

**FLAGLER COUNTY, FLORIDA  
ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2011**



**FLAGLER'S PARKS & PRESERVES!**

## ***ENJOY FLAGLER COUNTY!***



The first in-ground swimming pool in Florida is located at the Princess Place.

Whether you are fishing or boating, having a picnic or family reunion, looking for peaceful surroundings, or enjoying sports, your kids, or even your dog, Flagler County offers a multitude of opportunities for visitors and residents. For a full list and description of all parks and preserves visit <http://flaglercounty.org/>.

ON THE COVER: Left to right (top row) River to Sea Preserve, Marineland; Princess Place Preserve, Palm Coast; Haw Creek Preserve (Russell Landing), Bunnell; (middle row) Wadsworth Park, Flagler Beach; Betty Steflik Preserve, Flagler Beach; Varn Park, Flagler Beach; (bottom row) Shell Bluff Park, Bunnell; Herschel King Park, Palm Coast; Bings Landing, Palm Coast.

**FLAGLER COUNTY, FLORIDA**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**FLAGLER COUNTY, FLORIDA  
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SEPTEMBER 30, 2011**

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## Independent Auditors' Report

Board of County Commissioners  
Flagler County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Flagler County, Florida (the "County"), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

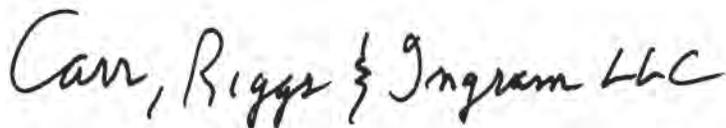
The County restated certain beginning balances in order to implement the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that

testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and the schedules listed in the table of contents as required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the financial statements. The combining financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

April 16, 2012  
Gainesville, Florida

## Management's Discussion and Analysis

The County's management discussion and analysis presents an overview and analysis of the County's financial activities for the fiscal year ended September 30, 2011. Please read it in conjunction with the County's financial statements beginning on page 12.

### Financial Highlights

- The assets of the County exceeded its liabilities at September 30, 2011 (fiscal year end) by \$256,795,490 (net assets) for governmental activities, representing an increase of \$14,911,659. The increase is due mainly to the County's acceptance of roadway improvements with a fair value in the amount of \$17,978,346.
- The amount reported as unrestricted net assets, \$9,467,544, decreased \$5,854,826 over the previous year. This amount is a measure of the County's resources to meet the County's ongoing obligations to its citizens and creditors.
- The County entered into a \$4,500,000 bond issue for the acquisition of Environmentally Sensitive Lands within the County.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other required supplementary information and other supplementary information in addition to the basic financial statements themselves.

#### Government-wide financial statements

The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the fiscal year ended September 30, 2011. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods such as uncollected taxes and earned but unused personal leave.

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities types of the County include general government, public safety, physical environment, transportation, economic environment, human services, culture and recreation, and interest on long-term debt. The business-type activities of the County include the airport, landfill, utilities and waste management.

The government-wide financial statements can be found on pages 12 - 13 of this report.

### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### **Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains numerous individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Government Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Constitutional Gas Tax Fund, which are considered major funds. Information related to the additional non-major governmental funds is combined into a single aggregated presentation. Individual fund information for each of these non-major governmental funds is provided in the form of combining statements.

The County adopts an annual appropriated budget for its general, budgeted special revenue and debt service funds as well as project-term budgets for the capital projects funds. A budgetary comparison statement has been provided for the General Fund and the major special revenue fund to illustrate compliance.

The governmental fund financial statements can be found on pages 14 - 17 of this report.

### **Proprietary funds**

The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to airport operations, refuse disposal, water and sewer utility service and waste management to unincorporated parts of the County. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its employee group insurance program. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, while furnishing more detail. The proprietary fund financial statements provide

separate information for sanitary landfill, airport operations, water and waste water services and waste management fund, the County's only non-major proprietary fund. Internal service funds have been reported in an aggregated presentation with the proprietary fund financial statements.

The basic proprietary financial statements can be found on pages 18 -21 of this report.

### **Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's programs. The accounting treatment of fiduciary funds is similar to proprietary funds described above.

The basic fiduciary fund financial statements can be found on page 22 of this report.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 23 - 49 of this report.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes budget and actual comparisons for the general funds and major special revenue funds with adopted budgets. This also includes the County's progress in funding of its Other Postemployment Benefits (OPEB) obligation. Required supplementary information can be found on pages 50 – 52 of this report.

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## Government-wide Financial Analysis

### FLAGLER COUNTY, FLORIDA NET ASSETS (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Current and other assets	\$ 58,972	\$ 58,994	\$ 5,226	\$ 6,144	\$ 64,198	\$ 65,138
Capital assets	279,759	296,654	14,971	14,658	294,730	311,312
<b>Total Assets</b>	<b>338,731</b>	<b>355,648</b>	<b>20,197</b>	<b>20,802</b>	<b>358,928</b>	<b>376,450</b>
Non-current liabilities	81,921	81,430	3,745	4,422	85,666	85,852
Other liabilities	14,926	17,422	489	603	15,415	18,025
<b>Total Liabilities</b>	<b>96,847</b>	<b>98,852</b>	<b>4,234</b>	<b>5,025</b>	<b>101,081</b>	<b>103,877</b>
Net assets						
Invested in capital assets, net of related debt	196,915	213,692	11,789	10,610	208,704	224,302
Restricted	29,647	33,636	3,415	3,136	33,062	36,772
Unrestricted	15,322	9,468	759	2,031	16,081	11,499
<b>Total net assets</b>	<b>\$ 241,884</b>	<b>\$ 256,796</b>	<b>\$ 15,963</b>	<b>\$ 15,777</b>	<b>\$ 257,847</b>	<b>\$ 272,573</b>

Net assets may serve over time as a useful indicator of the County's financial position. Total assets of the County exceeded liabilities by \$272,572,843 as of the fiscal year ended September 30, 2011.

The largest reported amount of the County's net assets (eighty-two percent) reflects its investment in capital assets (land, buildings, infrastructures and equipment), less the related outstanding debt used to acquire those assets. The County uses capital assets to provide services to citizens; therefore, these assets are not available for future spending. The county's investment in capital assets is reported net of related debt, and should be noted that resources required to repay this debt must be provided from other sources, since the capital assets cannot be used to reduce these liabilities.

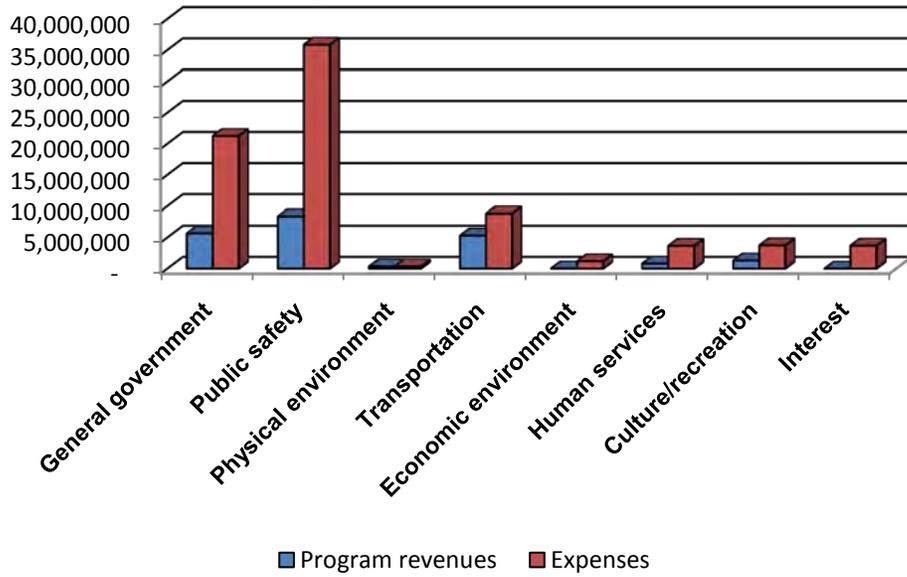
Fourteen percent of the County's net assets (Restricted Net Assets) represents resources that are subject to external restrictions on their use. The remaining four percent of the County's net assets (Unrestricted Net Assets) may be used to meet the County's ongoing obligations to its citizens and creditors.

At September 30, 2011 the County is able to report positive balances in all three categories of net assets for governmental activities and positive balances for all three categories of net assets for business-type activities.

