

Special-Purpose Financial Statements

Property Appraiser
Leon County, Florida

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

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

Property Appraiser
Leon County, Florida

Special-Purpose Financial Statements

Year ended September 30, 2009

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Independent Auditors' Report

The Honorable Property Appraiser
Leon County, Florida

We have audited the accompanying special-purpose financial statements of the Property Appraiser of Leon County, Florida (Property Appraiser), as of and for the year ended September 30, 2009, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Property Appraiser of Leon County, Florida. 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, assessing the accounting principles used and significant estimates made by management, and 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(5), *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 that is attributable to the transactions of the Property Appraiser. 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 financial position of the General Fund of the Property Appraiser of Leon County, Florida, as of September 30, 2009, and the results of the General Fund's operations for the year then ended, in conformity with the basis of accounting described in Note 1.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2009, on our consideration of the Property Appraiser's internal control over financial reporting and on 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 management, the Property Appraiser 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 P.A.

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

December 3, 2009

Property Appraiser
Leon County, Florida

Balance Sheet - General Fund

September 30, 2009

Assets	
Cash	\$ 114,295
Investments	23,777
Accounts receivable	150
Total assets	<u>\$ 138,222</u>
Liabilities and fund equity	
Liabilities:	
Accounts payable and accrued liabilities	\$ 108,430
Due to other county units	29,715
Due to other governments	77
Total liabilities	<u>138,222</u>
Fund equity:	
Fund balance	-
Total liabilities and fund equity	<u>\$ 138,222</u>

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

Property Appraiser
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>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ -	\$ -	\$ 11,204	\$ 11,204
Interest	-	-	5,569	5,569
Miscellaneous Income	-	-	3,925	3,925
Total revenues	<u>-</u>	<u>-</u>	<u>20,698</u>	<u>20,698</u>
Expenditures				
Current:				
General government:				
Personal services	3,661,246	3,661,445	3,594,534	66,911
Operating	748,469	748,469	576,363	172,106
Capital outlay	42,300	42,300	42,300	-
Total expenditures	<u>4,452,015</u>	<u>4,452,214</u>	<u>4,213,197</u>	<u>239,017</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(4,452,015)</u>	<u>(4,452,214)</u>	<u>(4,192,499)</u>	<u>259,715</u>
Other financing sources (uses)				
Transfers in	4,452,015	4,452,214	4,222,214	(230,000)
Transfers out	-	-	(29,715)	(29,715)
Total other financing sources (uses)	<u>4,452,015</u>	<u>4,452,214</u>	<u>4,192,499</u>	<u>(259,715)</u>
Net change in fund balance	-	-	-	-
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.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year ended September 30, 2009

1. Summary of Significant Accounting Policies

Reporting Entity

The Property Appraiser operates as a County agency and an elected Constitutional Officer of Leon County pursuant to Article VIII, Section (1) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Property Appraiser is a separate constitutional officer as provided by Chapter 218 of *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 Property Appraiser is considered to be a part of the primary government of Leon County, Florida, and is included in the Leon County government-wide financial statements. The financial statements contained herein represent the financial transactions of the Property Appraiser only.

The accounting policies of the Property Appraiser 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

These 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 State of Florida, Office of the Auditor General.

Description of Funds

The financial activities of the Property Appraiser 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 Property Appraiser. This fund is used to account for all financial transactions not required to be accounted for in another fund.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year ended September 30, 2009

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 Property Appraiser 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

Section 195.087, *Florida Statutes*, governs the preparation, adoption, and administration of the Property Appraiser's annual budget. The budget and the subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue for approval. A copy of the budget is furnished to the Leon County Board of County Commissioners (the Board) at the same time.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenses, capital outlay, debt service, and non-operating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying statement of revenues, expenditures and changes in fund balance – budget and actual, reflect all approved amendments.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year ended September 30, 2009

1. Summary of Significant Accounting Policies (continued)

Investments

Investments in external pools that follow SEC Rule 2a-7 regulations are reported at amortized cost, which approximates fair value.

Capital Assets

Capital assets purchased in the Governmental Fund Type are recorded as expenditures (capital outlay) at the time of purchase. The tangible personal property used by the Property Appraiser is reported as capital assets, at cost, in the Statement of Net Assets in the county-wide financial statements of Leon County, Florida.

Liability for Compensated Absences

It is the Property Appraiser's policy to grant all full-time employees annual leave based on the number of years of continuous employment for agencies operating under the Florida Retirement System. Annual leave accrued above 240 hours is transferred to sick leave at the end of each calendar year. Upon termination of employment, the employee can receive a cash benefit based upon the employee's current wage rate and the annual leave not taken.

