

SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

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INDEPENDENT AUDITOR'S REPORT

Honorable Ann Bodenstein
Supervisor of Elections
Santa Rosa County, Florida

We have audited the accompanying financial statements of the general fund of the Office of the Supervisor of Elections of Santa Rosa County, Florida (hereinafter referred to as "Supervisor of Elections"), as of and for the year ended September 30, 2005. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note A to the financial statements, the special-purpose financial statements consists of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Supervisor of Elections, nor are they intended to be a complete presentation of the financial position and changes in financial position of Santa Rosa County, Florida, taken as a whole.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Supervisor of Elections as of September 30, 2005, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2006, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on page 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

O'Sullivan Grell, LLP

January 26, 2006

Santa Rosa County, Florida Supervisor of Elections
BALANCE SHEET - GENERAL FUND
September 30, 2005

ASSETS

Due from Board of County Commissioners	\$ 18,745
Total assets	<u>\$ 18,745</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 3,227
Accrued expenses	6,526
Deferred revenue	8,992
Total liabilities	<u>18,745</u>
Fund balance	<u>--</u>
Total liabilities and fund balance	<u>\$ 18,745</u>

Santa Rosa County, Florida Supervisor of Elections
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND
For the year ended September 30, 2005

REVENUES

Grant revenue	\$	207,742
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EXPENDITURES

Current:

General government:

Personal services		363,972
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Operating		389,187
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Capital outlay		356,513
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Total expenditures		1,109,672
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Excess (deficiency) of revenues over expenditures		(901,930)
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OTHER FINANCING SOURCES

Board of County Commissioners appropriation		901,930
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Net change in fund balance		--
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FUND BALANCE, BEGINNING OF YEAR		--
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FUND BALANCE, END OF YEAR	\$	--
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Santa Rosa County, Florida Supervisor of Elections
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statement follows.

1. Principles Used in Determining the Scope of Entity for Financial Reporting Purposes

The Santa Rosa County, Florida Supervisor of Elections (the “Supervisor of Elections”), as established by Article VIII of the Constitution of the State of Florida, is an elected official of Santa Rosa County, Florida (the “County”). Although the Supervisor of Elections Office is operationally autonomous from the Board, it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Supervisor of Elections is reported as a part of the primary government of the County.

These *special purpose financial statements* are not intended to be a complete presentation of the financial position and results of operations of Santa Rosa County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special purpose financial statements consists of only the *fund level* financial statements as defined in GASB Statement No. 34, and do not include presentations of *government-wide* financial statements of the Supervisor of Elections.

Pursuant to the provisions of 129.202, Florida Statutes, the Supervisor of Elections has elected to have the Office of the Clerk of the Circuit and County Courts of Santa Rosa County maintain the books and records pertaining to the operation of the Supervisor of Elections.

2. Fund Accounting

The accounting system of the Supervisor of Elections is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The general fund of the Supervisor of Elections is used to account for all financial resources which are generated from operations of the office, appropriations from the Board of County Commissioners, or any other resources not required to be accounted for in another fund. This

Santa Rosa County, Florida Supervisor of Elections
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

2. Fund Accounting -- (Continued)

fund utilizes a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

3. Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statement. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become both measurable and available as net current assets. The Supervisor of Elections considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred.

4. Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures in the fund level financial statements at the time of purchase. These assets are also capitalized at cost and accounted for in the Board of County Commissioners' government-wide financial statements.

5. Budgets and Budgetary Accounting

The Supervisor of Elections operates under budget procedures pursuant to Florida Statutes. The Supervisor of Elections' budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budget appropriations lapse at the end of the year, and are not carried over to the following year. The legal level of budgetary control is at the fund level.

6. Compensated Absences

Employees accumulate a limited amount of earned but unused sick leave, annual leave, and compensatory time which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the Santa Rosa County

Santa Rosa County, Florida Supervisor of Elections
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

6. Compensated Absences -- (Continued)

government-wide financial statements. For the governmental fund statements, expenditures are recognized when payments are made to employees.

NOTE B - LONG-TERM LIABILITIES (COMPENSATED ABSENCES)

Disclosures required by Chapter 10.557(3)(i), Rules of the Auditor General State of Florida related to the liability for compensated absences are as follows:

Balance - October 1, 2004	\$ 41,883
Increases	31,998
Decreases	<u>(39,655)</u>
Balance - September 30, 2005	<u>\$ 34,226</u>

NOTE C - RETIREMENT PLAN

Participation - Employees of the Supervisor of Election's Office participate in the Florida Retirement System, a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system.

Contributions - Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon state-wide rates established by the State of Florida. During 2005, the Supervisor of Election's Office contributed an average of 7.50% of each qualified regular employee's gross salary and 15.23% of the elected official's salary. The contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$26,229, \$26,143, and \$22,292 for the years ended September 30, 2005, 2004, and 2003, respectively.