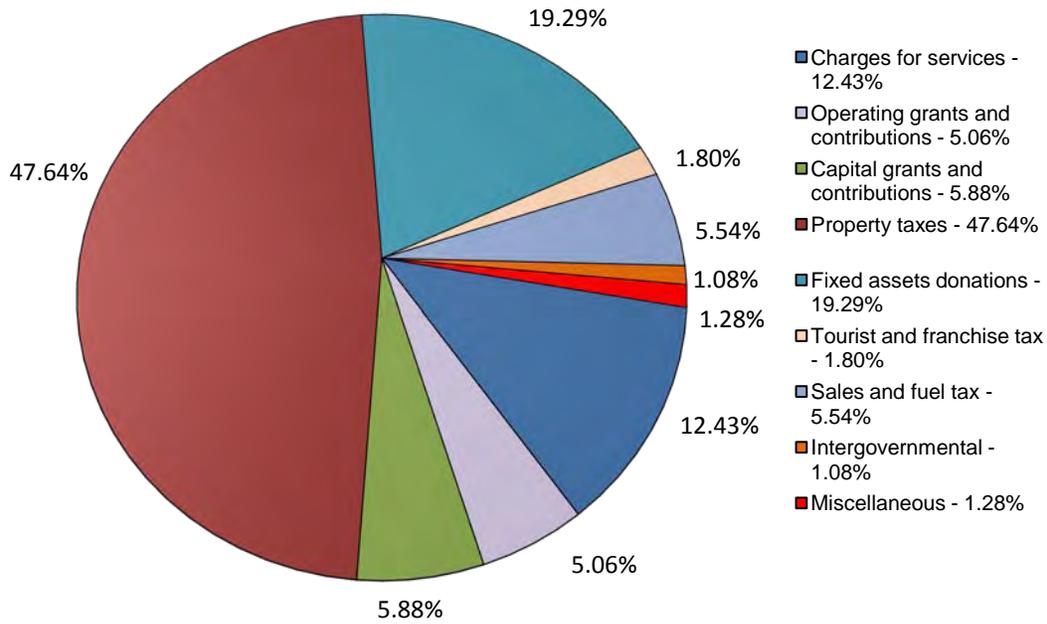
**FLAGLER COUNTY, FLORIDA**  
**CHANGES IN NET ASSETS**  
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2011	2010	2011	2010	2011
<b>Revenues</b>						
Program revenues						
Fines & Charges for Svcs	\$ 11,241	\$ 11,643	\$ 2,992	\$ 3,339	\$ 14,233	\$ 14,982
Operating grants and contributions	5,354	4,739	77	70	5,431	4,809
Capital grants and contributions	4,733	5,510	155	525	4,888	6,035
General revenues						
Property taxes	47,562	44,628	-	-	47,562	44,628
Other taxes	6,419	6,876	140	145	6,559	7,021
Settlement revenue	-	-	912	-	912	-
Miscellaneous	2,719	20,281	37	68	2,756	20,349
<b>Total revenues</b>	<b>78,028</b>	<b>93,677</b>	<b>4,313</b>	<b>4,147</b>	<b>82,341</b>	<b>97,824</b>
<b>Expenses</b>						
General government	21,810	21,265	-	-	21,810	21,265
Public safety	35,250	35,872	-	-	35,250	35,872
Physical environment	649	346	-	-	649	346
Transportation	7,657	8,831	-	-	7,657	8,831
Economic environment	1,151	1,190	-	-	1,151	1,190
Human services	3,541	3,676	-	-	3,541	3,676
Culture/recreation	3,519	3,758	-	-	3,519	3,758
Interest/charges on long-term debt	3,478	3,714	-	-	3,478	3,714
Sanitary landfill	-	-	164	129	164	129
Airport	-	-	2,073	2,466	2,073	2,466
Utilities	-	-	389	365	389	365
Waste management	-	-	1,394	1,486	1,394	1,486
<b>Total expenses</b>	<b>77,055</b>	<b>78,652</b>	<b>4,020</b>	<b>4,446</b>	<b>81,075</b>	<b>83,098</b>
<b>Transfers</b>	<b>(410)</b>	<b>(113)</b>	<b>410</b>	<b>113</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in net assets</b>	<b>563</b>	<b>14,912</b>	<b>703</b>	<b>(186)</b>	<b>1,266</b>	<b>14,726</b>
<b>Net assets, beginning</b>	<b>241,321</b>	<b>241,884</b>	<b>15,260</b>	<b>15,963</b>	<b>256,581</b>	<b>257,847</b>
<b>Net assets, ending</b>	<b>\$ 241,884</b>	<b>\$ 256,796</b>	<b>\$ 15,963</b>	<b>\$ 15,777</b>	<b>\$ 257,847</b>	<b>\$ 272,573</b>

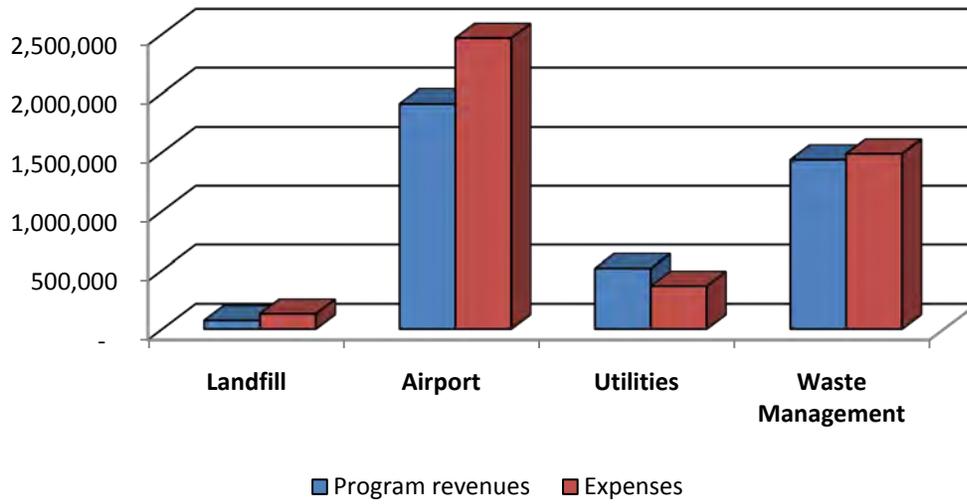
### Expenses and Program Revenues - Governmental Activities



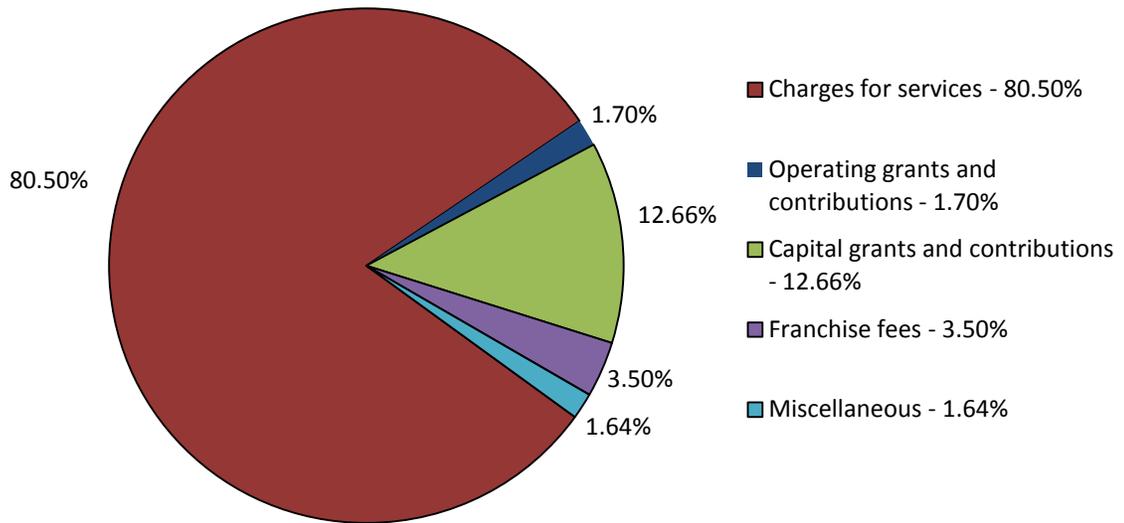
### Revenues by Source - Governmental Activities



### Expenses and Program Revenues - Business-type Activities



### Revenues by Source - Business-type Activities



### **Governmental activities**

Governmental activities increased the County's net assets by \$14,911,659. Taxes and fees have been established to fund current operating needs in addition to other activities, debt repayment and asset acquisition in future years.

### **Business-type activities**

Business-type activities decreased the County's net assets in the amount of \$185,428 for the fiscal year ended September 30, 2011.

## **Financial Analysis of the County's Funds**

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the County's governmental funds is to provide information on near-term inflows outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Assigned and unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the close of a fiscal year.

At September 30, 2011, the County's governmental funds reported combined ending fund balances of \$44,778,067 a decrease of \$229,651. Assigned and unassigned fund balance of \$9,539,599 in the general fund is available for spending at the County's discretion; \$21,310,016 of restricted fund balances of other governmental funds are available for spending at the County's discretion within the limitations of the funds' revenue source. The amount reported as restricted for debt service was \$6,531,178.

The General Fund is the operating fund of the County. At September 30, 2011, assigned and unassigned fund balance of this fund was \$9,539,599 while the total fund balance amounted to \$14,041,687. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. The general fund reported \$8,830,592 of assigned fund balance, this represents the amount of unassigned fund balance that was used by the County as cash carry-forward in the FY 11/12 budget.

The fund balance of the County's general fund decreased by \$3,450,048 during the fiscal year ended September 30, 2011.

### **Proprietary funds**

The County's proprietary funds provide that same type of information found in the government-wide financial statements, while furnishing more detail.

Proprietary funds reported unrestricted net assets of \$2,030,517 at September 30, 2011.

### **Capital Asset and Debt Administration**

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2011 amounts to \$311,312,837 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, leasehold improvements, equipment, infrastructure and construction in progress. The total net increase in the County's investment in capital assets for the fiscal year ended September 30, 2011 was \$16,583,750 (\$16,895,909 net increase for governmental activities and a net decrease of \$312,159 for business-type activities).

Additional information on the county's capital assets can be found in Notes 5 and 6 on pages 36 - 37 of this report.

### **Long-term debt**

The County issued \$4,500,000 of new bond indebtedness for the acquisition of Environmentally Sensitive Lands within the County.

The County entered into a \$2,800,000 loan in its Airport Fund to repay an outstanding loan and utilize the balance to finance the construction of additional facilities at the County airport.

Additional information on the County's debt can be found in Note 7 on pages 38 - 44 of this report.

### **Economic Factors and Next year's Budgets and Rates**

Flagler County has historically relied on property taxes and intergovernmental resources to fund its operations. The County has utilized grants, road and park impact fees to help fund the infrastructure needs of its population.

During fiscal year 2007, the Florida Legislature imposed restrictions on the ability of municipalities and counties to increase millage rates. In January 2008, the voters of Florida passed Amendment 1, which further limits property tax collections. In addition to the impact of Amendment 1, the value of properties in Flagler County has decreased significantly over the past 5 years.

The Board of County Commissioners approved a General Fund millage rate of 6.2232 mills, a debt service millage rate of 0.3082 mills and an ESL millage rate of .25 mills for the fiscal year 2012

Flagler County could also be subject to decrease in other revenues that are dependent on economic activity. Administrative steps are being taken to reduce expenditures to balance with available funding.

### **Requests for Information**

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions concerning the information provided in this report or need additional financial information, contact Gail Wadsworth, Clerk of Circuit Court, 1769 E. Moody Blvd. Building #1, Bunnell, FL 32110.

