

Special-Purpose Financial Statements

Supervisor of Elections  
Leon County, Florida

*Year ended September 30, 2009  
with Independent Auditors' Report*

Thomas Howell Ferguson P.A.  
and  
Law, Redd, Crona & Munroe P.A.

Supervisor of Elections  
Leon County, Florida

Special-Purpose Financial Statements

Year ended September 30, 2009

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## Independent Auditors' Report

The Honorable Supervisor of Elections  
Leon County, Florida

We have audited the accompanying special-purpose financial statements of the governmental activities of the Supervisor of Elections of Leon County, Florida, (Supervisor of Elections) as of and for the year ended September 30, 2009, as shown on pages 3 through 4. These special-purpose financial statements are the responsibility of the management of the Supervisor of Elections. Our responsibility is to express an opinion on these special-purpose 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 special-purpose 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.

As discussed in Note 1, the accompanying special-purpose financial statements were prepared for the purpose of complying with Section 218.39(2), *Florida Statutes* and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*, and are intended to present the financial position, and the changes in financial position, where applicable, of only that portion of the government activities that is attributable to the transactions of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Leon County, Florida as of September 30, 2009, and the changes in its financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Supervisor of Elections of Leon County, Florida as of September 30, 2009, and the results of the General Fund's operations for the year then ended, on the basis of accounting described in Note 1.

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In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2009, on our consideration of the Supervisor of Elections' 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.

This report is intended solely for the information and use of the Supervisor of Elections of Leon County, Florida and the State of Florida, Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Thomas Howell Ferguson C.A.

Law, Redd, Crona & Munroe, P.A.

November 17, 2009

Supervisor of Elections  
Leon County, Florida

Balance Sheet - General Fund

September 30, 2009

**Assets**

Cash	\$ 41,686
Total assets	<u>\$ 41,686</u>

**Liabilities and fund equity**

Liabilities:

Accounts payable	\$ 14,097
Accrued expenses	<u>27,589</u>
Total liabilities	41,686

Fund equity:

Fund balance	-
Total liabilities and fund equity	<u>\$ 41,686</u>

*The accompanying notes are an integral part of the special-purpose financial statements.*

Supervisor of Elections  
Leon County, Florida

Statement of Revenues, Expenditures and Changes in Fund Balance,  
Budget and Actual - General Fund

Year ended September 30, 2009

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 5,225	\$ 5,225	\$ 7,575	\$ 2,350
Intergovernmental	-	45,152	44,324	(828)
Total revenues	<u>5,225</u>	<u>50,377</u>	<u>51,899</u>	<u>1,522</u>
<b>Expenditures</b>				
Current:				
General government	2,945,989	2,991,141	2,681,585	309,556
Total expenditures	<u>2,945,989</u>	<u>2,991,141</u>	<u>2,681,585</u>	<u>309,556</u>
Excess of revenues (under) over expenditures	<u>(2,940,764)</u>	<u>(2,940,764)</u>	<u>(2,629,686)</u>	<u>311,078</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	2,940,764	2,940,764	2,940,764	-
Operating transfers out	-	-	(311,078)	(311,078)
Total other financing sources (uses)	<u>2,940,764</u>	<u>2,940,764</u>	<u>2,629,686</u>	<u>(311,078)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*The accompanying notes are an integral part of the special-purpose financial statements.*

Supervisor of Elections  
Leon County, Florida

Notes to Special-Purpose Financial Statements

September 30, 2009

**1. Summary of Significant Accounting Policies**

**Reporting Entity**

The Supervisor of Elections is an elected Constitutional Officer of Leon County, Florida, pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Supervisor of Elections is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County is a charter county which allows for the same powers and duties as provided by the Constitution of the State of Florida and *Florida Statutes*. However, in certain instances, the charter either alters or expands the powers of the elected officials via voter referendum. The Supervisor of Elections is considered to be a part of the primary government of Leon County and is included in the Leon County government-wide financial statements. The financial statements contained herein represent the financial transactions of the Supervisor of Elections only.

The accounting policies of the Supervisor of Elections conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

**Basis of Presentation**

The special-purpose financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida.

**Description of Funds**

The financial activities of the Supervisor of Elections are recorded in separate funds which are categorized and described as follows:

*Governmental Fund Type*

- General Fund - The General Fund is the general operating fund of the Supervisor of Elections. This fund is used to account for all financial transactions not required to be accounted for in another fund.

