 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.

Harvey Lorington Thomas, J.D.

Hollywood, Florida
December 6, 2011

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER TO MANAGEMENT
IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF
THE STATE OF FLORIDA**

To the Honorable Lori Parrish
Broward County Property Appraiser
Fort 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, 2011, and have issued our report thereon dated December 6, 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 December 6, 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.

Harvey Lovington Thomas, Jr.

Hollywood, Florida
December 6, 2011

**BROWARD COUNTY PROPERTY APPRAISER
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2011**

PRIOR YEAR COMMENT AND STATUS

Financial Statement Findings

There were no findings reported in the fiscal year ended September 30, 2010 schedule of findings.

**BROWARD COUNTY PROPERTY APPRAISER
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
Year Ended September 30, 2011**

CURRENT YEAR COMMENTS AND RESPONSES

There were no findings reported for the fiscal year ended September 30, 2011.