Sick leave is accumulated at the rate of eight hours for each full calendar month of continuous employment. Employees who have transferred from an agency operating under the Florida Retirement System with no break in service may transfer up to 240 sick leave hours. There is no limit on the amount of sick leave that can be accumulated. At the end of each calendar year, employees with 240 or more hours of sick leave may bank up to 80 hours of leave. At the time of termination, employees with ten years or more continuous employment for agencies operating under the Florida Retirement System can receive payment based upon the employee's current wage rate for 25% of accumulated sick leave and 100% of banked sick leave.

The Property Appraiser uses the vesting method to calculate the liability for compensated absences. The Property Appraiser does not, nor is he legally required to, accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the General Fund, but is included in the Statement of Net Assets in the county-wide financial statements of Leon County, Florida.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year ended September 30, 2009

1. Summary of Significant Accounting Policies (continued)

Transfers In and Out

The Board funds primarily all of the operating budget of the Property Appraiser. The payments by the Board to fund the operations of the Property Appraiser are recorded as transfers in on the financial statements of the Property Appraiser. In accordance with *Florida Statutes*, the Property Appraiser distributes all General Fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year. Repayments to the Board are recorded as a liability and as transfers out on the financial statements of the Property Appraiser.

Related Organizations - Common Expenses

Certain expenses which are common to the Board and all Constitutional Officers are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Property Appraiser. These are:

- Occupancy costs
- Property insurance
- Utilities (except telephone)
- Janitorial service

Other Postemployment Benefits

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

2. Cash and Investments

Cash

The Property Appraiser maintains one cash account at a bank designated by the Florida Division of Treasury as a qualified public depository. At September 30, 2009, the carrying amount of the Property Appraiser's deposit with the financial institution was \$114,295 and the bank balance was \$222,678. Deposits whose values exceed the limits of Federal depository insurance are entirely insured or collateralized pursuant to Chapter 280, *Florida Statutes*.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year ended September 30, 2009

2. Cash and Investments (continued)

Investments

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The Property Appraiser is authorized to invest in all state-approved investments identified in Section 218.415(17), *Florida Statutes*, which include:

- 1) The Florida PRIME (formerly the Local Government Surplus Funds Trust Fund) administered by the State Board of Administration or any authorized intergovernmental investment pool;
- 2) Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally-recognized rating agency;
- 3) Interest-bearing time deposits or savings accounts in qualified public depositories;
- 4) Direct obligations of the U.S. Treasury.

The Property Appraiser has no investment policy that would further limit its investment choices.

The Property Appraiser invests in the Florida PRIME administered by the Florida State Board of Administration (SBA). The Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. The Florida PRIME is governed by Chapter 19-7 of the *Florida Administrative Code*, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of the Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Throughout the year and as of September 30, 2009, the Florida PRIME contained certain floating rate and adjustable rate securities that were indexed based on the prime rate and/or one- and three-month LIBOR rates.

Property Appraiser
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Notes to Special-Purpose Financial Statements

Year ended September 30, 2009

2. Cash and Investments (continued)

These floating rate and adjustable rate securities are used to hedge against interest risk and provide diversification to the portfolio. Exposure to a single issuer is limited to 5% of the portfolio's amortized cost. The current rating for the Florida PRIME is AAAM by Standard and Poors. The weighted average days to maturity of the Florida PRIME at September 30, 2009 is 33 days. The fair value of the Property Appraiser's position in the pool approximates the value of the pool shares. At September 30, 2009, the Property Appraiser had \$23,145 invested with Florida PRIME.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the government's deposits may not be returned to it or the organization may not be able to recover the value of its investments that are in the possession of an outside party.

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, *Florida Statutes*. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Property Appraiser's deposits are therefore considered fully insured or collateralized.

The Property Appraiser's investments in money market funds are uninsured and uncollateralized, with securities held by the counterparty or its trust department or agent but not in the Property Appraiser's name.

The investment in the Florida PRIME is not classified as to custodial risk since the investment is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Property Appraiser limits interest rate risk for the money market fund by utilizing an overnight sweep agreement to invest excess cash balances.

Property Appraiser
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Notes to Special-Purpose Financial Statements

Year ended September 30, 2009

3. Employees' Retirement Plan

All full-time and permanent part-time employees of the Property Appraiser are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans, including a defined benefit public employee pension plan, which is primarily a cost-sharing multiple-employer defined benefit plan administered by the State of Florida, Department of Management Services, Division of Retirement.

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 by Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the state of Florida, 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 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*.

The contributions required for the years ended September 30, 2009, 2008, and 2007 were \$277,282, \$258,375, and \$256,890, respectively, which is equal to the required contribution for each year.

The FRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling 850-488-5706.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year ended September 30, 2009

4. Other Postemployment Benefits

Plan Description. The Property Appraiser participates in an agent multi-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 Property Appraiser 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's share 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. The following table shows the Property Appraiser's share of the County's annual OPEB cost, its actual contributions and changes in the Property Appraiser's share of the County's net OPEB obligation:

Normal cost (service cost for one year)	\$ 16,731
Amortization of unfunded actuarial accrued liability	28,045
Interest on normal cost and amortization	<u>1,791</u>
Annual required contribution	46,567
Interest on net OPEB obligation	1,429
Adjustment to annual required contribution	<u>(2,067)</u>
Annual OPEB cost	45,929
Contributions made	<u>(12,977)</u>

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year ended September 30, 2009

4. Other Postemployment Benefits (continued)

Increase in net OPEB obligation	32,952
Net OPEB obligation at beginning of year	<u>35,734</u>
 Net OPEB obligation at end of year	 <u>\$ 68,686</u>

The Property Appraiser's share of the County's OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2009	<u>\$ 45,929</u>	<u>\$ 12,977</u>	<u>28 %</u>	<u>\$ 68,686</u>

Funded status and Funding Progress. As of September 30, 2009, the Property Appraiser's share of the actuarial accrued liability for benefits recognized in the County's financial statements is \$504,347, all of which is unfunded. The Property Appraiser's covered payroll (annual payroll of active employees covered by the plan) was \$2,634,734. The ratio of the Property Appraiser's actuarial accrued liability to the Property Appraiser's covered payroll was 19.14% 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.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year ended September 30, 2009

4. Other Postemployment Benefits (continued)

For the October 1, 2008 actuarial valuation, the projected unit credit method of funding was used. The objective under the method is to fund each participant's benefits under the 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.

5. Risk Management

The Property Appraiser participates in the Leon County Insurance Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third-party administrator. The Property Appraiser makes payments to the Insurance Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2009 was \$10,351. Excess payments are recorded as a designation of retained earnings for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$350,000.

6. Long-Term Liabilities

A summary of the Property Appraiser's liability for compensated absences is as follows:

	<u>Balance</u> <u>October 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2009</u>
Liability for compensated absences	\$ 495,529	\$ 200,438	\$ 243,862	\$ 452,105

Of the \$452,105 liability for accrued compensated absences, management estimates that \$167,500 will be due and payable within one year. The liability is not reported in the financial statements of the Property Appraiser since it is not payable from available resources at September 30, 2009. As discussed in Note 1, the liability is reported on the statement of net assets in the county-wide financial statements of Leon County, Florida.

Property Appraiser
Leon County, Florida

Notes to Special-Purpose Financial Statements

Year ended September 30, 2009

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 Property Appraiser had no outstanding encumbrances at September 30, 2009.

8. Commitments and Contingencies

Commitments

Effective October 1, 2008, the Property Appraiser entered into a three-year computer maintenance contract with Tyler Technologies, Inc. in the amounts of \$78,720, \$83,100 and \$87,780 respectively. The contract may be terminated at the close of each calendar year by giving sixty days written notice by Tyler Technologies Inc. or thirty days written notice by the Property Appraiser. Effective June 24, 2009, the Property Appraiser entered into a one year contract with Inspired Technologies in the amount of \$650,000. The contract may be terminated by either party upon a material breach that remains uncured thirty days after written notice of the breach is made. The remaining commitment as of September 30, 2009 is \$512,000.

Litigation

Various suits and claims arising in the ordinary course of operations are pending against the Property Appraiser. These primarily relate to property assessments within Leon County. The ultimate effect of such litigation cannot be ascertained at this time. In the opinion of management for the Property Appraiser, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the Property Appraiser or its operations. In the event property assessment claims are resolved in favor of plaintiffs/claimants, such settlements would be funded, if at all, by the Board.

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

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 Property Appraiser
Leon County, Florida

We have audited the special-purpose financial statements of the Property Appraiser of Leon County, Florida (the Property Appraiser), as of and for the year ended September 30, 2009, and have issued our report thereon dated December 3, 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 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 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 Property Appraiser's 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 Property Appraiser's financial statements that is more than inconsequential will not be prevented or detected by the Property Appraiser's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section 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 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 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, the Property Appraiser 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.

December 3, 2009

Management Letter

September 30, 2009

Management Letter

The Honorable Property Appraiser
Leon County, Florida

We have audited the special-purpose financial statements of the Property Appraiser of Leon County, Florida, as of and for the year ended September 30, 2009 and have issued our report thereon dated December 3, 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 issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated December 3, 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 governmental entity audits performed in the state of Florida. This letter includes the following information, which is not included in the aforementioned auditors' 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. We reported no findings or recommendations in the preceding annual financial report.

Section 10.554(1)(i)2., *Rules of the Auditor General* requires 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 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 findings and recommendations to improve financial management, accounting procedures, and internal controls. 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.

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 the 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.

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 the 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 Property Appraiser has no component units.

Our audit did not disclose any further items that would be required to be reported under The *Rules of the Auditor General*, Section 10.554(1)(i).

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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, the Property Appraiser 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 P.A.

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

December 3, 2009