

**SECTION III**  
**CLERK OF THE CIRCUIT COURT**

# **SPECIAL PURPOSE FINANCIAL STATEMENTS**

**Clerk of the Circuit Court  
St. Lucie County, Florida**

September 30, 2010

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**Berger, Toombs, Elam,  
Gaines & Frank**

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**Report on Special Purpose Financial Statements Prepared in Compliance With a  
Regulatory Provision That Results in an Incomplete Presentation But One That Is  
Otherwise in Conformity With Generally Accepted Accounting Principles**

Honorable Joseph E. Smith  
Clerk of the Circuit Court  
St. Lucie County, Florida

We have audited the accompanying fund financial statements of the Clerk of the Circuit Court, St. Lucie County, Florida as of and for the year ended September 30, 2010 as listed in the table of contents. These financial statements are the responsibility of the Clerk of the Circuit Court's Management. Our responsibility is to express an opinion on the 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 fund financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund 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 described in Note 1, the accompanying fund financial statements referred to above only present the fund financial position and changes in fund financial position of the Clerk of the Circuit Court, St. Lucie County, Florida and not St. Lucie County, Florida as a whole.

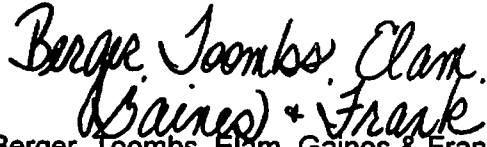
In our opinion, the fund financial statements referred to above present fairly, in all material respects, the fund financial position of the Clerk of the Circuit Court, St. Lucie County, Florida at September 30, 2010 and the changes in fund financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Joseph E. Smith  
Clerk of the Circuit Court  
St. Lucie County, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2011 on our consideration of the Clerk of the Circuit Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The statement of changes in assets and liabilities – agency funds is presented for purposes of additional analysis and is not a required part of the basic financial statement of the Clerk of the Circuit Court. The statement has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Clerk of the Circuit Court, St. Lucie County, Florida, the State of Florida Auditor General and applicable Federal and State agencies, and is not intended to be and should not be used by anyone other than these specified parties.

  
Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011

**Clerk of the Circuit Court  
St. Lucie County, Florida  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2010**

	<u>General Fund</u>	<u>Public Records Modernization Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and investments	\$ 933,919	\$ 1,443,772	\$ 2,377,691
Interest receivable	97	921	1,018
Due from other governments	48,978	-	48,978
Prepaid items	1,911	-	1,911
	<u>1,911</u>	<u>-</u>	<u>1,911</u>
<b>Total Assets</b>	<u>\$ 984,905</u>	<u>\$ 1,444,693</u>	<u>\$ 2,429,598</u>
<b>Liabilities</b>			
Accounts payable	\$ 46,762	\$ 14,827	\$ 61,589
Accrued liabilities	273,783	14,180	287,963
Due to other governments	104,590	-	104,590
	<u>104,590</u>	<u>-</u>	<u>104,590</u>
<b>Total Liabilities</b>	425,135	29,007	454,142
<b>Fund Balances</b>	<u>559,770</u>	<u>1,415,686</u>	<u>1,975,456</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 984,905</u>	<u>\$ 1,444,693</u>	<u>\$ 2,429,598</u>

The accompanying notes to financial statements are an integral part of this financial statement.

**Clerk of the Circuit Court  
St. Lucie County, Florida  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2010**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$ 360,008	\$ -	\$ 360,008
Charges for services	1,197,276	440,270	1,637,546
Fines and forfeitures	-	432,898	432,898
Interest	271	1,525	1,796
Miscellaneous	29,634	-	29,634
Total Revenues	<u>1,587,189</u>	<u>874,693</u>	<u>2,461,882</u>
<b>Expenditures</b>			
<b>Current:</b>			
General government	2,763,159	-	2,763,159
Court related	8,433,772	985,827	9,419,599
Capital outlay	242,840	544,021	786,861
<b>Debt service:</b>			
Principal	-	20,645	20,645
Interest	-	11,203	11,203
Total Expenditures	<u>11,439,771</u>	<u>1,561,696</u>	<u>13,001,467</u>
Excess of revenues over (under) expenditures	<u>(9,852,582)</u>	<u>(687,003)</u>	<u>(10,539,585)</u>
<b>Other financing sources (uses)</b>			
Transfers from Board of County Commissioners	1,894,407	-	1,894,407
Transfers from Clerk of Court Trust Fund	8,471,157	-	8,471,157
Transfers to Board of County Commissioners	(85,301)	-	(85,301)
Transfers to Clerk of Court Trust Fund	(8,710)	-	(8,710)
Lease purchase proceeds	-	332,500	332,500
Total Other Financing Sources	<u>10,271,553</u>	<u>332,500</u>	<u>10,604,053</u>
Net change in fund balances	418,971	(354,503)	64,468
Fund balances - October 1, 2009	140,799	1,770,189	1,910,988
Fund balances - September 30, 2010	<u>\$ 559,770</u>	<u>\$ 1,415,686</u>	<u>\$ 1,975,456</u>

The accompanying notes to financial statements are an integral part of this financial statement.

**Clerk of the Circuit Court  
St. Lucie County, Florida  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended September 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 360,000	\$ 360,000	\$ 360,008	\$ 8
Charges for services	1,369,380	1,369,380	1,197,276	(172,104)
Fines and forfeitures	150	150	-	(150)
Interest	-	-	271	271
Miscellaneous	6,000	6,000	29,634	23,634
Total Revenues	<u>1,735,530</u>	<u>1,735,530</u>	<u>1,587,189</u>	<u>(148,341)</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	3,203,028	2,892,205	2,763,159	129,046
Court related	6,489,005	8,727,897	8,433,772	294,125
Capital outlay	18,100	242,872	242,840	32
Total Expenditures	<u>9,710,133</u>	<u>11,862,974</u>	<u>11,439,771</u>	<u>423,203</u>
Excess of revenues over/(under) expenditures	<u>(7,974,603)</u>	<u>(10,127,444)</u>	<u>(9,852,582)</u>	<u>274,862</u>
<b>Other financing sources (uses)</b>				
Transfers from Board of County Commissioners	1,894,407	1,894,407	1,894,407	-
Transfers from Clerk of Court Trust Fund	6,080,196	8,186,249	8,471,157	284,908
Transfers to Board of County Commissioners	-	(85,301)	(85,301)	-
Transfers to Clerk of Court Corporation Fund	-	(8,710)	(8,710)	-
Total other financing sources (uses)	<u>7,974,603</u>	<u>9,986,645</u>	<u>10,271,553</u>	<u>284,908</u>
Net change in fund balances	-	(140,799)	418,971	559,770
Fund balances - October 1, 2009	140,799	140,799	140,799	-
Fund balances - September 30, 2010	<u>\$ 140,799</u>	<u>\$ -</u>	<u>\$ 559,770</u>	<u>\$ 559,770</u>

The accompanying notes to financial statements are an integral part of this financial statement.

**Clerk of the Circuit Court  
St. Lucie County, Florida  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
PUBLIC RECORDS MODERNIZATION FUND  
For the Year Ended September 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 650,000	\$ 650,000	\$ 440,270	\$ (209,730)
Fines and forfeitures	-	432,895	432,898	3
Interest	12,000	12,276	1,525	(10,751)
Total Revenues	662,000	1,095,171	874,693	(220,478)
Expenditures				
Current:				
Court related	984,915	1,024,076	985,827	38,249
Capital outlay	173,274	639,819	544,021	95,798
Debt service:				
Principal	-	20,645	20,645	-
Interest	-	11,203	11,203	-
Total Expenditures	1,158,189	1,695,743	1,561,696	134,047
Excess of revenues over/(under) expenditures	(496,189)	(600,572)	(687,003)	(86,431)
Other financing sources				
Lease purchase proceeds	-	-	332,500	(332,500)
Net change in fund balances	(496,189)	(600,572)	(354,503)	246,069
Fund balances - October 1, 2009	496,189	600,572	1,770,189	1,169,617
Fund balances - September 30, 2010	\$ -	\$ -	\$ 1,415,686	\$ 1,415,686

The accompanying notes to financial statements are an integral part of this financial statement.

**Clerk of the Circuit Court  
St. Lucie County, Florida  
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND  
September 30, 2010**

Assets

Cash and investments	<u>\$ 6,582,551</u>
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Liabilities

Due to other governments	\$ 2,571,701
Agency funds on hand	<u>4,010,850</u>
Total Liabilities	<u>\$ 6,582,551</u>

The accompanying notes to financial statements are an integral part of this financial statement.

**Clerk of the Circuit Court  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 1 - Summary of the Significant Accounting Policies**

The summary of significant accounting policies followed by the Clerk of the Circuit Court, St. Lucie County, Florida, (the "Clerk") is summarized below.

Reporting Entity

The Clerk of the Circuit Court is a county officer as established by Article VIII, Section (1) (d) of the Constitution of the State of Florida.