Supervisor of Elections  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**1. Summary of Significant Accounting Policies (continued)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for all governmental funds. Accordingly, revenues are recognized when measurable and available to pay liabilities of the current period. Expenditures are generally recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Supervisor of Elections considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. In accordance with that definition, charges for services and interest earned are considered to be susceptible to accrual.

**Budgets and Budgetary Accounting**

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the *Florida Statutes*. A budget is adopted for the governmental fund. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Supervisor of Elections. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect all approved amendments.

Section 218.35, *Florida Statutes*, governs the preparation, adoption, and administration of the Supervisor of Elections' annual budget. The Supervisor of Elections establishes an annual budget for its office which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The annual budgetary data reported for the general fund are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Supervisor of Elections' adopted budget, the original appropriation ordinance, and budget amendments approved by the Supervisor of Elections or as adopted by the Leon County Board of County Commissioners (BOCC).



Supervisor of Elections  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**1. Summary of Significant Accounting Policies (continued)**

**Inventories**

The Supervisor of Elections uses the purchases method of accounting, whereby the cost of expendable office supplies are expended when purchased.

**Capital Assets**

Capital assets purchased in the governmental fund are recorded as expenditures (capital outlay) at the time of purchase. The Supervisor of Elections does not maintain fixed asset records. Such assets are reported to and recorded by the BOCC in its Statement of Net Assets at cost.

**Liability for Compensated Absences**

The Supervisor of Elections accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Supervisor of Elections does not, nor is he legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county-wide financial statement level.

**Other Postemployment Benefits**

The Supervisor of Elections, through Leon County, offers retiree medical and life insurance benefits for the qualifying Supervisor of Elections employees that have retired from a Florida Retirement System (FRS) pension plan.

**Use of Estimates**

The preparation of the fund financial statements is in conformity with accounting practices prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the fund financial statements. Actual results could differ from those estimates.

**2. Cash**

Cash consists of cash on hand and bank balances. At September 30, 2009, the carrying amount of the Supervisor of Elections' deposits was \$41,686. Deposits in excess of federal depository insurance are covered by deposits held in banks that are members of the State of Florida's Collateral Pool.

Supervisor of Elections  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**3. Compensated Absences**

As discussed in Note 1, the liability associated with compensated absences is reported at the county-wide financial statement level. A summary of the Supervisor of Elections' liability for compensated absences included at the county-wide financial statement level is as follows:

	<b>Balance October 1, 2008</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance September 30, 2009</b>
Liability for compensated absences	\$ 169,722	\$ 166,697	\$ 229,875	<b>\$ 106,544</b>

**4. Risk Management**

The Supervisor of Elections obtains workers' compensation insurance coverage through a commercial carrier.

**5. Employees' Retirement Plan**

All full-time employees of the Board are eligible to participate in the Florida Retirement System (the FRS). The FRS includes various plans and programs, including a defined benefit pension plan (Pension Plan), which is primarily a cost-sharing, multiple-employer defined benefit public-employee pension plan. Information as to benefits, contribution rates, and vesting requirements by membership category is provided in the Leon County, Florida Comprehensive Annual Financial Report. Contributions and benefits are established in Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the State Legislature that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. No employee contributions are required.

The Board also participates in the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing, multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*. The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs. Additional information regarding benefits is provided in the county-wide financial statements of Leon County, Florida.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2009, the contribution rate was 1.11 percent of payroll pursuant to Section 112.363, *Florida Statutes*.

Supervisor of Elections  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**5. Employees' Retirement Plan (continued)**

The total retirement contributions for the fiscal years ended September 30, 2009, 2008, and 2007 were \$157,833, \$163,858, and \$135,568, respectively, which is equal to the required contribution for each year.

The Pension Plan and the HIS Program are administered by the State of Florida Department of Management Services, Division of Retirement. The Division of Retirement issues a publicly available FRS Annual Report that includes financial statements and required supplementary information for the Pension Plan and HIS Program. That report may be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling 850-488-5706.

**6. Other Postemployment Benefits**

*Plan Description.* The Supervisor of Elections participates in an agent multiple-employer plan administered by Leon County, Florida (the County) under which qualified retired employees are permitted to participate in the health and life insurance benefits program (the Program). The Program is considered by the County's insurance provider to be community-rated and the Program may be amended by the County's Board of County Commissioners. A stand alone financial report is not issued for the Program.

*Funding Policy.* Retired employees and their spouses for their lifetime are eligible for continuation of the benefits offered to active employees and are responsible for paying the required premium contributions.