**FLAGLER COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,792,122	\$ 2,304,317	\$ 22,096,439
Cash with fiscal agent	676,622	-	676,622
Restricted cash and investments	-	2,335,442	2,335,442
Investments	28,651,818	2,860,695	31,512,513
Internal balances	1,872,856	(1,872,856)	-
Due from other governmental agencies	3,481,058	191,016	3,672,074
Note receivable	598,656	-	598,656
Accounts Receivable, net	1,750,273	109,948	1,860,221
Unamortized bond issuance costs	977,586	25,794	1,003,380
Inventory	306,759	34,960	341,719
Other assets	104,960	350	105,310
Capital Assets			
Land and work in process	93,800,658	1,935,260	95,735,918
Capital assets being depreciated, net	202,853,839	12,723,080	215,576,919
Total capital assets, net of depreciation	296,654,497	14,658,340	311,312,837
Deferred outflows	780,989	154,539	935,528
<b>TOTAL ASSETS</b>	<u>355,648,196</u>	<u>20,802,545</u>	<u>376,450,741</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	6,192,474	276,749	6,469,223
Due to other governmental agencies	1,101,822	15,844	1,117,666
Deposits	1,524,323	48,702	1,573,025
Unearned revenue	903,570	-	903,570
Long-term liabilities:			
Due within one year:			
Notes and bonds payable	4,900,000	218,163	5,118,163
Compensated absences	2,524,270	43,493	2,567,763
Capital Leases	276,796	-	276,796
Due in more than one year:			
Notes and bonds payable	79,648,191	3,829,637	83,477,828
Capital Leases	137,205	-	137,205
Arbitrage liability	7,445	-	7,445
OPEB liability	855,621	13,161	868,782
Payable from restricted cash:			
Landfill closure and postclosure care	-	424,904	424,904
Derivative liabilities	780,989	154,539	935,528
<b>TOTAL LIABILITIES</b>	<u>98,852,706</u>	<u>5,025,192</u>	<u>103,877,898</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	213,691,965	10,610,540	224,302,505
Restricted for:			
Debt service	6,734,396	-	6,734,396
Capital projects	17,614,858	1,795,064	19,409,922
Other purposes	9,286,727	1,341,232	10,627,959
Unrestricted	9,467,544	2,030,517	11,498,061
<b>TOTAL NET ASSETS</b>	<u>\$ 256,795,490</u>	<u>\$ 15,777,353</u>	<u>\$ 272,572,843</u>

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

**FLAGLER COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Functions/ Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets Primary Government		
		Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>PRIMARY GOVERNMENT</b>							
Governmental activities:							
General government	\$ 21,265,004	\$ 3,758,833	\$ 1,904,631	\$ -	\$ (15,601,540)	\$ -	\$ (15,601,540)
Public safety	35,871,670	6,947,645	1,184,514	244,690	(27,494,821)	-	(27,494,821)
Physical environment	346,520	-	75,000	278,103	6,583	-	6,583
Transportation	8,831,545	564,018	834,228	3,926,139	(3,507,160)	-	(3,507,160)
Economic environment	1,189,775	5,059	29,921	-	(1,154,795)	-	(1,154,795)
Human services	3,675,585	145,142	678,238	-	(2,852,205)	-	(2,852,205)
Culture and recreation	3,757,755	221,838	32,470	1,061,198	(2,442,249)	-	(2,442,249)
Interest on long-term debt	3,713,901	-	-	-	(3,713,901)	-	(3,713,901)
<b>Total Government Activities</b>	<b>78,651,755</b>	<b>11,642,535</b>	<b>4,739,002</b>	<b>5,510,130</b>	<b>(56,760,088)</b>	<b>-</b>	<b>(56,760,088)</b>
Business-type activities:							
Landfill	128,813	2,557	70,588	-	-	(55,668)	(55,668)
Airport	2,465,923	1,413,536	-	497,044	-	(555,343)	(555,343)
Utilities	364,742	486,326	-	27,838	-	149,422	149,422
Waste management	1,486,230	1,436,211	-	-	-	(50,019)	(50,019)
<b>Total Business-Type Activities</b>	<b>4,445,708</b>	<b>3,338,630</b>	<b>70,588</b>	<b>524,882</b>	<b>-</b>	<b>(511,608)</b>	<b>(511,608)</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 83,097,463</b>	<b>\$ 14,981,165</b>	<b>\$ 4,809,590</b>	<b>\$ 6,035,012</b>	<b>(56,760,088)</b>	<b>(511,608)</b>	<b>(57,271,696)</b>
<b>GENERAL REVENUES</b>							
Property taxes					44,628,028	-	44,628,028
Tourist and franchise taxes					1,684,069	145,047	1,829,116
Sales and fuel taxes					5,192,255	-	5,192,255
Intergovernmental					1,007,655	-	1,007,655
Miscellaneous					19,272,714	68,159	19,340,873
Transfers					(112,974)	112,974	-
<b>Total General Revenues and Transfers</b>					<b>71,671,747</b>	<b>326,180</b>	<b>71,997,927</b>
Change in net assets					14,911,659	(185,428)	14,726,231
<b>NET ASSETS, BEGINNING OF YEAR</b>					<b>241,883,831</b>	<b>15,962,781</b>	<b>257,846,612</b>
<b>NET ASSETS, END OF YEAR</b>					<b>\$ 256,795,490</b>	<b>\$ 15,777,353</b>	<b>\$ 272,572,843</b>

The accompanying notes are an integral part of the financial statements

**FLAGLER COUNTY, FLORIDA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	General Fund	Constitutional Gas Tax	NonMajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,527,101	\$ 1,296,040	\$ 5,012,576	\$ 15,835,717
Cash with fiscal agent	-	-	676,622	676,622
Investments	3,964,630	950,266	22,981,389	27,896,285
Accounts receivable (net of allowance for uncollectibles)	1,447,170	433	101,969	1,549,572
Notes receivable	434,321	164,335	-	598,656
Due from other funds	2,415,273	1,915	310,083	2,727,271
Due from other governments	1,058,520	224,175	2,198,363	3,481,058
Inventory	306,759	-	-	306,759
Other assets	33,833	-	60,885	94,718
<b>TOTAL ASSETS</b>	<b>\$ 19,187,607</b>	<b>\$ 2,637,164</b>	<b>\$ 31,341,887</b>	<b>\$ 53,166,658</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,526,042	\$ 89,302	\$ 689,006	\$ 3,304,350
Deposits	848,967	-	667,934	1,516,901
Due to other funds	210,069	-	644,346	854,415
Due to other governments	934,032	-	167,790	1,101,822
Deferred revenue	626,810	309,866	674,427	1,611,103
<b>TOTAL LIABILITIES</b>	<b>5,145,920</b>	<b>399,168</b>	<b>2,843,503</b>	<b>8,388,591</b>
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	306,759	-	-	306,759
Parks and recreation	-	-	600,000	600,000
Advances to other funds	1,880,000	-	-	1,880,000
Restricted for				
Bond covenants or debt svc	-	-	6,531,178	6,531,178
Grant programs and projects	378,342	-	332,955	711,297
Federal and state law	184,558	2,237,996	7,305,895	9,728,449
Capital projects and				
Acquisitions	1,512,493	-	1,355,590	2,868,083
ESL acquisitions	-	-	3,724,013	3,724,013
Impact fees	-	-	7,797,524	7,797,524
Other purposes	239,936	-	794,039	1,033,975
Committed to				
Capital projects	-	-	57,190	57,190
Assigned				
FY 2012 cash carry-forward	8,830,592	-	-	8,830,592
Unassigned	709,007	-	-	709,007
<b>TOTAL FUND BALANCES</b>	<b>14,041,687</b>	<b>2,237,996</b>	<b>28,498,384</b>	<b>44,778,067</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 19,187,607</b>	<b>\$ 2,637,164</b>	<b>\$ 31,341,887</b>	<b>\$ 53,166,658</b>

**FLAGLER COUNTY, FLORIDA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2011**

Total fund balances- governmental funds \$ 44,778,067

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The amount included in the statement of net assets is the difference between:

Capital assets, at cost	382,126,199	
Accumulated depreciation	(85,490,132)	
	296,636,067	296,636,067

Long term liabilities are not due and payable from current resources and therefore are not reported in the funds:

Bonds payable	(83,730,000)	
Compensated absences	(2,524,270)	
OPEB liability	(855,621)	
Arbitrage liability	(7,445)	
Capital leases payable	(414,001)	
	(87,531,337)	(87,531,337)

Certain assets and liabilities reported in governmental activities do not provide or use current financial resources and therefore are not reported in the funds:

Unamortized bond premium		(818,191)
Unamortized bond issuance costs		977,586
Special assessment note receivable, not recognized in fund levels due to expected collection in future years previously recognized as revenue on County-wide statements		203,218
Noncurrent receivables		564,062
Accrued interest payable		(1,262,071)

Internal service funds are reported as proprietary activities on the fund level statements, but as governmental activities on the county-wide statements. This amount represents unrestricted net assets of the internal service funds.