For financial statement and reporting purposes, the Clerk of the Circuit Court does not meet the definition of a legally separate organization and is not considered to be a component unit. The Clerk of the Circuit Court is considered to be part of the primary government of St. Lucie County, Florida. The financial statements contained herein represent the financial transactions of the Clerk of the Circuit Court only and do not represent the financial transactions of the primary government of St. Lucie County, Florida (the "County").

Basis of Presentation

The financial statements have been prepared in accordance with the fund financial statements presentation requirements of GASB Statement No. 34.

Fund Description

The Clerk of the Circuit Court maintains financial records and accounts on the basis of governmental and fiduciary funds.

a. Governmental Funds

General Fund – The General Fund is used to account for the general operations of the Clerk of the Circuit Court.

Special Revenue Fund – The Public Records Modernization Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

b. Fiduciary Fund

Agency Fund – The Agency Fund is used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the Clerk's own programs.

**Clerk of the Circuit Court  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 1 - Summary of the Significant Accounting Policies (Continued)**

Basis of Accounting, Measurement Focus and Presentation

Governmental fund financial statements report using the current financial resources measurement focus and are maintained on the modified accrual basis. The agency fund reports only assets and liabilities; therefore, it does not have a measurement focus. However, it uses the accrual basis of accounting to recognize receivables and payables. Under the modified accrual basis of accounting revenues are generally recognized when they become measurable and available and expenditures are recognized when incurred. Revenues collected in excess of expenditures are not considered earned and are reflected as liabilities.

Budget

An operating budget for the General Fund is prepared by the Clerk of the Circuit Court and submitted to the Board of County Commissioners for approval and to the Florida Court Clerk Operations Corporation for the court related functions pursuant to state statutes. The Clerk also prepares a budget for the Public Records Modernization Special Revenue Fund. The budgets are prepared on a basis consistent with generally accepted accounting principles.

Capital Assets

Acquisitions of equipment are recorded as expenditures at the time of purchase for governmental fund financial statements. The equipment is reported to and capitalized by the Board of County Commissioners pursuant to state statutes.

Accrued Compensated Absences

Accrued compensated absences reflect the liability of the Clerk of the Circuit Court for the employees' rights to receive future compensation for their accrued annual leave and vested sick leave, since the Clerk of the Circuit Court does not, nor is the Clerk legally required to, accumulate financial resources to liquidate this obligation, the liability for accrued compensated absences is not reported in the governmental fund.

Transfers

All revenues and other sources in excess of expenditures in the General Fund non-court related operations at year-end are owed to the Board of County Commissioners in accordance with state statutes. In accordance with Florida Senate Bills 1718 and 2108, the excess fees for the court related function is determined on June 30<sup>th</sup> each year to coincide with the State fiscal year. Therefore, any excess amount as of September 30 is presented as fund balance on the general fund financial statements.

**Clerk of the Circuit Court  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 2 - Cash and Investments**

**A. Deposits**

As of September 30, 2010, the total carrying amount of the deposits with qualified public depositories was \$3,860,246 and the bank balance was \$4,788,003. All deposits are insured by federal depository insurance and are collateralized under the provisions of Chapter 280, Florida Statutes.

**B. Investments**

Custodial Credit Risk Deposits

As of September 30, 2010, the Clerk had \$5,086,923 invested in the AAA rated Money Market Mutual Fund. The fund is held by the fund company in the Clerk's name.

Interest Rate Risk

The Clerk of the Circuit Court does not own individual securities and his only exposure to interest rate risk is the reduction in the interest earned on his investment.

Concentration of Credit Risk

Section 218.401(17), Florida Statutes, limit the type of investment available to the Clerk of the Circuit Court for investment. The Clerk of the Circuit Court has chosen to invest in money market fund accounts.

**Note 3 - Pension Plan**

The employees of the Clerk of the Circuit Court participate in the Florida Retirement System, a cost-sharing multiple-employer plan.

The details of the plan and the funding policies are defined in the notes to financial statements of St. Lucie County, Florida.

Contributions to the plan by the Clerk of the Circuit Court for the fiscal years ended September 30, 2010, 2009 and 2008 were \$639,285, \$680,664, and \$718,078, respectively, which is equal to the required contribution for each year.

**Clerk of the Circuit Court  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 4 - Risk Management**

The Clerk of the Circuit Court participates in a public entity risk pool for the purpose of obtaining various insurance coverage other than health and life insurance. Other members of the pool consist of the Board of County Commissioners and the other elected officials, except the Sheriff, two municipalities and another county.

The operations of this public entity risk pool are outlined in the notes to financial statements of St. Lucie County, Florida.

The Clerk of the Circuit Court along with the Board of County Commissioners, Tax Collector, Supervisor of Elections and Property Appraiser are self-insured for group health. Certain former employees are also eligible and participate in the plan. The financial transactions of this plan are accounted for in an internal service fund of the Board of County Commissioners. The cost to the Clerk of the Circuit Court is based on historical claims and totaled \$2,803,107 for the year ended September 30, 2010. Further details of this self-insurance program are discussed in the notes to financial statements of St. Lucie County, Florida.

**Note 5 - Accrued Compensated Absences**

The accrued amount of annual leave and vested sick leave at September 30, 2010, was \$779,343 as compared to \$794,096, the balance at September 30, 2009.

This liability is not reflected in the financial statements of the Clerk of the Circuit Court since it is not payable from available resources.

**Note 6 - Operating Leases**

The Clerk has entered into various leases for office equipment. These leases are considered operating leases for accounting purposes. For the year ended September 30, 2010, lease expenditures totaled \$17,076. Further minimum lease payments for operating leases are as follows:

<u>Year Ended</u>	<u>Amount</u>
2011	\$ 15,393
2012	12,985
2013	9,229
2014	495
Total	<u>\$ 38,102</u>

**Clerk of the Circuit Court  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 7 – Capital Leases**

On March 2, 2010, the Clerk entered into a non-cancellable software license purchase agreement with Pioneer Technology Group, L.L.C. The total agreement for the license is \$475,000. The initial 30% deposit of the license fee, \$142,500, was paid in March 2010. The remainder is amortized in 48 equal monthly payments of \$7,962 with an interest rate of 6.34% beginning on June 15, 2010. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The property being leased is included in the County’s statement of net assets governmental activities column and has a cost and carrying value of \$475,000. Due to the complication of the implementation process, the software is estimated to be fully implemented in July 2011. Therefore, depreciation expense was not recognized for the fiscal year ending September 30, 2010. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2010 were as follows:

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>
2011	\$ 95,544
2012	95,544
2013	95,544
2014	63,696
Total minimum lease payments	350,328
Less: amount representing interest	(38,473)
Present value of minimum lease payments	\$ 311,855

**SUPPLEMENTARY INFORMATION**

**Clerk of the Circuit Court**  
**St. Lucie County, Florida**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**September 30, 2010**

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
<b>Assets</b>				
Cash and investments	<u>\$ 9,628,253</u>	<u>\$ 88,768,914</u>	<u>\$ 91,814,616</u>	<u>\$ 6,582,551</u>
<b>Liabilities</b>				
Due to other governments	\$ 2,819,904	\$ 44,503,337	\$ 44,751,540	\$ 2,571,701
Agency funds on hand	<u>6,808,349</u>	<u>44,265,577</u>	<u>47,063,076</u>	<u>4,010,850</u>
Total Liabilities	<u>\$ 9,628,253</u>	<u>\$ 88,768,914</u>	<u>\$ 91,814,616</u>	<u>\$ 6,582,551</u>

**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***

Clerk of the Circuit Court  
St. Lucie County, Florida

September 30, 2010



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**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**

Honorable Joseph E. Smith  
Clerk of the Circuit Court  
St. Lucie County, Florida

We have audited the financial statements of the Clerk of the Circuit Court, St. Lucie County, Florida as of and for the year ended September 30, 2010 and have issued our report thereon dated January 31, 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 Clerk of the Circuit Court'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 Clerk of the Circuit Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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.

Honorable Joseph E. Smith  
Clerk of the Circuit Court  
St. Lucie County, Florida

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clerk of the Circuit Court's 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, others within the entity and is not intended to be and should not be used by anyone other than those specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants, PL  
Fort Pierce, Florida

January 31, 2011

**MANAGEMENT LETTER**

Clerk of the Circuit Court  
St. Lucie County, Florida

September 30, 2010



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## Management Letter

Honorable Joseph E. Smith  
Clerk of the Circuit Court  
St. Lucie County, Florida

We have audited the financial statements of the Clerk of the Circuit Court, St. Lucie County, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated January 31, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report which is dated January 31, 2011 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. Those rules (Section 10.554(1)(i)1.) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that the Clerk of the Circuit Court, St. Lucie County, Florida, complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require to be disclosed.

Honorable Joseph E. Smith  
Clerk of the Circuit Court  
St. Lucie County, Florida

Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Courts complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connections with our audit, we determined that the Clerk complied with such requirements.