Benefit Provisions - The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are

Santa Rosa County, Florida Supervisor of Elections
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE C - RETIREMENT PLAN -- (Continued)

available to employees who retire at or after age 62 with 10 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 10 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Financial Report of the Plan - The Florida Retirement System issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

NOTE D - RISK MANAGEMENT

The Supervisor of Elections is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board of County Commissioners uses a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment

The County is covered by outside insurance for the following exposures:

- Portable Communication Equipment
- Boats
- Employee Fidelity
- General Liability, \$100,000 deductible
- Public Officials' Liability, \$100,000 deductible

Santa Rosa County, Florida Supervisor of Elections
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE D - RISK MANAGEMENT -- (Continued)

Conventional insurance remains in effect for buildings and contents. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public officials' liability coverage. The Supervisor of Elections participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

NOTE E - CANDIDATE QUALIFYING FEES

Every other year, the Supervisor of Elections' office, serving in a custodial capacity, collects candidate qualifying fees in accordance with Florida Statutes. The fees collected are disbursed pursuant to applicable Florida Statutes to the appropriate state party and to the Division of Elections. There were no qualifying fees collected during the year ended September 30, 2005.

REQUIRED SUPPLEMENTARY INFORMATION

Santa Rosa County, Florida Supervisor of Elections
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the year ended September 30, 2005

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 24,800	\$ 24,800	\$ 207,742	\$ 182,942
EXPENDITURES				
Current				
General government				
Personal services	446,670	446,670	363,972	82,698
Operating	300,795	270,795	389,187	(118,392)
Capital outlay	271,000	301,000	356,513	(55,513)
Total expenditures	<u>1,018,465</u>	<u>1,018,465</u>	<u>1,109,672</u>	<u>(91,207)</u>
Excess (deficiency) of revenues over expenditures	(993,665)	(993,665)	(901,930)	91,735
OTHER FINANCING SOURCES				
BOCC appropriation	993,665	993,665	901,930	(91,735)
Net change in fund balance	--	--	--	--
FUND BALANCE, BEGINNING OF YEAR	--	--	--	--
FUND BALANCE, END OF YEAR	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Ann Bodenstein
Supervisor of Elections
Santa Rosa County, Florida

We have audited the financial statements of the general fund of the Office of the Supervisor of Elections of Santa Rosa County, Florida (hereinafter referred to as "Supervisor of Elections"), as of and for the year ended September 30, 2005, and have issued our unqualified report thereon dated January 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Supervisor of Elections' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Supervisor of Election's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our

audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

As required by the provisions of Chapter 10.550, Rules of the Auditor General, we have issued a separate management letter dated January 26, 2006, which should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Supervisor of Elections, management, and appropriate governmental agencies and should not be used by anyone other than these specified parties.

O'Sullivan Creel, LLP

January 26, 2006

MANAGEMENT LETTER

Honorable Ann Bodenstein
Supervisor of Elections
Santa Rosa County, Florida

We have audited the financial statements of the general fund of the Office of the Supervisor of Elections of Santa Rosa County, Florida (hereinafter referred to as "Supervisor of Elections"), as of and for the year ended September 30, 2005, and have issued our unqualified report thereon dated January 26, 2006.

We also 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*, dated January 26, 2006. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (h) 1.) require that we comment as to whether or not corrective actions were taken to address significant findings and recommendations reported in the preceding annual financial report. There were no such matters disclosed in the preceding annual financial report.

The Rules of the Auditor General (Section 10.554 (1) (h) 3.) require that we comment as to whether or not there were any recommendations made to improve the Supervisor of Elections' financial management, accounting procedures, and internal controls. No items were identified which are required to be disclosed by Rules of the Auditor General (Section 10.554 (1) (h) 3.).

The Rules of the Auditor General (Section 10.554 (1) (h) 4.) require disclosure in the management letter of the following matters that are not clearly inconsequential, considering both quantitative and qualitative factors, including the following: violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred and were discovered within the scope of the audit; improper or illegal expenditures discovered within the scope of the audit which may or may not materially affect the financial statements; and deficiencies in internal control that are not

reportable conditions including but not limited to: improper or inadequate accounting procedures (e.g. the omission of required disclosures from the annual financial statements); failures to properly record financial transactions; and other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be disclosed by Rules of the Auditor General (Section 10.554 (1) (h) 4).

This management letter is intended solely for the information and use of the Supervisor of Elections, management, and appropriate governmental agencies and should not be used by anyone other than these specified parties.

O'Sullivan Grell, LLP

January 26, 2006

**Santa Rosa County, Florida Supervisor of Elections
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
For the year ended September 30, 2005**

There were no comments which require management's written response.