3,248,089

Net assets of governmental activities \$ 256,795,490

The accompanying notes are an integral part of this statement

**FLAGLER COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	General Fund	Constitutional Gas Tax	NonMajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 41,141,855	\$ -	\$ 7,292,953	\$ 48,434,808
Special assessments	-	-	850,443	850,443
Licenses and permits	1,043,127	-	401,657	1,444,784
Intergovernmental	4,623,192	2,002,371	5,988,025	12,613,588
Charges for services	9,425,909	-	477,602	9,903,511
Fines and forfeitures	300,306	-	685,871	986,177
Miscellaneous revenue	1,241,268	1,000	111,136	1,353,404
Investment income	20,481	3,309	85,477	109,267
<b>TOTAL REVENUES</b>	<u>57,796,138</u>	<u>2,006,680</u>	<u>15,893,164</u>	<u>75,695,982</u>
<b>EXPENDITURES</b>				
Current				
General government	15,702,126	-	93,871	15,795,997
Public safety	31,502,007	-	1,229,837	32,731,844
Physical environment	254,932	-	28,370	283,302
Transportation	1,614,065	241,231	2,737,361	4,592,657
Economic environment	274,776	-	914,377	1,189,153
Human services	3,529,529	-	53,853	3,583,382
Culture and recreation	2,648,285	-	281,650	2,929,935
Court related	1,088,916	-	2,070,659	3,159,575
Capital outlay	2,960,964	1,594,721	4,916,797	9,472,482
Debt service				
Principal retirement	999,872	-	3,185,000	4,184,872
Interest and fiscal charges	363,494	-	3,437,644	3,801,138
<b>TOTAL EXPENDITURES</b>	<u>60,938,966</u>	<u>1,835,952</u>	<u>18,949,419</u>	<u>81,724,337</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,142,828)</u>	<u>170,728</u>	<u>(3,056,255)</u>	<u>(6,028,355)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	13,723	1,915	841,763	857,401
Transfers out	(732,621)	-	(237,754)	(970,375)
Long term debt issued	-	-	5,500,000	5,500,000
Capital lease	411,678	-	-	411,678
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(307,220)</u>	<u>1,915</u>	<u>6,104,009</u>	<u>5,798,704</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(3,450,048)</u>	<u>172,643</u>	<u>3,047,754</u>	<u>(229,651)</u>
<b>FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	17,532,453	2,065,353	25,409,912	45,007,718
Restatement, GASB 54 reclass	(40,718)	-	40,718	-
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<u>17,491,735</u>	<u>2,065,353</u>	<u>25,450,630</u>	<u>45,007,718</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 14,041,687</u>	<u>\$ 2,237,996</u>	<u>\$ 28,498,384</u>	<u>\$ 44,778,067</u>

The accompanying notes are an integral part of the financial statements

**FLAGLER COUNTY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Net change in fund balances- total governmental funds \$ (229,651)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Contributions of capital assets increase assets but do not appear in the fund statements because they are not financial resources.

Capital assets acquired with financial resources	8,757,087	
Current year depreciation	(9,654,848)	
Loss on disposal of fixed assets	(121,414)	
Contributions of capital assets	<u>17,915,608</u>	
		16,896,433

Governmental funds report certain bond transactions as resources, uses, or expenditures. However, in the statement of activities these transactions are reported as expenses over the life of the debt:

Unamortized bond issuance costs	26,740
Unamortized bond premium	35,985

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Issuing debt provides current financial resources to governmental funds but increases liabilities in the statement of net assets.

Principal repayment	4,184,872	
Long term debt issued	(4,500,000)	
Deferred land purchase costs	(1,000,000)	
Capital lease	<u>(411,678)</u>	
		(1,726,806)

Because certain receivables will not be collected for several months after the close of the County's fiscal year end, they are not considered as "available" revenues in the governmental funds. In the statement of activities, presented on the accrual basis, these revenues are recognized in the fiscal year they are earned. 249,733

Special assessment deferred revenue recognized in the governmental funds. (381,281)

Some expenses reported in the statement of activities did not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Those include:

Accrued compensated absences	(5,330)	
OPEB liability	(211,786)	
Arbitrage liability	67,006	
Accrued interest payable	<u>(42,494)</u>	
		(192,604)

Internal service funds are used to charge the cost of certain activities to individual funds. The net revenue (expense) is reported with governmental activities:

Other operating (income) expenses	38,094	
Income from operations	192,514	
Contributions	<u>2,502</u>	
		233,110

Change in net assets of governmental activities \$ 14,911,659

The accompanying notes are an integral part of this statement

**FLAGLER COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS – PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

Business-type Activities – Enterprise Funds

	<u>Landfill Fund</u>	<u>Airport Fund</u>	<u>Utility</u>	<u>NonMajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities – Internal Service Fund</u>
<b>ASSETS</b>						
Current assets						
Cash and equivalents	\$ 2,042,109	\$ 196,458	\$ 56,788	\$ 8,962	\$ 2,304,317	\$ 3,956,405
Investments	303,005	1,551,936	35,477	970,277	2,860,695	755,533
Accounts receivables, net	1,177	49,138	40,835	18,798	109,948	200,701
Due from other funds	318	12,016	101	11,212	23,647	-
Due from other governments	70,588	92,590	27,838	-	191,016	-
Prepaid expenses	-	-	-	-	-	10,242
Inventory	-	34,960	-	-	34,960	-
Other assets	-	-	350	-	350	-
<b>Total Current Assets</b>	<u>2,417,197</u>	<u>1,937,098</u>	<u>161,389</u>	<u>1,009,249</u>	<u>5,524,933</u>	<u>4,922,881</u>
Non-current assets						
Deferred closing costs	-	25,794	-	-	25,794	-
Restricted cash	1,766,136	-	-	-	1,766,136	-
Restricted investments	-	-	569,306	-	569,306	-
Land and construction in progress	203,404	860,367	871,489	-	1,935,260	-
Other capital assets, net of accumulated depreciation	102,958	11,711,480	908,642	-	12,723,080	18,430
Deferred outflow	-	154,539	-	-	154,539	-
<b>Total Non-Current Assets</b>	<u>2,072,498</u>	<u>12,752,180</u>	<u>2,349,437</u>	<u>-</u>	<u>17,174,115</u>	<u>18,430</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,489,695</u>	<u>\$ 14,689,278</u>	<u>\$ 2,510,826</u>	<u>\$ 1,009,249</u>	<u>\$ 22,699,048</u>	<u>\$ 4,941,311</u>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable and accrued expenses	\$ 2,714	\$ 102,387	\$ 51,004	\$ 120,644	\$ 276,749	\$ 1,626,053
Deposits	-	22,287	26,415	-	48,702	7,422
Due to other funds	48	4,445	468	11,542	16,503	-
Due to other governments	72	5,158	10,614	-	15,844	-
Deferred revenue	-	-	-	-	-	59,747
Compensated absences	8,141	25,402	8,919	1,031	43,493	-
Current portion of long term debt	-	218,163	-	-	218,163	-
<b>Total Current Liabilities</b>	<u>10,975</u>	<u>377,842</u>	<u>97,420</u>	<u>133,217</u>	<u>619,454</u>	<u>1,693,222</u>
Non-current liabilities						
Payable from restricted cash:						
Landfill closure and post closure care	424,904	-	-	-	424,904	-
OPEB liability	2,746	7,203	2,966	246	13,161	-
Advances from other funds	-	-	1,880,000	-	1,880,000	-
Notes payable	-	3,829,637	-	-	3,829,637	-
Derivative liability	-	154,539	-	-	154,539	-
<b>Total Non-current liabilities</b>	<u>427,650</u>	<u>3,991,379</u>	<u>1,882,966</u>	<u>246</u>	<u>6,302,241</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>438,625</u>	<u>4,369,221</u>	<u>1,980,386</u>	<u>133,463</u>	<u>6,921,695</u>	<u>1,693,222</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	306,362	8,524,047	1,780,131	-	10,610,540	-
Restricted for						
Landfill post closure care	1,341,232	-	-	-	1,341,232	-
Future capital outlay	1,225,758	-	569,306	-	1,795,064	-
Unrestricted	1,177,718	1,796,010	(1,818,997)	875,786	2,030,517	3,248,089
<b>TOTAL NET ASSETS</b>	<u>4,051,070</u>	<u>10,320,057</u>	<u>530,440</u>	<u>875,786</u>	<u>15,777,353</u>	<u>3,248,089</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,489,695</u>	<u>\$ 14,689,278</u>	<u>\$ 2,510,826</u>	<u>\$ 1,009,249</u>	<u>\$ 22,699,048</u>	<u>\$ 4,941,311</u>

The accompanying notes are an integral part of the financial statements

**FLAGLER COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS – PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Business-type Activities – Enterprise Funds

	<u>Landfill Fund</u>	<u>Airport Fund</u>	<u>Utility</u>	<u>NonMajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities – Internal Service Fund</u>
<b>OPERATING REVENUES</b>						
Charges for services	\$ 2,557	\$ 1,413,536	\$ 486,326	\$ 1,436,211	\$ 3,338,630	\$ -
Employee and employer contributions	-	-	-	-	-	6,614,116
Miscellaneous	6,258	38,595	83	-	44,936	54
<b>Total Operating Revenues</b>	<u>8,815</u>	<u>1,452,131</u>	<u>486,409</u>	<u>1,436,211</u>	<u>3,383,566</u>	<u>6,614,170</u>
<b>OPERATING EXPENSES</b>						
Personal services	130,827	278,665	139,918	49,109	598,519	-
Vehicle fuel	2,505	13,119	8,465	-	24,089	-
Aviation fuel	-	798,195	-	-	798,195	-
Contractual services	18,017	50,596	39,735	1,430,129	1,538,477	-
Repairs and maintenance	5,645	189,206	19,539	-	214,390	1,611
Professional services	75,204	1,168	262	659	77,293	606,794
Employee claims	-	-	-	-	-	5,246,943
Utilities	3,566	77,458	83,427	140	164,591	647
Insurance	5,756	47,860	10,314	-	63,930	535,630
Rentals and leases	476	5,225	166	-	5,867	-
Depreciation	44,644	781,411	29,791	133	855,979	7,987
Miscellaneous	2,220	67,793	32,289	6,060	108,362	22,044
Provision for closure and post closure care	(160,047)	-	-	-	(160,047)	-
<b>Total Operating Expenses</b>	<u>128,813</u>	<u>2,310,696</u>	<u>363,906</u>	<u>1,486,230</u>	<u>4,289,645</u>	<u>6,421,656</u>
Operating Income/(loss)	<u>(119,998)</u>	<u>(858,565)</u>	<u>122,503</u>	<u>(50,019)</u>	<u>(906,079)</u>	<u>192,514</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Intergovernmental	70,588	497,043	27,838	-	595,469	-
Franchise fees	-	-	-	145,048	145,048	-
Insurance recovery	-	-	-	-	-	22,500
Interest income	15,337	2,799	2,165	2,922	23,223	15,594
Interest expense	-	(155,227)	(836)	-	(156,063)	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>85,925</u>	<u>344,615</u>	<u>29,167</u>	<u>147,970</u>	<u>607,677</u>	<u>38,094</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(34,073)</u>	<u>(513,950)</u>	<u>151,670</u>	<u>97,951</u>	<u>(298,402)</u>	<u>230,608</u>
Contributions	-	-	-	-	-	2,502
Transfers in	-	102,706	-	10,268	112,974	-
<b>CHANGE IN NET ASSETS</b>	<u>(34,073)</u>	<u>(411,244)</u>	<u>151,670</u>	<u>108,219</u>	<u>(185,428)</u>	<u>233,110</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>4,085,143</u>	<u>10,731,301</u>	<u>378,770</u>	<u>767,567</u>	<u>15,962,781</u>	<u>3,014,979</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,051,070</u>	<u>\$ 10,320,057</u>	<u>\$ 530,440</u>	<u>\$ 875,786</u>	<u>\$ 15,777,353</u>	<u>\$ 3,248,089</u>