Pursuant to Chapter 119, Florida Statutes, this Management Letter is a public record and its' distribution is not limited. However, in accordance with auditing standards generally accepted in the United States of America, this Management Letter is intended solely for the information of the Clerk of the Circuit Court, St. Lucie County, Florida, and Management, 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.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011

**SECTION IV**  
**PROPERTY APPRAISER**

# SPECIAL PURPOSE FINANCIAL STATEMENTS

Property Appraiser  
St. Lucie County, Florida

September 30, 2010

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**Berger, Toombs, Elam,  
Gaines & Frank**

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**Report on Special Purpose Financial Statements Prepared in Compliance With a  
Regulatory Provision That Results in an Incomplete Presentation But One That Is  
Otherwise in Conformity With Generally Accepted Accounting Principles**

Honorable Ken Pruitt  
Property Appraiser  
St. Lucie County, Florida

We have audited the accompanying fund financial statements of the Property Appraiser, St. Lucie County, Florida as of and for the year ended September 30, 2010 as listed in the table of contents. These financial statements are the responsibility of the Property Appraiser's Management. Our responsibility is to express an opinion on the 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 fund financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund 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 described in Note 1, the accompanying fund financial statements referred to above only present the fund financial position and changes in fund financial position of the Property Appraiser, St. Lucie County, Florida and not St. Lucie County, Florida as a whole.

In our opinion, the fund financial statements referred to above present fairly, in all material respects, the fund financial position of the Property Appraiser, St. Lucie County, Florida at September 30, 2010 and the changes in fund financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



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Gaines & Frank  
Certified Public Accountants PL

Honorable Ken Pruitt  
Property Appraiser  
St. Lucie County, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2011 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, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011

**Property Appraiser  
St. Lucie County, Florida  
BALANCE SHEET - GENERAL FUND  
September 30, 2010**

<b>ASSETS</b>	
Cash and investments	\$ 1,489,323
Due from other governments	19,989
Total Assets	<u>\$ 1,509,312</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts payable	\$ 99,144
Due to other governments	1,370,358
Accrued payroll	39,810
Total Liabilities	<u>1,509,312</u>
Fund Balances	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,509,312</u>

See accompanying notes to financial statements.

**Property Appraiser  
St. Lucie County, Florida  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
For the year ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 850,318	\$ 850,375	\$ 850,375	\$ -
Miscellaneous revenues	-	-	402,468	402,468
Unearned revenues - other governments	-	-	(207,040)	(207,040)
Total Revenues	<u>850,318</u>	<u>850,375</u>	<u>1,045,803</u>	<u>195,428</u>
Expenditures				
General government	5,628,014	5,628,387	4,562,360	1,066,027
Capital outlay	-	-	98,135	(98,135)
Total Expenditures	<u>5,628,014</u>	<u>5,628,387</u>	<u>4,660,495</u>	<u>967,892</u>
Excess of Revenues over (under) expenditures	<u>(4,777,696)</u>	<u>(4,778,012)</u>	<u>(3,614,692)</u>	<u>1,163,320</u>
Other financing sources (uses)				
Transfers in from Board of County Commissioners	4,777,696	4,778,012	4,778,010	(2)
Transfers out to Board of County Commissioners				
Unearned revenue	-	-	(1,163,318)	(1,163,318)
Total Other Financing Sources (Uses)	4,777,696	4,778,012	3,614,692	(1,163,320)
Net change in fund balances	-	-	-	-
Fund Balances- October 1, 2009	-	-	-	-
Fund Balances- September 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**Property Appraiser  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 1 – Summary of Significant Accounting Policies**

The summary of significant accounting policies followed by the Property Appraiser, St. Lucie County, Florida is summarized below.

Reporting Entity

The Property Appraiser is a county officer as established by Article VIII, Section (1)(d) of the Constitution of the State of Florida.

For financial statement and reporting purposes, the Property Appraiser does not meet the definition of a legally separate organization and is not considered to be a component unit. The Property Appraiser is considered to be part of the primary government of St. Lucie County, Florida. The financial statements contained herein represent the financial transactions of the Property Appraiser only and do not represent the financial transactions of the primary government of St. Lucie County, Florida.

Basis of Presentation

The financial statements contained herein are special purpose fund financial statements prepared in accordance with the fund financial statement presentation requirements of GASB 34 and Chapter 10.550, Rules of the Auditor General.

Fund Description

The Property Appraiser maintains his financial records and accounts on the basis of one governmental fund:

General Fund – The general fund is used to account for all financial activity of the Property Appraiser.

Basis of Accounting, Measurement Focus and Presentation

Governmental fund financial statements report using the current financial resources measurement focus and are maintained on the modified accrual basis. Under the modified accrual basis of accounting revenues are generally recognized when they become measurable and available and expenditures are recognized when incurred. Revenues collected in excess of expenditures are not considered earned and are reflected as liabilities.

**Property Appraiser  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 1 – Summary of Significant Accounting Policies - Continued**

Budget

An operating budget for the general fund is prepared by the Property Appraiser and submitted to the Florida Department of Revenue for approval in accordance with state statutes. The budget is prepared on a basis consistent with generally accepted accounting principles.

Capital Assets

Acquisitions of equipment are recorded as expenditures in the general fund at the time of purchase for governmental fund financial statements. The equipment is reported to and capitalized by the Board of County Commissioners, St. Lucie County, Florida pursuant to state statutes.

Accrued Compensated Absences

Accrued compensated absences reflect the liability of the Property Appraiser for the employees' rights to receive future compensation for their accrued annual leave and vested sick leave. Since the Property Appraiser does not, nor is he legally required to accumulate financial resources to liquidate this obligation, the liability for accrued compensated absences is not reported in the governmental fund.

Transfers

Monies received from the Board of County Commissioners to fund the operations of the Property Appraiser are reflected in the financial statements as transfers in.

All revenues and other sources in excess of expenditures at year-end are owed to the Board of County Commissioners and other governmental entities in accordance with state statutes.

**Note 2 – Cash and Investment**

The Property Appraiser is required to deposit monies with financial institutions classified as qualified public depositories by Section 136.01, Florida Statutes. Chapter 280, Florida Statutes establishes the criteria for qualified public depositories, which provides for full insurance for public deposits.

**Property Appraiser  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 2 – Cash and Investment - Continued**

The Property Appraiser is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury.
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969.
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories.
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash as reported in the accompanying balance sheet includes cash on hand and cash in demand and time deposits.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure the deposits of the Property Appraiser may not be returned. Although there is not a formal deposit policy for custodial credit risk; the Property Appraiser is governed by Section 136.01, Florida Statutes and Chapter 280, Florida Statutes. All funds are deposited in qualified public depositories, which fully insure all monies on deposit. As of September 30, 2010 the carrying value totaled \$865,224 and the bank balance was \$864,567.

Interest Rate Risk

Currently the Property Appraiser has investments in time deposit accounts and the pooled cash investments of the St. Lucie County Board of County Commissioners (Board). The time deposit account has no exposure to fair value adjustments and the investment policy approved by the Board manages exposure in the pooled cash investments to fair value losses from rising interest rates.

**Property Appraiser  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 2 – Cash and Investment - Continued**

Credit Risk

The Property Appraiser manages credit quality risk through his investment in the pooled cash account of the Board. The investment policy of the Board which manages the investment of pooled cash monies limits the types of investments authorized and also limits the maturities of the investments. At September 30, 2010, the Property Appraiser had \$624,099 invested in the pooled cash fund of the Board.

**Note 3 – Pension Plan**

The employees of the Property Appraiser participate in the Florida Retirement System, a cost-sharing multiple-employer plan.

The details of the plan and the funding policies are defined in the notes to financial statements of St. Lucie County, Florida.

Contributions to the plan by the Property Appraiser for the fiscal years ended September 30, 2010, 2009 and 2008 were \$254,731, \$267,880, and \$258,159 respectively, which is equal to the required contribution each year.

**Note 4 – Operating Leases**

All the operating leases for the Property Appraiser were terminated during fiscal year 2009-2010. For the year ended September 30, 2010, lease expenditures totaled \$15,300.

**Property Appraiser  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 5 – Risk Management**

The Property Appraiser participates in a public entity risk pool for the purpose of obtaining various insurance coverage other than health and life insurance. Other members of the pool consist of the Board of County Commissioners and the other elected officials, except the Sheriff, two municipalities and another county.

The operations of this public entity risk pool are outlined in the notes to financial statements of St. Lucie County, Florida.

The Property Appraiser along with the Board of County Commissioners, Clerk of Circuit Court, Supervisor of Elections and Tax Collector are self-insured for group health and life insurance. Certain former employees are also eligible and participate in the plan. The financial transactions of this plan are accounted for in an internal service fund of the Board of County Commissioners. The cost to the Property Appraiser is based on historical claims and totaled \$967,017 for the year ended September 30, 2010. Further details of this self-insurance program are discussed in the notes to financial statements of St. Lucie County, Florida.