*Annual OPEB Cost and Net OPEB Obligation.* As described in Note 1, the Supervisor of Elections is an elected Constitutional Officer of the County. The annual Other Postemployment Benefit (OPEB) obligation of Constitutional Officers is recognized in the county-wide financial statements of the County and the obligation associated with each Constitutional Officer is disclosed within the notes of their respective financial statements. The County's OPEB obligation is calculated based on the actuarially determined annual required contribution (ARC) of the employer. The ARC 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 (or funding excess) over a period not to exceed thirty years.

Supervisor of Elections  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**6. Other Postemployment Benefits (continued)**

The following table shows the Supervisor of Elections' share of the County's annual OPEB cost, its actual contributions and changes in the Supervisor of Elections' share of the County's net OPEB obligation:

Normal cost (service cost for one year)	\$ 5,948
Amortization of unfunded actuarial accrued liability	3,882
Interest on normal cost and amortization	393
Annual required contribution	<u>10,223</u>
Interest on net OPEB obligation	545
Adjustment to annual required contribution	<u>(788)</u>
Annual OPEB cost	9,980
Contributions made	<u>(12)</u>
Increase in net OPEB obligation	9,968
Net OPEB obligation at beginning of year	<u>13,619</u>
Net OPEB obligation at end of year	<u><u>\$ 23,587</u></u>

The percentage of annual OPEB cost contributed to the plan for fiscal year 2009 was 1%.

*Funded status and Funding Progress.* As of September 30, 2009, the Supervisor of Elections' share of the actuarial accrued liability for benefits recognized in the County's financial statements is \$69,816, all of which is unfunded. The Supervisor of Elections' covered payroll (annual payroll of active employees covered by the plan) was \$1,169,082. The ratio of the Supervisor of Elections' actuarial accrued liability to the Supervisor of Elections' covered payroll was 5.97% at September 30, 2009.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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 with past expectations and new estimates are made about the future.

*Actuarial Methods and Assumptions.* Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation. The actuarial calculations reflect a long-term perspective and the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Supervisor of Elections  
Leon County, Florida

Notes to Special-Purpose Financial Statements

**6. Other Postemployment Benefits (continued)**

For the October 1, 2008 actuarial valuation, the projected unit credit method of funding was used. The objective under that method is to fund each participant's benefits under plan as they would accrue, taking into consideration the plan's benefit allocation formula. Thus, the total benefit value each participant is expected to become entitled to is broken down into units, each associated with a year of past or future credited service. The actuarial assumptions included a 4% rate of return based on the estimated long term investments that are expected to be used to finance the payment of the benefits. In addition, the actuarial assumptions included a 3% salary growth rate. The unfunded actuarial liability is being amortized as a level of percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2009, was 30 years.

**7. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Supervisor of Elections had no outstanding encumbrances at September 30, 2009.

Independent Auditors' Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an  
Audit of Special-Purpose Financial Statements Performed in  
Accordance with *Government Auditing Standards*

*September 30, 2009*

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Supervisor of Elections  
Leon County, Florida

We have audited the special-purpose financial statements of the Supervisor of Elections of Leon County, Florida, as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated November 17, 2009. 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 Supervisor of Elections' internal control over financial reporting (internal control) 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 Supervisor of Elections' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Supervisor of Elections' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Supervisor of Elections' financial statements that is more than inconsequential will not be prevented or detected by the Supervisor of Elections' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Supervisor of Elections' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this report and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Supervisor of Elections' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management of the Supervisor of Elections of Leon County, Florida and Office of the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



November 17, 2009



# Management Letter

*September 30, 2009*

## Management Letter

To the Honorable Supervisor of Elections  
Leon County, Florida

We have audited the special-purpose financial statements of the Supervisor of Elections of Leon County, Florida (Supervisor of Elections), as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated November 17, 2009.

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 also issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated November 17, 2009, 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 the local government entity audits performed in the state of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

The *Rules of the Auditor General* (Section 10.554(1)(i)1) require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. We reported no findings or recommendations in the preceding annual financial audit report.

The *Rules of the Auditor General* (Section 10.554(1)(i)2) require our audit to include a review of the provision of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the Supervisor of Elections complied with Section 218.415, *Florida Statutes*.

The *Rules of the Auditor General* (Section 10.554(1)(i)3) require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4, *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

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

The *Rules of the Auditor General* (Section 10.554(1)(i)6) 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 this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Supervisor of Elections has no component units.

\* \* \* \* \*

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

Thomas Howell Ferguson P.A.

Law, Redd, Crona & Munroe, P.A.

November 17, 2009