The accompanying notes are an integral part of the financial statements

**FLAGLER COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	Major Proprietary Funds			NonMajor Proprietary Fund	Total	Internal Service
	Landfill	Airport	Utility			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ (39,779)	\$ 1,419,358	\$ 492,517	\$ 1,431,337	\$ 3,303,433	\$ 7,042,092
Payments to suppliers	(114,738)	(1,211,423)	(152,142)	(1,419,463)	(2,897,766)	(6,358,570)
Payments to employees	(132,560)	(277,930)	(140,708)	(47,832)	(599,030)	-
Other receipts	6,258	38,595	83	-	44,936	54
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>(280,819)</u>	<u>(31,400)</u>	<u>199,750</u>	<u>(35,958)</u>	<u>(148,427)</u>	<u>683,576</u>
<b>NON-CAPITAL FINANCING ACTIVITIES</b>						
Franchise fees	-	-	-	145,048	145,048	-
Increase (decrease) in due from other funds	2,243	5,046	2,469	2,119	11,877	712
Increase (decrease) in due to other funds	(138)	(3,582)	(5,152)	(1,047)	(9,919)	(3,049)
Insurance recovery	-	-	-	-	-	22,500
Operating transfers in	-	-	-	10,268	10,268	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>2,105</u>	<u>1,464</u>	<u>(2,683)</u>	<u>156,388</u>	<u>157,274</u>	<u>20,163</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Change in due from other governments	-	234,229	(10,838)	-	223,391	-
Acquisition and construction of capital assets	-	(480,778)	(63,041)	-	(543,819)	(4,961)
Transfers in	-	102,706	-	-	102,706	-
Proceeds from borrowings	-	2,800,000	-	-	2,800,000	-
Payments on long term debt	-	(1,933,360)	-	-	(1,933,360)	-
Deferred costs	-	(25,794)	-	-	(25,794)	-
Intergovernmental	70,588	497,043	27,838	-	595,469	-
Interest paid	-	(155,227)	(836)	-	(156,063)	-
<b>Net Cash Provided (used) by Capital and Related Financing Activities</b>	<u>70,588</u>	<u>1,038,819</u>	<u>(46,877)</u>	<u>-</u>	<u>1,062,530</u>	<u>(4,961)</u>
<b>INVESTING ACTIVITIES</b>						
Interest on investments	15,337	2,799	2,165	2,922	23,223	15,594
<b>Net Cash Provided by Investing Activities</b>	<u>15,337</u>	<u>2,799</u>	<u>2,165</u>	<u>2,922</u>	<u>23,223</u>	<u>15,594</u>
Net increase (decrease) in cash and equivalents	(192,789)	1,011,682	152,355	123,352	1,094,600	714,372
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>4,304,039</u>	<u>736,712</u>	<u>509,216</u>	<u>855,887</u>	<u>6,405,854</u>	<u>3,997,566</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 4,111,250</u>	<u>\$ 1,748,394</u>	<u>\$ 661,571</u>	<u>\$ 979,239</u>	<u>\$ 7,500,454</u>	<u>\$ 4,711,938</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>						
Unrestricted	\$ 2,042,109	\$ 196,458	\$ 56,788	\$ 8,962	\$ 2,304,317	\$ 3,956,405
Restricted	1,766,136	-	-	-	1,766,136	-
<b>INVESTMENTS</b>						
Unrestricted	303,005	1,551,936	35,477	970,277	2,860,695	755,533
Restricted	-	-	569,306	-	569,306	-
	<u>\$ 4,111,250</u>	<u>\$ 1,748,394</u>	<u>\$ 661,571</u>	<u>\$ 979,239</u>	<u>\$ 7,500,454</u>	<u>\$ 4,711,938</u>

Continued

**FLAGLER COUNTY, FLORIDA  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
SEPTEMBER 30, 2011**

	Major Proprietary Funds			NonMajor Proprietary Fund	Total	Internal
	Landfill	Airport	Utility			Service
<b>Reconciliation of Operating Income (loss) to net cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	\$ (119,998)	\$ (858,565)	\$ 122,503	\$ (50,019)	\$ (906,079)	\$ 192,514
Adjustment to reconcile operating income (loss) to net cash provided (used) in operations:						
Depreciation	44,644	781,411	29,791	133	855,979	7,987
Provision for closure and post closure care	(160,047)	-	-	-	(160,047)	-
Changes in assets and liabilities						
Accounts receivable	12,182	5,822	6,191	(4,874)	19,321	427,305
Inventory	-	15,879	-	-	15,879	-
Prepaid expenses	-	-	-	-	-	(10,242)
Due from other governments	(54,518)	-	-	-	(54,518)	671
Accounts payable and accrued expenses	(1,386)	22,349	38,161	17,525	76,649	75,560
Deferred revenue	-	(1,067)	-	-	(1,067)	(7,244)
Due to other governments	37	(282)	(431)	-	(676)	-
Deposits	-	2,318	4,325	-	6,643	(2,975)
Compensated absences	(2,387)	(731)	(1,502)	1,031	(3,589)	-
OPEB liability	654	1,466	712	246	3,078	-
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ (280,819)</u>	<u>\$ (31,400)</u>	<u>\$ 199,750</u>	<u>\$ (35,958)</u>	<u>\$ (148,427)</u>	<u>\$ 683,576</u>
<b>Supplemental Disclosure of Noncash Capital Activity:</b>						
Contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,502</u>

The accompanying notes are an integral part of the financial statements

**FLAGLER COUNTY, FLORIDA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2011**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,210,470
Accounts receivable	22,836
Due from other governments	83
<b>TOTAL ASSETS</b>	<b>\$ 4,233,389</b>
 <b>LIABILITIES</b>	
Due to other governments	\$ 386,801
Deposits	2,194,771
Other liabilities	1,651,817
<b>TOTAL LIABILITIES</b>	<b>\$ 4,233,389</b>

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

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**(1) Summary of Significant Accounting Policies:**

Flagler County, Florida (the County) is a political subdivision of the State of Florida created pursuant to Chapter 7 of the Florida Statutes. It is governed by an elected Board of County Commissioners (the Board) which is governed by state statutes and regulations. The Board has only those powers expressly vested in it by State Statute and its governmental powers cannot be delegated. The Board appoints an administrator to administer all policies emanating from its statutory powers and authority.

The accompanying financial statements present the financial position and results of operations of the governmental and business type activities of the Board and the five constitutional officers (collectively the Constitutional Officers) of the County. The Constitutional Officers are: Clerk of Circuit Court (Clerk), Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets which are combined with the Board for financial reporting purposes.

The accounting policies of the County conform to accounting principles generally accepted in the United States (GAAP) as applicable to governments. The following is a summary of significant accounting policies of the County.

(a) **Reporting Entity** - The Governmental Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity," establishes standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state or local level. Financial reporting by a state or local government should report the elected officials' accountability for those organizations.

The Board is the legislative and governing body of Flagler County, Florida, established under the legal authority of the Constitution of the State of Florida, and consists of five elected officials. The Clerk of the Circuit Court, an elected official, serves as clerk and accountant of the Board pursuant to Florida law.

The County uses the criteria established in GASB No. 14 as amended by GASB No. 39 to define the reporting entity and identify component units. Component units are entities for which the County is considered to be financially accountable.

As required by accounting principles generally accepted in the United States of America, the financial reporting entity consists of (1) the primary government (the County), (2) organizations for which the County is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County is financially accountable if it appoints a voting majority of the organization's governing body and (a) is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the County. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board.

Additionally, a legally separate, tax-exempt organization should be reported as a component unit of the County if all of the following criteria are met: (a) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government or its constituents, (b) the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the separate organization, and (c) the economic resources received or held by an individual organization that the primary government is entitled to or has the ability to otherwise access are significant to the primary government.

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

(1) **Summary of Significant Accounting Policies:** (continued)  
(a) **Reporting Entity** (continued)

Based on these criteria, County management examined all organizations which were legally separate in order to determine which organizations, if any, should be included in the County's financial statements. Management determined that there are no organizations that should be included in the County's financial statements as component units.

(b) **Government-wide and Fund Financial Statements** - The government-wide financial statements (i.e. statement of net assets and statement of activities) report information on all of the non-fiduciary activities of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

(c) **Basis of Presentation, Measurement Focus, and Basis of Accounting** - The accompanying financial statements of the County have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and the American Institute of Certified Public Accountants (AICPA). Under the auspices of GASB Statement No. 20, the County does not apply FASB pronouncements issued after November 30, 1989, for proprietary activities, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles for units of local government.

(d) **Government-wide Financial Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the county-wide financial statements. Fiduciary funds have also been removed from this presentation since the resources are not available for general government funding purposes.

(e) **Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on the balance sheets.

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

(1) **Summary of Significant Accounting Policies:** (continued)  
(e) **Fund Financial Statements** (continued)

The reported fund balance (net current assets) is considered a measure of “available spendable resources.”

The operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. 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. Revenues are recognized when they become measurable and available as net current assets. “Measurable” means that the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers ad valorem revenues to be available if they are collected within 60 days after year end. Grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made and the County considers amounts received within one year as available. Non-exchange transaction revenues are recognized in the period in which the underlying transaction occurred. Expenditures are generally recognized when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the County’s enterprise funds and the County’s internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds are accounted for on the accrual basis of accounting. Agency funds are custodial in nature (i.e. assets equal liabilities) and do not measure the results of operations.

The County’s policy is to use restricted resources first, then unrestricted resources, when both are available for use to fund an activity.

Fund financial statements report detailed information about the County. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column.

The County reports the following major governmental funds:

**General Fund** - To account for and report all financial resources which are generated from operations of the Board and Constitutional Officers, not accounted for and reported in another fund.

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

(1) **Summary of Significant Accounting Policies:** (continued)  
(e) **Fund Financial Statements** (continued)

**Constitutional Gas Tax** - To account for 80 percent of the state two-cent gas tax used for the construction of roads and bridges.

The County reports the following major proprietary funds:

**Sanitary Landfill** - To account for the operations and activities of the County's three landfills.

**Airport** - To account for the operations and activities of the County's airport.

**Utility** - To account for the water and wastewater services in the Beverly Beach water and wastewater service area and the Eagle Lakes development.

Additionally, the County reports the following fund types:

**Special Revenue Funds** - The Special Revenue Funds of the County are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Debt Service Funds** - The Debt Service Funds of the County are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**Capital Projects Funds** - The Capital Projects Funds of the County are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Internal Service Funds** - The Internal Service Fund of the County accounts for the self-insurance services provided by the department or agency to other departments or agencies of the governmental unit or to other governmental units, on a cost reimbursement basis.

**Fiduciary Funds** - The Fiduciary Funds of the County are used to account for assets held by the County as an agent for individuals, private organizations, and other governments. Fiduciary funds administered by the County include Agency Funds, which are custodial in nature and do not measure the results of operations.

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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

(f) **Capital Assets** - All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, capital assets costing more than \$1,000 and having a useful life of more than one year are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are reported in the applicable governmental or business-type column in the countywide financial statements, and in the Proprietary Fund Level Statements.

Depreciation on all capital assets is calculated using the straight-line method over the following useful lives:

Infrastructure	20-50 years
Buildings and improvements	5-50 years
Furniture and equipment	3-15 years

The County has artwork in various public facilities. The value of the art is inexhaustible; therefore, it is not depreciated.

(g) **Long-Term Liabilities** - Long-term liabilities expected to be financed from governmental funds are not reported in the governmental funds but rather are reported on the statement of net assets of Flagler County, Florida. Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

(h) **Budgets and Budgetary Accounting** - The following procedures are utilized by the County in establishing and /or amending the budgetary information contained in the required supplementary information:

- (i) On or before June 1 of each year, the Clerk of the Circuit Court, Sheriff, Supervisor of Elections and Tax Collector each submit a proposed operating budget for the ensuing fiscal year to the Board.
- (ii) The proposed operating budget of the Property Appraiser must be presented to the Board on or before June 1 of each year and is simultaneously submitted by the Property Appraiser to the State of Florida, Department of Revenue, from which the final approval of the budget of the Property Appraiser must estimate.
- (iii) On or before July 15 of each year, or within 15 days after the receipt of certified taxable property values from the Property Appraiser, whichever occurs last, the County Administrator presents to the Board a proposed budget for the fiscal year commencing the following October 1. Pursuant to the provisions of Section 129.01, Florida Statutes, the proposed budget as submitted contain balanced statements of estimated revenues (including unexpended fund balances to be carried forward) and proposed appropriations for each fund required to be presented by law or by sound financial practices, including the General, Special Revenues, Debt Service, and Capital Projects funds.

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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

(h) **Budgets and Budgetary Accounting** (continued)

- (iv) Following a preliminary review of the proposed budgets by the Board, whose members make such changes as are considered necessary, the Board causes a notice of proposed property taxes to be mailed to each County property taxpayer. Included in the notice is a statement of the Board's intent to hold a Public hearing to consider adoption of the tentative millage rates and budgets, as well as a comparison of the taxpayer's proposed property tax bill with the actual tax bill of the proceeding year.
  - (v) Following successful completion of the above referenced Public hearings, the Board advertises and subsequently conducts a second Public hearing to finally adopt a millage rate and budget for each of the taxing entities under their jurisdiction. These Public hearings are ordinarily held prior to October 1 each year. If, however, for some reason the County is unable to finally adopt a budget prior to October 1, state law permits the adoption by resolution of the budget to the preceding year as an interim measure.
  - (vi) Pursuant to the provisions of Section 129.07, Florida Statutes, the County is prohibited from expending or contracting for the expenditure of any amount in excess of the total amount budgeted in any fund. It is, however, legally permissible at the present time for the budgets of individual departments included within a particular fund to be overexpended in total without requiring mandatory action by either the Board or the County Administrator.
  - (vii) Subsequent to final adoption of the budget by the Board, changes to the budget, as enacted, are only required (by either statutory law or current management practices) when revenues not anticipated in the original budget document are received which management wishes to have appropriated during the current year, resulting in an increase to the total appropriations of a fund. Such increases can only be incorporated into the budget document following approval by the Board.
  - (viii) Adoption and execution of the budgets are governed in accordance with applicable provisions of the Florida Statutes.
  - (ix) Formal budgetary integration at the object level is used as a management control device for all governmental funds of the County for which annual budgets are adopted, including the General, Special Revenue, Debt Service, and Capital Projects funds. The level at which expenditures may not legally exceed appropriations is the category level.
  - (x) Budgets for the General, Special Revenue, Debt Service and Capital Projects funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
  - (xi) All appropriations lapse at the end of each fiscal year, although the County expects to honor purchase orders and contracts in-process, subject to authority provided in the subsequent year's budget.
- (i) **Cash and Cash Equivalents** - The County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agents and short-term investments, including restricted assets, with original maturities of three months or less from acquisition date. Investments are stated at fair value. The County allocates investment earnings of the cash and investment pool to each participating fund on a monthly basis in accordance with the funds average balance in the pool for the month.

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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

(j) **Restricted Cash** - Restricted cash consists of cash held in escrow for the long term maintenance and care of sanitary landfills as required by Rule 62-701.630 of the Florida Administrative Code, along with impact fees collected by the utilities fund that have not yet been expended.

(k) **Investments** - Investments for the County are reported at fair value, in accordance with GASB Statement No. 31. In addition to reporting investments at fair value, the County is reporting investments in accordance with the requirements of GASB 40.

(l) **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental funds. Encumbrances outstanding at year-end are reported within the respective fund balances. Unexpended items which are encumbered at year end are reappropriated in the subsequent year. Encumbrances of governmental funds at September 30, 2011 were approximately \$65,017 in the General Fund and \$218,876 in the nonmajor governmental funds.

(m) **Compensated Absences** - The County's personnel policies allow a limited accumulation and vesting of unused employee vacation and sick leave time. The County follows accounting principles generally accepted in the United States of America in accounting for compensated absences. The portion of compensated absences of employees of governmental funds expected to be liquidated with current resources has been accrued. Liabilities that will not be liquidated with current resources are not reported in the governmental funds but rather are reported in the basic financial statements of Flagler County, Florida. Liabilities that will be liquidated with current resources have been reported in the appropriate governmental fund. Compensated absences of employees of proprietary funds are recorded as liabilities in the appropriate proprietary fund.

(n) **Inventory** - Inventory of the proprietary funds is valued at the lower of cost (first-in, first-out) or market. Inventory of the general fund is valued at cost, which approximates market value, using the first-in, first-out method. The cost of inventory of the general fund is recorded as an expenditure when consumed, rather than when purchased. An offsetting nonspendable fund balance is reported to indicate that the asset is not available for appropriation or expenditure.

(o) **Interfund Activity** - Interfund activity within and among the County's three fund categories (governmental, proprietary, and fiduciary) are classified as reciprocal interfund activity and nonreciprocal interfund activity. Reciprocal interfund resource flows between the funds with an expectation of repayment are reported as interfund receivables and payables. Reciprocal interfund resource flows, without an expectation of repayment within a reasonable time, are reported as transfers between funds. Interfund services provided and used are sales and purchases of goods and services between funds for a price approximating their external value and are reported as revenues and expenditures (or expenses) in the funds. Nonreciprocal interfund activity are flows of assets between funds without an equivalent flow of assets in return or without a requirement for repayment are reported as transfers in governmental funds and nonoperating revenues and expenses in proprietary funds.

(p) **Deferred Revenue** - Deferred revenues are recorded on the governmental fund balance sheet and the proprietary statement of net assets in the amount of \$1,611,103 and \$43,493, respectively. The amount recorded on the governmental fund balance sheet represents amounts that are deferred because they are not yet considered to be available. Deferred revenue may also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to incurring qualified expenditures.

The amount recorded on the proprietary statement of net assets represents amounts that are deferred because they are not considered earned as of September 30, 2011.

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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

(q) **Landfill Closure Costs** - The County recognizes municipal solid waste landfill closure and postclosure care costs under the State of Florida's Solid Waste Management Act of 1988, regulations of the Federal Environmental Protection Agency, and GASB Statement No. 18, "*Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs.*" The County is required to place a final cover on closed landfills and to provide long-term care for up to thirty years after final cover. These obligations for closure and postclosure are recognized in the enterprise fund for the County's sanitary landfill operations over the active life of the landfill, based on capacity.

(r) **Fund Balance Reported** – The County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are reported in classifications based on whether the amounts are nonspendable or spendable. Spendable amounts are further classified based on the extent to which there are external and/or internal constraints in how fund balance amounts may be spent. The fund balance classifications specified in GASB Statement No. 54 are as follows:

**Nonspendable Fund Balance** – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Restricted Fund Balance** – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of the other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed Fund Balance** – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the County's highest decision-making authority, which is an ordinance. Committed amounts cannot be used for any other purpose unless the County removes those constraints by taking the same type of action.