**Note 6 – Accrued Compensated Absences**

The accrued amount of annual leave and vested sick leave at September 30, 2010 was \$308,877 as compared to \$296,984, the balance at September 30, 2009.

This liability is not reflected in the financial statements of the Property Appraiser since they are not payable from available resources.

**Note 7 – Property Appraiser**

The elected Property Appraiser, Jeff Furst, passed away on July 2, 2010. The Governor did not appoint a successor, so the office remained open until the special election was held in November. Ken Pruitt was elected and took office on November 9, 2010.

**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***

**Property Appraiser  
St. Lucie County, Florida**

**September 30, 2010**



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**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**

Honorable Ken Pruitt  
Property Appraiser  
St. Lucie County, Florida

We have audited the financial statements of the Property Appraiser as of and for the year ended September 30, 2010 and have issued our report thereon dated January 31, 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 County'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.

Honorable Ken Pruitt  
Property Appraiser  
St. Lucie County, Florida

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Property Appraiser's 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, others within the entity and is not intended to be and should not be used by anyone other than those specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants, PL  
Fort Pierce, Florida

January 31, 2011

**MANAGEMENT LETTER**

**Property Appraiser  
St. Lucie County, Florida**

**September 30, 2010**



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## Management Letter

Honorable Ken Pruitt  
Property Appraiser  
St. Lucie County, Florida

We have audited the financial statements of the Property Appraiser, St. Lucie County, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated January 31, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report which is dated January 31, 2010 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. Those rules (Section 10.554(1)(i)1.) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that the Property Appraiser, St. Lucie County, Florida, complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions have occurred, or are likely to have occurred that have an effect on the financial statements that is less than material but more than inconsequential; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require to be disclosed.

Honorable Ken Pruitt  
Property Appraiser  
St. Lucie County, Florida

Pursuant to Chapter 119, Florida Statutes, this Management Letter is a public record and its' distribution is not limited. However, in accordance with auditing standards generally accepted in the United States of America, this Management Letter is intended solely for the information of the Property Appraiser, St. Lucie County, Florida, and Management, 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.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011

**SECTION V**

**SHERIFF**

# **SPECIAL PURPOSE FINANCIAL STATEMENTS**

**Sheriff  
St. Lucie County, Florida**

September 30, 2010

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**Berger, Toombs, Elam,  
Gaines & Frank**

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**Report on Special Purpose Financial Statements Prepared in Compliance With a  
Regulatory Provision That Results in an Incomplete Presentation But One That is  
Otherwise in Conformity With Generally Accepted Accounting Principles**

Honorable Ken J. Mascara  
Sheriff  
St. Lucie County, Florida

We have audited the accompanying fund financial statements of the Sheriff, St. Lucie County, Florida, as of and for the fiscal year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Sheriff's management. Our responsibility is to express an opinion on the 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 fund financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund 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 described in Note 1, the accompanying fund financial statements referred to above present the fund financial position and changes in fund financial position of the Sheriff, St. Lucie County, Florida and not St. Lucie County, Florida as a whole.

In our opinion, the fund financial statements referred to above present fairly, in all material respects, the fund financial position of the Sheriff, St. Lucie County, Florida as of September 30, 2010, and the changes in fund financial position and the respective budgetary comparisons for the General and Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Ken J. Mascara  
Sheriff  
St. Lucie County, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2011, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of Management, the Sheriff, the State of Florida Auditor General and applicable Federal and State agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011

**Sheriff**  
**St. Lucie County, Florida**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**For the year ended September 30, 2010**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 750,613	\$ 3,468,023	\$ 4,218,636
Accounts receivable	39,458	134,144	173,602
Due from other funds	1,121,098	520,773	1,641,871
Due from other governments	58,330	177,837	236,167
Total Assets	<u>\$ 1,969,499</u>	<u>\$ 4,300,777</u>	<u>\$ 6,270,276</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Vouchers/accounts payable	\$ 669,112	\$ 52,019	\$ 721,131
Due to other funds	520,773	1,121,098	1,641,871
Due to other governments	1,415	-	1,415
Accrued payroll	778,199	-	778,199
Total Liabilities	1,969,499	1,173,117	3,142,616
Fund Balances			
Fund balances	-	3,127,660	3,127,660
Total Liabilities and Fund Balances	<u>\$ 1,969,499</u>	<u>\$ 4,300,777</u>	<u>\$ 6,270,276</u>

See accompanying notes to financial statements.

**Sheriff**  
**St. Lucie County, Florida**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the year ended September 30, 2010**

	General Fund	Special Revenue Fund	Governmental Funds
Revenues			
Intergovernmental revenues	\$ -	\$ 2,799,562	\$ 2,799,562
Charges for services	-	1,177,245	1,177,245
Fines and forfeitures	-	157	157
Miscellaneous	365,731	7,842	373,573
<b>Total Revenues</b>	<b>365,731</b>	<b>3,984,806</b>	<b>4,350,537</b>
Expenditures			
Current:			
Public safety	62,861,485	1,576,297	64,437,782
Court related	3,386,738	-	3,386,738
Capital outlay	651,860	1,435,913	2,087,773
Debt service			
Principal	150,233	-	150,233
Interest	8,263	-	8,263
<b>Total Expenditures</b>	<b>67,058,579</b>	<b>3,012,210</b>	<b>70,070,789</b>
Excess of revenues over (under) expenditures	<u>(66,692,848)</u>	<u>972,596</u>	<u>(65,720,252)</u>
Other financing sources (uses)			
Transfers from Board of County Commisioners	66,757,956	-	66,757,956
Transfers in/(out)	(47,165)	47,165	-
Transfers to Board of County Commisioners	<u>(17,943)</u>	<u>(875,000)</u>	<u>(892,943)</u>
<b>Total other financing sources (uses)</b>	<b>66,692,848</b>	<b>(827,835)</b>	<b>65,865,013</b>
Net change in fund balances	-	144,761	144,761
Fund Balances - October 1, 2009	<u>-</u>	<u>2,982,899</u>	<u>2,982,899</u>
Fund Balances - September 30, 2010	<u>\$ -</u>	<u>\$ 3,127,660</u>	<u>\$ 3,127,660</u>

See accompanying notes to financial statements.

**Sheriff**  
**St. Lucie County, Florida**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Miscellaneous revenues	\$ 300,000	\$ 350,000	\$ 365,731	\$ 15,731
Expenditures				
Current				
Public safety	63,601,715	63,651,715	62,861,485	790,230
Court related	3,456,241	3,456,241	3,386,738	69,503
Capital outlay	-	-	651,860	(651,860)
Debt service				
Principal	-	-	150,233	(150,233)
Interest	-	-	8,263	(8,263)
Total Expenditures	<u>67,057,956</u>	<u>67,107,956</u>	<u>67,058,579</u>	<u>49,377</u>
Excess of revenues over (under) expenditures	<u>(66,757,956)</u>	<u>(66,757,956)</u>	<u>(66,692,848)</u>	<u>65,108</u>
Other financing sources (uses)				
Transfers from Board of County Commissioners	66,757,956	66,757,956	66,757,956	-
Transfers out	-	-	(47,165)	(47,165)
Transfers to Board of County Commissioners	<u>-</u>	<u>-</u>	<u>(17,943)</u>	<u>(17,943)</u>
Total other financing sources (uses)	66,757,956	66,757,956	66,692,848	(65,108)
Net change in fund balances	-	-	-	-
Fund Balances - October 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - September 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**Sheriff**  
**St. Lucie County, Florida**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND**  
**For the Year Ended September 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental revenues	\$ 2,788,825	\$2,788,825	\$ 2,799,562	\$ 10,737
Charges for services	1,196,614	1,196,614	1,177,245	(19,369)
Fines and forfeitures	25,252	25,252	157	(25,095)
Miscellaneous	-	-	7,842	7,842
Total Revenues	<u>4,010,691</u>	<u>4,010,691</u>	<u>3,984,806</u>	<u>(25,885)</u>
Expenditures				
Current:				
Public safety	2,428,711	2,428,711	1,576,297	852,414
Capital outlay	1,481,170	1,481,170	1,435,913	45,257
Total Expenditures	<u>3,909,881</u>	<u>3,909,881</u>	<u>3,012,210</u>	<u>897,671</u>
Excess of revenues over (under) expenditures	<u>100,810</u>	<u>100,810</u>	<u>972,596</u>	<u>871,786</u>
Other financing sources (uses)				
Transfers in	-	-	47,165	47,165
Transfers to Board of County Commissioners	-	-	(875,000)	(875,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(827,835)</u>	<u>(827,835)</u>
Net change in fund balances	100,810	100,810	144,761	43,951
Fund Balances - October 1, 2009	<u>-</u>	<u>-</u>	<u>2,982,899</u>	<u>2,982,899</u>
Fund Balances - September 30, 2010	<u>\$ 100,810</u>	<u>\$ 100,810</u>	<u>\$3,127,660</u>	<u>\$ 3,026,850</u>

See accompanying notes to financial statements.