**Assigned Fund Balance** – Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the board of county commissioners or (b) a body or official to which the board of county commissioners has delegated the authority to assign amounts to be used for specific purposes.

**Unassigned Fund Balance** – Unassigned fund balance is the residual classification for the General Fund.

The fund balance categories of the governmental funds are shown on the face of the Balance Sheet – Governmental Funds in the Fund Financial Statements. The County uses restricted amounts first when both restricted and unrestricted fund balances are available, then committed, then assigned and finally unassigned.

(s) **Use of Estimates** - The preparation of financial statements, in accordance with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(2) Cash Deposits and Investments:**

**Deposits:**

At year end, the carrying amount of the County's deposits was \$28,749,667. The bank balances were \$28,825,459. Any bank balance in excess of FDIC insurance is covered by collateral held by the County's custodian banks which is pledged to a state trust fund that provides security in accordance with the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer.

As of September 30, 2011, the County had the following cash deposits balances:

	<b>Maturity Date</b>	<b>Market Value</b>
Cash and cash equivalents	N/A	\$ 22,096,439
Restricted cash and cash equivalents	N/A	1,766,136
Cash and cash equivalents with trustee	N/A	4,210,470
Cash and cash equivalents with fiscal agent	N/A	676,622
Total		\$ 28,749,667

**Investments:**

Flagler County's investment policy is pursuant to Section 218.415, Florida Statutes that updated permitted investments, asset allocation limits, issuer limits, credit ratings requirements, and maturity limits to protect the County's cash and investment assets. On January 20, 2009 the County approved a revised investment policy. The County maintains a common cash and investment pool for the use of all funds.

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy.

The County's investment policy allows for the following investments: The Florida State Board of Administration's Local Government Surplus Funds Trust Fund, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Non-Negotiable Interest Bearing Time Certificates of Deposit and Saving Accounts, Repurchase Agreements, Commercial Paper, Bankers' Acceptances, Corporate Notes, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered investment companies money market mutual funds and Intergovernmental Investment Pools.

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(2) Cash Deposits and Investments:** (continued)

As of September 30, 2011, the County had the following investment types and weighted average duration presented in terms of years:

<b>Security Type</b>	<b>Fair Value</b>	<b>Weighted Average Duration (Years)</b>
Federal National Mortgage Association (FNMA)	\$ 2,201,188	0.95
Federal Home Loan Bank Discount Note (FHLB)	1,999,860	0.34
U.S. Treasury Note	4,015,540	0.79
PFM Funds - Prime Money Market Fund Institutional Class	11,806,461	51 Days*
Wells Fargo Advantage Heritage Money Market Fund Institutional Class	12,058,770	15 Days*
<b>TOTAL</b>	<b>\$ 32,081,819</b>	<b>0.26</b>

\*. A Money Market Fund's duration is based on weighted average duration in days. Information source for PFM Funds Prime Series money market fund's weighted average duration was September 30, 2011 Fund Fact Sheet. Bloomberg was the source for the Wells Fargo Advantage Heritage Money Market Fund's weighted average duration.

**A. Interest Rate Risk**

The County's investment policy sets limits for investment maturities to match known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds, "core funds", shall have a term appropriate to the need for funds and in accordance with debt covenants. The purchase of investments for core funds with maturities longer than five (5) years requires the Clerks approval prior to purchase. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreements. The County utilizes "weighted average duration" as a measurement of interest rate risk and as of September 30, 2011, the investment portfolio had a weighted average duration of 0.26 years.

The County has no Federal Instrumentalities that have embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate.

**B. Credit Risk**

The County's investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as described below.

The Florida Local Government Surplus Funds Trust Fund ("SBA") shall be rated "AAA" by the Standard & Poor's or the equivalent by another rating agency.

Commercial paper of any United States company that is rated, at the time of the purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper).

Bankers' acceptances which are issued by a domestic bank which has at the time of purchase, an unsecured, uninsured and unguaranteed obligation rating of at least "Prime-1" by Moody's or "A-1" by Standard & Poor's.

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(2) Cash Deposits and Investments:** (continued)

Corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum "Aa" by Moody's and a minimum long term debt rating of "AA" by Standard & Poor's.

State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's or "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-2" by Moody's or "SP-2" by Standard & Poor's for short-term debt.

Mutual Fund shares in open-end and no-load funds are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. § 270.2a-7. Money market mutual funds are rated "AAAm" by Standard and Poor's or equivalent by another recognized rating agency.

Intergovernmental investment pool shall be rated "AAAm" by Standard & Poor's or the equivalent by another rating agency.

As of September 30, 2011, the County had the following credit exposure as a percentage of total investments:

<b>Security Type</b>	<b>Credit Rating</b>	<b>Portfolio Asset Allocation</b>
Federal National Mortgage Association (FNMA)	AA+	6.86%
Federal Home Loan Bank Discount Note (FHLB)	A-1+	6.23%
U.S. Treasury Note	AA+	12.52%
PFM Funds - Prime Money Market Fund Institutional Class	AAAm	36.80%
Wells Fargo Advantage Heritage Money Market Fund Institutional Class	AAAm	37.59%
<b>TOTAL</b>		<u><u>100.00%</u></u>

**C. Custodial Credit Risk**

The County's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the County should be properly designated as an asset of the County. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida.

As of September 30, 2011, the County's investment portfolio and 2005 Capital Improvement Bond Portfolio were held with a third-party custodian as required by the County's investment policy.

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(2) Cash Deposits and Investments:** (continued)

**D. Concentration of Credit Risk**

The County's investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the County's investment portfolio.

A maximum of 25% of available funds may be invested in the SBA, 100% of available fund may be invested in United States Government Securities, 50% of available funds may be invested in United States Government agencies with a 25% limit on individual issuers, 75% of available funds may be invested in Federal Instrumentalities with a 25% limit on individual issuers, 50% of available funds may be invested in non-negotiable interest bearing time certificates of deposit or savings accounts with a 25% limit on individual issuers, 50% of available funds may be invested in Repurchase Agreements with a 25% limit on individual issuers, 25% of available funds may be invested in Commercial Paper with a 10% limit on individual issuers, 30% of available funds may be invested in Bankers' Acceptances with a 15% limit on individual issuers, 15% of available funds may be invested in Corporate Notes with a 5% limit on individual issuers, 20% of available funds may be invested in State and/or Local Government Taxable and/or Tax-Exempt Debt with a 10% limit on individual issuers, 50% of available funds may be invested in Money Market Mutual Funds with a 25% limit on individual issuers, a maximum of 25% may be invested in intergovernmental investment pools.

As of September 30, 2011, the County had the following issuer concentration based on fair value:

<b>Security Type</b>	<b>Fair Value</b>	<b>Portfolio Asset Allocation</b>
Federal National Mortgage Association (FNMA)	\$ 2,201,188	6.86%
Federal Home Loan Bank Discount Note (FHLB)	1,999,860	6.23%
U.S. Treasury Note	4,015,540	12.52%
PFM Funds - Prime Money Market Fund Institutional Class	11,806,461	36.80%
Wells Fargo Advantage Heritage Money Market Fund Institutional Class	12,058,770	37.59%
<b>TOTAL</b>	<b>\$ 32,081,819</b>	<b>100.00%</b>

**(3) Property Taxes:**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit counties to levy property taxes at a rate of up to 10 mills.

The tax levy of the County is established by the Board prior to October 1 of each year and the Tax Collector incorporates the millages into the total tax levy, which includes the municipalities, independent districts and the County School Board tax requirements.

All property is assessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statute.

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**(3) Property Taxes:** (continued)

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for every payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. Taxes paid in March are without discount.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Delinquent taxes on real property bear interest at 18% per year or as bid in a public sale of tax certificates.

Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five year statute of limitations.

Key dates in the property tax cycle are as follows:

Assessment roll certified	October 15
Beginning of fiscal year for which taxes have been levied	October 1
Property taxes levied	October 1
Tax bills issued	November 1
Property taxes due by:	
For maximum discount	November 30
Delinquent after	March 31
Tax certificates (liens) sold on unpaid property taxes	May 31

**(4) Allowance for Doubtful Accounts:**

Account receivables are reported net of an allowance for uncollectible accounts of \$3,231,121 in the General Fund and, \$43,397, \$25,905 and \$126,257 in the Enterprise Funds (Airport, Utilities and Waste Management, respectively).

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**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(5) Capital Assets - Governmental Activities:**

A summary of changes in capital assets follows:

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2011</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 83,261,365	\$ 8,573,367	\$ -	\$ 91,834,732
Fine art collection	123,700	-	-	123,700
Construction in process	2,944,939	973,345	2,076,058	1,842,226
Total capital assets, not being depreciated	86,330,004	9,546,712	2,076,058	93,800,658
Capital assets, being depreciated:				
Buildings	76,315,388	121,894	-	76,437,282
Improvements other than buildings	16,767,722	290,923	-	17,058,645
Equipment	33,254,539	1,657,648	572,724	34,339,463
Vehicles	14,878,023	1,685,416	1,120,958	15,442,481
Infrastructure	129,462,310	15,611,946	-	145,074,256
Total capital assets being depreciated	270,677,982	19,367,827	1,693,682	288,352,127
Less accumulated depreciation for:				
Buildings	8,012,215	1,517,418	-	9,529,633
Improvements other than buildings	8,198,411	1,074,174	-	9,272,585
Equipment	19,881,996	2,840,669	563,463	22,159,202
Vehicles	9,271,209	1,485,236	1,008,805	9,747,640
Infrastructure	31,885,567	2,903,661	-	34,789,228
Total accumulated depreciation	77,249,398	9,821,158	1,572,268	85,498,288
Total capital assets being depreciated, net	193,428,584	9,546,669	121,414	202,853,839
	<u>\$ 279,758,588</u>	<u>\$ 19,093,381</u>	<u>\$ 2,197,472</u>	<u>\$ 296,654,497</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 2,321,256
Public safety	2,996,861
Physical environment	54,122
Transportation	3,418,517
Economic environment	11,960
Human services	100,457
Culture/recreation	759,662
Total depreciation expense - governmental activities	<u>\$ 9,662,835</u>

Depreciation expense differs from accumulated depreciation additions due to governmental activities transfers in the amount of \$158,323.