**Sheriff**  
**St. Lucie County, Florida**  
**STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND**  
**September 30, 2010**

Assets	
Cash and investments	\$ 1,580,256
Accounts receivable	546
Due from other governments	<u>65,658</u>
 Total Assets	 <u><u>\$ 1,646,460</u></u>
 Liabilities	
Accounts payable	\$ 36,929
Agency funds on hand	<u>1,609,531</u>
 Total Liabilities	 <u><u>\$ 1,646,460</u></u>

See accompanying notes to financial statements.

**Sheriff  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 1 - Summary of Significant Accounting Policies**

The summary of significant accounting policies followed by the Sheriff, St. Lucie County, Florida, is summarized below.

Reporting Entity

The Sheriff is a county officer as established by Article VIII, Section (1) (d) of the Constitution of the State of Florida.

For financial statement and reporting purposes, the Sheriff does not meet the definition of a legally separate organization and is not considered to be a component unit. The Sheriff is considered to be part of the primary government of St. Lucie County, Florida. The financial statements contained herein represent the financial transactions of the Sheriff only and do not represent the financial transactions of the primary government of St. Lucie County, Florida.

Basis of Presentation

The financial statements have been prepared in accordance with the fund financial statement presentation requirements of GASB 34 and Chapter 10.500, Rules of the Auditor General.

Fund Description

The Sheriff maintains his financial records and accounts on the basis of governmental and fiduciary funds.

a. Governmental Funds

General Fund – The general fund is used to account for the general operations of the Sheriff.

Special Revenue Fund – The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

b. Fiduciary Fund

Agency Fund – The agency fund is used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

**Sheriff  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 1 - Summary of Significant Accounting Policies – Continued**

Basis of Accounting, Measurement Focus and Presentation

Governmental fund financial statements report using the current financial resources measurement focus and are maintained on the modified accrual basis. Under the modified accrual basis of accounting revenues are generally recognized when they become measurable and available, within 30 days of the end of the fiscal year end, and expenditures are recognized when incurred. In the general fund, revenues collected in excess of expenditures are not considered earned and are reflected as liabilities.

The agency fund reports only assets and liabilities; therefore, it does not have a measurement focus. However, it uses the accrual basis of accounting to recognize receivables and payables.

Budget

An operating budget for the general fund is prepared by the Sheriff and submitted to the Sheriff for approval in accordance with state statutes. The budget is prepared on a basis consistent with generally accepted accounting principles. The Sheriff also prepares a budget for special revenue funds and in accordance with state statutes; it is prepared on a basis consistent with generally accepted accounting principles.

Capital Assets

Acquisitions of equipment with a cost in excess of \$1,000 are recorded as expenditures in the general fund or special revenue fund at the time of purchase for governmental fund financial statements. The equipment is capitalized by the Sheriff at cost or fair value for donated assets, pursuant to state statutes.

Accrued Compensated Absences

Accrued compensated absences reflect the liability of the Sheriff for the employees' rights to receive future compensation for their accrued annual leave, compensation time and vested sick leave, since the Sheriff does not, nor is he legally required to accumulate financial resources to liquidate this obligation, the liability for accrued compensated absences is not reported in the governmental fund.

Transfers

All revenues and other sources in excess of expenditures at year-end are owed to the Sheriff in accordance with state statutes.

**Sheriff  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 2 - Cash and Investments**

The Sheriff is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury.
2. The Local Government Surplus Funds /trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969.
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories.
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Custodial Credit Risk - Deposits

At September 30, 2010, the carrying amount of the deposits with qualified public depositories was \$4,186,793 and the bank balance was \$6,246,885. All deposits are insured by the federal depository insurance or collateralized under the provisions of Chapter 280, Florida Statutes.

As of September 30, 2010, the Sheriff had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Cost</u>
LGIP	N/A	\$ 7,177	\$ 7,177
Fund B	N/A	13,006	18,396
		<u>\$ 20,183</u>	<u>\$ 25,573</u>

Agency funds of the Sheriff had deposits with qualified public depositories with a carrying amount of \$1,552,414 and the bank balance was \$1,577,300 and the following investments at September 30, 2010.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Cost</u>
LGIP	N/A	\$ 8,577	\$ 8,577
Fund B	N/A	13,621	19,265
		<u>\$ 22,198</u>	<u>\$ 27,842</u>

Interest Rate Risk

The investment in the Local Government Surplus Trust Funds Investment Pool (the "Fund") is managed by the investment policy of the Fund which manages the exposure to their value losses from rising interest rates. The Sheriff does not own individual securities of the Fund and his only exposure to fair value adjustments would be a reduction in the interest earned on his investment.

**Sheriff  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 2 - Cash and Investments - Continued**

Credit Risk

Section 218.401(17), Florida Statutes, limits the type of investments available to the Sheriff for investment. The Sheriff has chosen to invest in the Local Government Surplus Funds Trust Fund, which has an investment policy that limits the types of investments and their maturities.

Concentration Risk

The investment policy of the Local Governments Surplus Funds Trust Fund also limits the amount of investments in any one investment type. Therefore, the Sheriff has limited exposure to concentration risk through his investment in this fund.

**Note 3 - Capital Assets**

The changes in capital assets during the fiscal year were as follows:

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
Equipment	<u>\$ 18,517,486</u>	<u>\$ 2,389,789</u>	<u>\$1,842,393</u>	<u>\$ 19,064,882</u>

**Note 4 - Pension Plan**

The employees of the Sheriff participate in the Florida Retirement System, a cost sharing multiple-employer plan. The details of the plan and the funding policies are defined in the notes to financial statements of St. Lucie County, Florida. Contributions to the plan by the Sheriff for the fiscal years ended September 30, 2010, 2009, and 2008 were \$6,518,447, 6,116,123, and \$6,005,021, respectively, which is equal to the required contribution for each year.

**Note 5 - Operating Leases**

During the year the Sheriff entered into a new operating lease for equipment. Lease expenditures during the year totaled \$130,007. The future minimum lease payments as of September 30, 2010 are as follows:

<u>Year Ended September 30,</u>	
2011	\$ 110,048
2012	55,626
2013	23,572
2014	15,234
2015 and thereafter	2,113
Total	<u>\$ 206,593</u>

**Sheriff  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 6 - Risk Management**

The Sheriff joined with other Sheriffs in the state to form the Florida Sheriff Self Insurance Fund, a public entity risk pool, under the provisions of state statutes. The Sheriff pays its share of contributions into the pool based on the value of the property covered, prior claims experience and allocation of experience. These contributions are considered expenditures when the liability is incurred. The Sheriff has no other costs other than deductible amounts in connection with the risk pool.

The Sheriff also participates in a group health insurance risk pool and a workman's compensation risk pool together with other Sheriffs in the state. These plans are administered by the Florida Sheriff's Association Multiple Employer Trust and the Florida Sheriff's Association respectively. An expenditure is recognized for contributions made by the Sheriff into the pools based on historical claims information.

The Sheriff also continues to carry commercial insurance for the risk of loss on watercraft and aviation equipment.

**Note 7 - Accrued Compensated Absences**

The accrued amount of annual leave, compensation time and vested sick leave at September 30, 2010, was \$7,439,295 as compared to \$6,957,452, the balance at September 30, 2009.

This liability is not reflected in the financial statements of the Sheriff since it is not payable from available resources.

**Note 8 – Post Employment Benefits**

Funding Policy and Annual OPEB Cost

The Sheriff offers a defined benefit plan (OPEB Plan) that subsidizes the cost of health care for its retirees and eligible dependents. Retirees with at least 25 years or more of service under the Sheriff are offered free retiree health coverage until they attain eligibility for Medicare benefits. Previous retirees over time are provided various levels of subsidy based upon the costs at the time they retired with certain increases since then. Other employees are eligible for access to the group plan resulting in the implicit rate subsidy.

**Sheriff  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 8 – Post Employment Benefits - Continued**

Funding Policy and Annual OPEB Cost - Continued

Part of the Sheriff's Office periodic contribution to the Florida Retirement System (FRS) on behalf of its employees is a contribution toward the Health Insurance Subsidy (HIS) managed by HRS. Currently, HIS provides eligible employees with a lifetime benefit equal to \$5 per month per year of service (up to a maximum of \$150 per month) after they retire, toward the payment of any insurance-related premiums. This program is a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

At July 1, 2009, the date of the last Actuarial Valuation, OPEB plan participation consisted of:

Active Participants	618	
Retired Participants	52	
Total Participants	670	

The Sheriff has the authority to establish and amend the funding policy. For the years ended September 30, 2010 and 2009, the Sheriff contributed \$508,284 and \$846,239 or 24% and 26%, respectively, of annual OPEB cost.

The Sheriff engaged an actuarial firm to determine the estimated obligation associated with the postemployment health insurance benefits, as well as the annual required contribution (ARC) for funding this obligation. An Actuarial Valuation was performed as of July 1, 2009 for results applicable to September 30, 2010. Based on the valuation, including the assumption that the ARC is funded and has an average return on investment of 4%, the ARC for the Sheriff's office in fiscal year 2010 was \$2,076,886. The annual cost (expense) of the OPEB plan is calculated based on the ARD. The Sheriff's annual OPEB cost, contributions made and net OPEB obligation for 2010 is as follows:

Net OPEB Obligation as of September 30, 2009		\$ 4,867,355
ARC for the fiscal year	\$ 2,076,886	
Interest on OPEB obligation	194,694	
Adjustment to ARC	(173,834)	
Annual OPEB Cost (AOC) for the fiscal year		2,097,746
Less: Estimated contributions made during the fiscal year		(508,284)
Net OPEB Obligation (NOO) as of September 30, 2010		\$ 6,456,817

**Sheriff  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 8 – Post Employment Benefits - Continued**

Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2009 was as follows:

Actuarial Accrued Liability (AAL)	\$ 24,477,292
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	24,477,292
Covered payroll	31,629,251
Ratio of UAAL to Covered Payroll	77.39%

The Sheriff recognizes OPEB expenditure as amounts are funded. The amount of the ARC in excess of contributions funded is a long term obligation and, accordingly, is presented on the government-wide statement of net assets in the County's Comprehensive Annual Financial Report.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value reported amounts 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.

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of a cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, 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.

**Sheriff  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 8 – Post Employment Benefits - Continued**

Actuarial Methods and Assumptions – Continued

The actuarial methods are:

Actuarial cost method	Entry Age cost method
Amortization method	Level percent of payroll projected to grow 4% per year
Amortization period (closed)	28 years
Asset valuation method	NA - Unfunded

The actuarial assumptions are:

Investment rate of return	4%
Projected annual salaries increase	4.0% to 9.5%
Healthcare cost trend rate	0% for the 2010 fiscal year, grading to an ultimate rate of 5%

**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***

**Sheriff  
St. Lucie County, Florida**

**September 30, 2010**



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**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**

Honorable Ken Mascara  
Sheriff  
St. Lucie County, Florida

We have audited the financial statements of the Sheriff as of and for the year ended September 30, 2010 and have issued our report thereon dated January 31, 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 Sheriff'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 Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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.

Honorable Ken Mascara  
Sheriff  
St. Lucie County, Florida

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sheriff's 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, others within the entity and is not intended to be and should not be used by anyone other than those specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants, PL  
Fort Pierce, Florida

January 31, 2011

**MANAGEMENT LETTER**

**Sheriff  
St. Lucie County, Florida**

**September 30, 2010**



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## Management Letter

Honorable Ken Mascara  
Sheriff  
St. Lucie County, Florida

We have audited the financial statements of the Sheriff, St. Lucie County, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated January 31, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report which is dated January 31, 2011 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. Those rules (Section 10.554(1)(i)1.) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that the Sheriff, St. Lucie County, Florida, complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions have occurred that have an effect on the financial statements that is less than material but more than inconsequential; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require to be disclosed.

Honorable Ken Mascara  
Sheriff  
St. Lucie County, Florida

Pursuant to Chapter 119, Florida Statutes, this Management Letter is a public record and its' distribution is not limited. However, in accordance with auditing standards generally accepted in the United States of America, this Management Letter is intended solely for the information of the Sheriff, St. Lucie County, Florida, and Management, 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.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011

**SECTION VI**  
**SUPERVISOR OF ELECTIONS**

## **SPECIAL PURPOSE FINANCIAL STATEMENTS**

**Supervisor of Elections  
St. Lucie County, Florida**

September 30, 2010

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**Berger, Toombs, Elam,  
Gaines & Frank**

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**Report on Special Purpose Financial Statements Prepared in Compliance With a  
Regulatory Provision That Results in an Incomplete Presentation But One That is  
Otherwise in Conformity With Generally Accepted Accounting Principles**

Honorable Gertrude Walker  
Supervisor of Elections  
St. Lucie County, Florida

We have audited the accompanying fund financial statements of the Supervisor of Elections, St. Lucie County, Florida as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Supervisor of Elections' management. Our responsibility is to express an opinion on the 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 fund financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund 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 described in Note 1, the accompanying fund financial statements referred to above only present the fund financial position and changes in fund financial position of the Supervisor of Elections, St. Lucie County, Florida and not St. Lucie County, Florida as a whole.

In our opinion, the fund financial statements referred to above present fairly, in all material respects, the fund financial position of the Supervisor of Elections, St. Lucie County, Florida as of September 30, 2010, the changes in fund financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Gertrude Walker  
Supervisor of Elections  
St. Lucie County, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2011 on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011

**Supervisor of Elections  
St. Lucie County, Florida  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash	<u>\$ 87,006</u>	<u>\$ 13</u>	<u>\$ 87,019</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 17,034	\$ -	\$ 17,034
Accrued payroll	17,199	-	17,199
Accrued payroll deductions	2,807	-	2,807
Due to other governments	<u>49,966</u>	<u>-</u>	<u>49,966</u>
Total Liabilities	87,006	-	87,006
Fund Balances - undesignated	<u>-</u>	<u>13</u>	<u>13</u>
Total Liabilities and Fund Balances	<u>\$ 87,006</u>	<u>\$ 13</u>	<u>\$ 87,019</u>

See accompanying notes to financial statements.

**Supervisor of Elections  
St. Lucie County, Florida  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2010**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total</b>
Revenues			
Intergovernmental	\$ -	\$ 28,037	\$ 28,037
Miscellaneous	21,764	13	21,777
Total Revenues	<u>21,764</u>	<u>28,050</u>	<u>49,814</u>
Expenditures			
General government	2,416,151	32,243	2,448,394
Capital outlay	172,864	-	172,864
Total Expenditures	<u>2,589,015</u>	<u>32,243</u>	<u>2,621,258</u>
Excess of revenues over (under) expenditures	<u>(2,567,251)</u>	<u>(4,193)</u>	<u>(2,571,444)</u>
Other financing sources (uses)			
Transfers from Board of County Commissioners	2,621,423	-	2,621,423
Transfers to Board of County Commissioners	(49,966)	-	(49,966)
Transfers in/out	(4,206)	4,206	-
Total Other Financing Sources (Uses)	<u>2,567,251</u>	<u>4,206</u>	<u>2,571,457</u>
Net change in fund balances	-	13	13
Fund Balances - October 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - September 30, 2010	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 13</u>

; accompanying notes to financial statements.

**Supervisor of Elections  
St. Lucie County, Florida  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ -	\$ -	\$ 21,764	\$ 21,764
Expenditures				
Current				
General government	2,600,473	2,600,473	2,416,151	184,322
Capital outlay	20,450	20,450	172,864	(152,414)
Debt service				
Interest	500	500	-	500
Total Expenditures	<u>2,621,423</u>	<u>2,621,423</u>	<u>2,589,015</u>	<u>32,408</u>
Excess of revenues over (under) expenditures	<u>(2,621,423)</u>	<u>(2,621,423)</u>	<u>(2,567,251)</u>	<u>54,172</u>
Other financing sources (uses)				
Transfers from Board of County Commissioners	2,621,423	2,653,666	2,621,423	32,243
Transfers to Board of County Commissioners	-	-	(49,966)	(49,966)
Transfers out	<u>-</u>	<u>(32,243)</u>	<u>(4,206)</u>	<u>(36,449)</u>
Total Other Financing Sources (Uses)	<u>2,621,423</u>	<u>2,621,423</u>	<u>2,567,251</u>	<u>(54,172)</u>
Net change in fund balances	-	-	-	-
Fund Balances - October 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - September 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**Supervisor of Elections  
St. Lucie County, Florida  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
For the Year Ended September 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 28,037	\$ 28,037	\$ 28,037	\$ -
Miscellaneous revenues	-	-	13	13
Total Revenues	<u>28,037</u>	<u>28,037</u>	<u>28,050</u>	<u>13</u>
Expenditures				
General government	<u>32,243</u>	<u>32,243</u>	<u>32,243</u>	<u>-</u>
Total Expenditures	<u>32,243</u>	<u>32,243</u>	<u>32,243</u>	<u>-</u>
Excess of revenues over (under) expenditures	(4,206)	(4,206)	(4,193)	13
Other financing sources (uses)				
Transfers In	<u>4,206</u>	<u>4,206</u>	<u>4,206</u>	<u>-</u>
Total other financing sources (uses)	<u>4,206</u>	<u>4,206</u>	<u>4,206</u>	<u>-</u>
Excess of Revenues over Expenditures	-	-	13	(13)
Fund Balances - October 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - September 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**Supervisor of Elections  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 1 - Summary of Significant Accounting Policies**

The summary of significant accounting policies followed by the Supervisor of Elections, St. Lucie County, Florida, is summarized below.

Reporting Entity

The Supervisor of Elections is a county officer as established by Article VIII, Section (1) (d) of the Constitution of the State of Florida.

For financial statement and reporting purposes, the Supervisor of Elections does not meet the definition of a legally separate organization and is not considered to be a component unit. The Supervisor of Elections is considered to be part of the primary government of St. Lucie County, Florida. The financial statements contained herein represent the financial transactions of the Supervisor of Elections only and do not represent the financial transactions of the primary government of St. Lucie County, Florida.

Basis of Presentation

The Supervisor of Elections' special purpose financial statements have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General of the State of Florida.

Fund Description

The Supervisor of Elections maintains her financial records and accounts on the basis of two governmental funds:

General Fund - The general fund is used to account for all financial activity of the Supervisor of Elections.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes.

Basis of Accounting, Measurement Focus and Presentation

Governmental fund financial statements report using the current financial resources measurement focus and are maintained on the modified accrual basis. Under the modified accrual basis of accounting revenues are generally recognized when they become measurable and available and expenditures are recognized when incurred. Revenues collected in excess of expenditures are not considered earned and are reflected as liabilities.

**Supervisor of Elections  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 1 - Summary of Significant Accounting Policies – Continued**

Budget

An operating budget for the general fund is prepared by the Supervisor of Elections and submitted to the Board of County Commissioners for approval in accordance with state statutes. The budget is prepared on a basis consistent with generally accepted accounting principles.

Capital Assets

Acquisitions of equipment, with a cost in excess of \$1,000, are recorded as expenditures in the general fund at the time of purchase for governmental fund financial statements. The equipment is reported to and capitalized by the Board of County Commissioners pursuant to state statutes.

Accrued Compensated Absences

Accrued compensated absences reflect the liability of the Supervisor of Elections for the employees' rights to receive future compensation for their accrued annual leave and vested sick leave. Since the Supervisor of Elections does not, nor is she legally required to accumulate financial resources to liquidate this obligation, the liability for accrued compensated absences is not reported in the governmental funds.

Transfers

Monies received from the Board of County Commissioners to fund the operations of the Supervisor of Elections are reflected in the financial statements as transfers in.

All revenues and other sources in excess of expenditures at year-end are owed to the Board of County Commissioners in accordance with state statutes and are reported as transfers out, in the general fund.

**Note 2 - Cash**

Cash, as reported in the accompanying balance sheet, includes cash on hand and cash in demand deposits.

Custodial Credit Risk

Section 136.01, Florida Statutes requires the Supervisor of Elections deposit monies with financial institutions classified as qualified public depositories. Chapter 280, Florida Statutes establishes the criteria for qualified public depositories, which provides for full insurance for public deposits. The carrying amount of deposits totaled \$87,019 at September 30, 2010 and the bank balance was \$382,608.

**Supervisor of Elections  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 3 - Pension Plan**

The employees of the Supervisor of Elections participate in the Florida Retirement System, a cost-sharing multiple-employer plan.

The details of the plan and the funding policies are defined in the notes to financial statements of St. Lucie County, Florida.

Contributions to the plan by the Supervisor of Elections for the fiscal years ended September 30, 2010, 2009 and 2008 were \$112,694, \$114,123, and \$116,478, respectively, which is equal to the required contribution for each year.

**Note 4 - Risk Management**

The Supervisor of Elections participates in a public entity risk pool for the purpose of obtaining various insurance coverages other than health and life insurance. Other members of the pool consist of the Board of County Commissioners and the other elected officials (except the Sheriff), two municipalities, and another county.

The operations of this public entity risk pool are outlined in the notes to financial statements of St. Lucie County, Florida.

The Supervisor of Elections along with the Board of County Commissioners, Clerk of Circuit Court, Property Appraiser and Tax Collector are self-insured for group health and life insurance. Certain former employees are also eligible and participate in the plan. The financial transactions of this plan are accounted for in an internal service fund of the Board of County Commissioners. The cost to the Supervisor of Elections is based on historical claims and totaled \$305,559 for the year ended September 30, 2010. Further details of this self-insurance program are discussed in the notes to financial statements of St. Lucie County, Florida.

**Note 5 - Accrued Compensated Absences**

The accrued amount of annual leave and vested sick leave at September 30, 2010, was \$158,020 as compared to \$145,455, the balance at September 30, 2009.

This liability is not reflected in the financial statements of the Supervisor of Elections since they are not payable from available resources.

**Supervisor of Elections  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 6 - Operating Lease**

The Supervisor of Elections has entered into operating leases for office equipment. Lease expenditures totaled \$15,804 for the year ended September 30, 2010. Future minimum lease payments under the operating leases are as follows:

<u>Year ended</u>	
2011	\$ 7,735
2012	7,735
2013	7,735
2014	<u>7,735</u>
	<u><u>\$ 30,940</u></u>

**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***

**Supervisor of Elections  
St. Lucie County, Florida**

**September 30, 2010**



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**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**

Honorable Gertrude Walker  
Supervisor of Elections  
St. Lucie County, Florida

We have audited the financial statements of the Supervisor of Elections as of and for the year ended September 30, 2010 and have issued our report thereon dated January 31, 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 Supervisor of Election'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 Supervisor of Election's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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.

Honorable Gertrude Walker  
Supervisor of Elections  
St. Lucie County, Florida

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Supervisor of Election's 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, others within the entity and is not intended to be and should not be used by anyone other than those specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants, PL  
Fort Pierce, Florida

January 31, 2011

**MANAGEMENT LETTER**

**Supervisor of Elections  
St. Lucie County, Florida**

**September 30, 2010**



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## Management Letter

Honorable Gertrude Walker  
Supervisor of Elections  
St. Lucie County, Florida

We have audited the fund financial statements of the Supervisor of Elections, St. Lucie County, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated January 31, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our 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*. Disclosures in that report which is dated January 31, 2011 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. Those rules (Section 10.554(1)(i)1.) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that the Tax Collector complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the Management Letter. If not already addressed in the auditor's report on compliance and internal controls: improvements in financial management and (1) violations of laws, rules, regulations, and contractual provisions have occurred, or are likely to have occurred that have an effect on the financial statements that is less than material but more than inconsequential; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial account procedures (e.g. the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require disclosure.

Honorable Gertrude Walker  
Supervisor of Elections

Pursuant to Chapter 119 Florida Statutes, this Management Letter is a public record and its distribution is not limited. In accordance with auditing standards generally accepted in the United States of America, 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 the specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011

**SECTION VII**  
**TAX COLLECTOR**

# SPECIAL PURPOSE FINANCIAL STATEMENTS

**Tax Collector  
St. Lucie County, Florida**

September 30, 2010

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Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**Report on Special Purpose Financial Statements Prepared in Compliance With a  
Regulatory Provision That Results in an Incomplete Presentation But One That is  
Otherwise in Conformity With Generally Accepted Accounting Principles**

Honorable Bob Davis  
Tax Collector  
St. Lucie County, Florida

We have audited the accompanying fund financial statements of the Tax Collector, St. Lucie County, Florida as of and for the year ended September 30, 2010 as listed in the table of contents. These financial statements are the responsibility of the Tax Collector's management. Our responsibility is to express an opinion on the 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 fund financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund 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 described in Note 1, the accompanying fund financial statements referred to above only present the fund financial position and changes in fund financial position of the Tax Collector, St. Lucie County, Florida and not St. Lucie County, Florida as a whole.

In our opinion, the fund financial statements referred to above present fairly, in all material respects, the fund financial position of the Tax Collector, St. Lucie County, Florida at September 30, 2010 and the changes in fund financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Bob Davis  
Tax Collector  
St. Lucie County, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2011, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Tax Collector, St. Lucie County, Florida, the State of Florida Auditor General and applicable Federal and State agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011

**Tax Collector  
St. Lucie County, Florida  
BALANCE SHEET - GENERAL FUND  
September 30, 2010**

Assets

Cash and investments	<u>\$ 5,020,768</u>
----------------------	---------------------

Liabilities and Fund Balances

Liabilities

Accounts payable	\$ 46,582
Accrued payroll and deductions	36,328
Due to other governments	<u>4,937,858</u>

Total Liabilities	5,020,768
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Fund Balances	<u>-</u>
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Total Liabilities and Fund Balances	<u>\$ 5,020,768</u>
-------------------------------------	---------------------

See accompanying notes to financial statements.

**Tax Collector**  
**St. Lucie County, Florida**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 8,992,550	\$ 8,992,550	\$ 9,340,789	\$ 348,239
Miscellaneous revenues	1,660,000	1,660,000	1,472,388	(187,612)
Unearned revenues – other governments	<u>(881,646)</u>	<u>(881,646)</u>	<u>(1,156,858)</u>	<u>(275,212)</u>
Total Revenues	<u>9,770,904</u>	<u>9,770,904</u>	<u>9,656,319</u>	<u>(114,585)</u>
Expenditures				
General government	6,324,539	6,324,539	5,836,380	488,159
Capital outlay	<u>-</u>	<u>-</u>	<u>38,940</u>	<u>(38,940)</u>
Total Expenditures	<u>6,324,539</u>	<u>6,324,539</u>	<u>5,875,320</u>	<u>449,219</u>
Excess of revenues over (under) expenditures	3,446,365	3,446,365	3,780,999	334,634
Other financing sources (uses)				
Transfers out to Board of County Commissioners – unearned revenues	<u>(3,446,365)</u>	<u>(3,446,365)</u>	<u>(3,780,999)</u>	<u>\$ (334,634)</u>
Net change in fund balances	-	-	-	-
Fund Balances – October 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances – September 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**Tax Collector**  
**St. Lucie County, Florida**  
**STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS**  
**For the Year Ended September 30, 2010**

Assets

Cash and investments	\$ 5,034,664
Due from other governments	<u>195,699</u>
Total Assets	<u><u>\$ 5,230,363</u></u>

Liabilities

Due to other governments	\$ 1,219,033
Agency funds on hand	<u>4,011,330</u>
Total Liabilities	<u><u>\$ 5,230,363</u></u>

See accompanying notes to financial statements.

**Tax Collector  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 1 – Summary of Significant Accounting Policies**

The summary of significant accounting policies followed by the Tax Collector, St. Lucie County, Florida is summarized below.

Reporting Entity

The Tax Collector is a county officer as established by Article VIII, Section (1) (d) of the Constitution of the State of Florida.

For financial statement and reporting purposes, the Tax Collector does not meet the definition of a legally separate organization and is not considered to be a component unit. The Tax Collector is considered to be part of the primary government of St. Lucie County, Florida. The financial statements contained herein represent the financial transactions of the Tax Collector only and do not represent the financial transactions of the primary government of St. Lucie County, Florida.

Basis of Presentation

The Tax Collector financial statements contained herein are special purpose fund financial statements, prepared in accordance with the fund financial statement presentation requirements of GASB 34 and Chapter 10.500, Rules of the Auditor General.

Fund Description

The Tax Collector maintains his financial records and accounts on the basis of a governmental and a fiduciary fund:

a. Governmental Fund

General Fund – The General Fund is used to account for all financial activity of the Tax Collector.

b. Fiduciary Fund

Agency Fund – The Agency Fund is used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the Tax Collector's own programs.

**Tax Collector  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 1 – Summary of Significant Accounting Policies - Continued**

Basis of Accounting, Measurement Focus and Presentation

Governmental fund financial statements report using the current financial resources measurement focus and are maintained on the modified accrual basis. Agency funds have no measurement focus. Under the modified accrual basis of accounting revenues are generally recognized when they become measurable and available and expenditures are recognized when incurred. Revenues collected in excess of expenditures are not considered earned and are reflected as liabilities.

Cash and Investments

The Tax Collector is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury.
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969.
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories.
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Budget

An operating budget for the general fund is prepared by the Tax Collector and submitted to the Florida Department of Revenue for approval in accordance with state statutes. The budget is prepared on a basis consistent with generally accepted accounting principles.

Capital Assets

Acquisitions of equipment with a cost in excess of \$1,000 are recorded as expenditures in the general fund at the time of purchase for governmental fund financial statements. The equipment is reported to and capitalized by the Board of County Commissioners pursuant to state statutes.

**Tax Collector  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 1 – Summary of Significant Accounting Policies - Continued**

Accrued Compensated Absences

Accrued compensated absences reflect the liability of the Tax Collector for the employees' rights to receive future compensation for their accrued annual leave and vested sick leave. Since the Tax Collector does not, nor is he legally required to accumulate financial resources to liquidate this obligation, the liability for accrued compensated absences is not reported in the governmental fund.

Transfers

All revenues and other sources in excess of expenditures at year-end are owed to the Board of County Commissioners and other governmental entities in accordance with state statutes.

**Note 2 – Cash and Investments**

Custodial Credit Risk - Deposits

At September 30, 2010, the carrying amount of the deposits with qualified public depositories was \$41,867 and the bank balance was \$111,010. All deposits are insured by the federal depository insurance or collateralized under the provisions of Chapter 280, Florida Statutes.

In addition to the above, the Tax Collector had \$4,906,740 invested with LGIP and \$39,717 invested with Fund B at September 30, 2010. The net asset value for Fund B as of this date was \$28,083.

Agency funds of the Tax Collector had deposits with qualified public depositories with a carrying amount of \$4,930,239 and investments with LGIP of \$20,724 and Fund B of \$83,701 at September 30, 2010. The net asset value for the fund as of this date was \$59,181.

Fund B is not rated by any nationally recognized agency. It consisted of assets transferred from Local Government Surplus Trust Fund A (now LGIP) in December 2007. The assets transferred had defaulted or are in default, have extended payouts or are subject to potentially elevated credit risk. These funds are not subject to withdrawal, but will be paid as they mature.

Interest Rate Risk

The investments of the Fund are managed by the investment policy of the Fund which manages the exposure to fair value losses from rising interest rates. The Tax Collector does not own individual securities of the Fund and his only exposure to fair value adjustments would be a reduction in the interest earned on his investment.

**Tax Collector  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 2 – Cash and Cash Equivalents - Continued**

Credit Risk

Section 218.401(17), Florida Statutes limits the type of investments available to the Tax Collector for investment. The Collector has chosen to invest in the Local Government Surplus Funds Trust Fund which has an investment policy that limits the types of investments and their maturities.

Concentration of Credit Risk

The investment policy of the Local Governments Surplus Funds Trust Fund also limits the amount of investments in any one investment type. Therefore, the Tax Collector has limited exposure to concentration of credit risk through his investment in the Fund.

**Note 3 – Pension Plan**

The employees of the Tax Collector participate in the Florida Retirement System, a cost-sharing multiple-employer plan.

The details of the plan and the funding policies are defined in the notes to financial statements of St. Lucie County, Florida.

Contributions to the plan by the Tax Collector for the fiscal years ended September 30, 2010, 2009, and 2008 were \$296,751, \$305,588, and \$337,036 respectively, which is equal to the required contribution for each year.

**Note 4 – Risk Management**

The Tax Collector participates in a public entity risk pool for the purpose of obtaining various insurance coverages other than health and life insurance. Other members of the pool consist of the Board of County Commissioners and the other elected officials, except the Sheriff, two municipalities and another county.

The operations of this public entity risk pool are outlined in the notes to financial statements of St. Lucie County, Florida.

The Tax Collector along with the Board of County Commissioners, Clerk of Circuit Court, Supervisor of Elections and Property Appraiser are self-insured for group health and life insurance. Certain former employees are also eligible and participate in the plan. The financial transactions of this plan are accounted for in an internal service fund of the Board of County Commissioners. The cost to the Tax Collector is based on historical claims and totaled \$1,270,698 for the year ended September 30, 2010. Further details of this self-insurance program are discussed in the notes to financial statements of St. Lucie County, Florida.

**Tax Collector  
St. Lucie County, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**Note 5 – Accrued Compensated Absences**

The accrued amount of annual leave and vested sick leave at September 30, 2010 was \$522,932 as compared to \$523,615, the balance at September 30, 2009.

This liability is not reflected in the financial statements of the Tax Collector since it is not payable from available resources.

**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***

**Tax Collector  
St. Lucie County, Florida**

**September 30, 2010**



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**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**

Honorable Bob Davis  
Tax Collector  
St. Lucie County, Florida

We have audited the financial statements of the Tax Collector as of and for the year ended September 30, 2010 and have issued our report thereon dated January 31, 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 Tax Collector'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 Tax Collector's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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.

Honorable Bob Davis  
Tax Collector  
St. Lucie County, Florida

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Tax Collector's 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, others within the entity and is not intended to be and should not be used by anyone other than those specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants, PL  
Fort Pierce, Florida

January 31, 2011

**MANAGEMENT LETTER**

**Tax Collector  
St. Lucie County, Florida**

**September 30, 2010**



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## Management Letter

Honorable Bob Davis  
Tax Collector  
St. Lucie County, Florida

We have audited the fund financial statements of the Tax Collector, St. Lucie County, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated January 31, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our 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*. Disclosures in that report which is dated January 31, 2011 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. Those rules (Section 10.554(1)(i)1.) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that the Tax Collector complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the Management Letter. If not already addressed in the auditor's report on compliance and internal controls: improvements in financial management and (1) violations of laws, rules, regulations, and contractual provisions have occurred, or are likely to have occurred that have an effect on the financial statements that is less than material but more than inconsequential; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial account procedures (e.g. the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require disclosure.

Honorable Bob Davis  
Tax Collector  
St. Lucie County, Florida

Pursuant to Chapter 119 Florida Statutes, this Management Letter is a public record and its distribution is not limited. In accordance with auditing standards generally accepted in the United States of America, 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 the specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*  
Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 31, 2011