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(6) Capital Assets -Enterprise Funds:**

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 395,300	\$ -	\$ -	\$ 395,300
Construction in process	1,206,830	383,890	50,760	1,539,960
Total capital assets, not being depreciated	<u>1,602,130</u>	<u>383,890</u>	<u>50,760</u>	<u>1,935,260</u>
Capital assets, being depreciated:				
Buildings	10,466,859	-	-	10,466,859
Improvements other than buildings	8,383,368	204,386	-	8,587,754
Equipment	1,503,460	6,304	158,252	1,351,512
Infrastructure	243,019	-	-	243,019
Total capital assets being depreciated	<u>20,596,706</u>	<u>210,690</u>	<u>158,252</u>	<u>20,649,144</u>
Less accumulated depreciation for:				
Buildings	1,447,617	225,474	-	1,673,091
Improvements other than buildings	4,517,285	491,892	-	5,009,177
Equipment	1,227,303	133,289	158,252	1,202,340
Infrastructure	36,132	5,324	-	41,456
Total accumulated depreciation	<u>7,228,337</u>	<u>855,979</u>	<u>158,252</u>	<u>7,926,064</u>
Total capital assets being depreciated, net	<u>13,368,369</u>	<u>(645,289)</u>	<u>-</u>	<u>12,723,080</u>
Business-type activities capital assets, net	<u>\$ 14,970,499</u>	<u>\$ (261,399)</u>	<u>\$ 50,760</u>	<u>\$ 14,658,340</u>
Depreciation expense was charged as follows:				
Business-type activities:				
Airport	\$ 781,411			
Sanitary landfill	44,644			
Utilities	29,791			
Waste management	133			
Total depreciation expense - business-type activities	<u>\$ 855,979</u>			

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(7) Long-Term Debt:**

The balance of bonds and notes payable at September 30, 2011, are as follows:

**Bonds and Notes Payable from Governmental Activities**

<p><b>Limited General Obligation Bonds, Series 2005</b> with an original face value of \$6,665,000, were issued in February, 2005 to finance the costs of the acquisition of certain environmentally sensitive lands in the County. Interest is paid at 3.000 – 3.625%. The bonds are limited obligations of the County. The payment of principal and interest on the bond is payable from and secured by a pledge of ad valorem taxes at a rate not to exceed 0.163 mill per year on all taxable property within the County. Principal payments are due on July 1. Interest payments are due on January 1 and July 1 of each year. Maturity is July 1, 2017.</p>	3,570,000
<p><b>General Obligation Bonds, Series 2005</b> with an original face value of \$32,990,000 were issued September, 2005 to finance the costs of the acquisition and construction of a new judicial center in the County. Interest is paid at 3.000 – 4.375%. The bonds are general obligations of the County. The payment of principal and interest on the bond is payable from and secured by a pledge of ad valorem taxes on all taxable property within the County. Principal payments are due on July 1. Interest payments are due on January 1 and July 1 of each year. Maturity is July 1, 2035.</p>	29,240,000
<p><b>Capital Improvement Revenue Bonds, Series 2005</b> with an original face value of \$34,105,000, were issued in September 2005 to finance the costs of the acquisition and construction of certain capital improvements in the County and funding a deposit to the Reserve Account for the Series 2005 Capital Improvement Revenue Bonds. Interest is paid at 3.250 – 5.000%. The bonds are special obligations of the County. The payment of principal and interest on the bond is payable solely from and secured by a lien upon and pledge of all monies allocated for and distributed to the County from the Local Government Half-Cent Sales Tax, Discretionary Sales Surtax, Communication Services Tax and Revenue Sharing. Principal payments are due on Oct 1. Interest payments are due on April 1 and October 1 each year. Maturity is October 1, 2035.</p>	27,935,000
<p><b>Limited General Obligation Bonds, Series 2009</b> with an original face value of \$10,000,000, were issued in August, 2009 to finance the costs of the acquisition of certain environmentally sensitive lands in the County. Interest is paid at 5.110%. The bonds are limited obligations of the County. The payment of principal and interest on the bond is payable from and secured by a pledge of ad valorem taxes at a rate not to exceed 0.250 mill per year on all taxable property within the County. Principal payments are due on July 1. Interest payments are due on January 1 and July 1 of each year. Maturity is July 1, 2029.</p>	9,420,000
<p><b>Limited General Obligation Bonds, Series 2010</b> with an original face value of \$4,500,000, were issued in October 2010 to finance the costs of the acquisition of certain environmentally sensitive lands in the County. Interest is paid at 4.480%. The bonds are limited obligations of the County. The payment of principal and interest on the bond is payable from and secured by a pledge of ad valorem taxes at a rate not to exceed 0.250 mill per year on all taxable property within the County. Principal payments are due on July 1. Interest payments are due on January 1 and July 1 of each year. Maturity is July 1, 2029.</p>	4,485,000

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(7) Long-Term Debt:** (continued)

<p><b>Special Assessment Revenue Note, Series 2002</b> with an original face value of \$3,730,000 were issued December 2002 to refund the Special Assessment Revenue Bonds, Series 1991 which financed the construction of extensions and improvements to "Colbert Lane" along with two park access roads. Interest is payable at a fixed rate of 3.83% per annum. The principal and interest are payable solely from and secured by a prior lien upon and pledge of the proceeds of a special assessment levied against all property determined to be specifically benefited by the project. Maturity is July 1, 2014.</p>	930,000
<p><b>Note Payable</b> - was issued on September 28, 2005 in the amount of \$11,346,000. Payments of principal and interest at 4.73% are due on October 1 and April 1 each year. Maturity is October 1, 2020.</p>	7,150,000
<p><b>Note Payable</b> - deferred purchase costs in the amount of \$1,000,000 associated with Environmentally Sensitive Lands purchased October 28, 2010. Interest is compounded annually at a rate of 4.4%. Principal and interest payment is due 24 months from the purchase date.</p>	1,000,000
<p>Bonds and notes payable from governmental activities</p>	<hr style="border: 0.5px solid black;"/> 83,730,000
<b>Note Payable from Business-Type Activities</b>	
<p><b>Note Payable</b> - was issued on November 30, 2004 in the amount of \$3,500,000. Payments of principal and interest at 4.43% are due on January 1, April 1, July 1 and October 1 each year. Maturity is October 1, 2023.</p>	1,060,624
<p><b>Note Payable</b> - non-interest bearing note was issued on June 28, 2008 as a repayment on a CDBG grant in the amount of \$413,905. Payments of principal only, are due quarterly on each January 1, April 1, July 1 and October 1. Maturity is January 1, 2015</p>	187,176
<p><b>Note Payable</b> - was issued on January 27, 2011 in the amount of \$2,800,000. Interest is paid at a rate of 3.270%. Principal payments are due February 1. Interest payments are due on August 1 and February 1 of each year. Maturity is February 1, 2016.</p>	2,800,000
<b>Capital Lease Obligation</b>	
<p>Various installment lease purchases of vehicles with lease maturity dates through March 17, 2013. The aggregate historical cost of the vehicles is \$823,678.</p>	414,001
<b>Accrued Compensated Absences</b>	
<p>Governmental Activities</p>	2,524,270
<p>Business-Type Activities</p>	43,493
<b>OPEB Liability</b>	
<p>Governmental Activities</p>	855,621
<p>Business-Type Activities</p>	13,161
<p><b>Arbitrage Liability</b></p>	7,445
<p><b>Landfill closure and postclosure care</b></p>	424,904
<p><b>Add Unamortized Premium</b></p>	818,191
<p>Total Long-Term Obligations</p>	<hr style="border: 0.5px solid black;"/> \$ 92,878,886

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

(7) **Long-Term Debt:** (continued)

As of September 30, 2011, all reserve requirements had been met through maintenance of reserve accounts.

Debt service requirements to maturity on the County's long-term obligations at September 30, 2011, are as follows:

Fiscal Year Ending September 30,	General long-term bonds		Notes payable		Total Long-Term Obligations and Interest
	Principal	Interest	Principal	Interest	
2012	2,975,000	3,305,450	2,143,163	503,671	8,927,284
2013	3,100,000	3,187,502	1,180,243	455,594	7,923,339
2014	2,425,000	3,069,164	1,219,340	406,432	7,119,936
2015	2,535,000	2,962,506	916,835	355,427	6,769,768
2016	2,645,000	2,851,881	3,191,389	277,719	8,965,989
2017-2021	13,165,000	12,605,669	4,214,770	572,827	30,558,266
2022-2026	15,775,000	9,569,469	262,060	16,418	25,622,947
2027-2031	17,030,000	5,665,501	-	-	22,695,501
2032-2036	15,000,000	1,819,063	-	-	16,819,063
Total principal and interest	74,650,000	45,036,205	13,127,800	2,588,088	135,402,093
Less interest to be paid	-	(45,036,205)	-	(2,588,088)	(47,624,293)
Total principal	74,650,000	-	13,127,800	-	87,777,800
Deferred amounts	818,191	-	-	-	818,191
Totals	<u>\$ 75,468,191</u>	<u>\$ -</u>	<u>\$ 13,127,800</u>	<u>\$ -</u>	88,595,991

Long-term obligations not included above:

Accrued compensated absences payable	2,567,763
OPEB liability	868,782
Arbitrage liability	7,445
Capitalized lease obligations	414,001
Landfill closure and post closure care	424,904

Total long-term obligations \$ 92,878,886

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**(7) Long-Term Debt:** (continued)

Changes in long-term liabilities for the fiscal year ended September 30, 2011, are summarized as follows:

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2011</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General long-term obligations:					
Bonds payable	73,025,000	4,500,000	2,875,000	74,650,000	2,975,000
Notes payable	9,116,000	1,000,000	1,036,000	9,080,000	1,925,000
Deferred amounts:					
Issuance premiums	854,176	-	35,985	818,191	-
Total bonds and notes payable	82,995,176	5,500,000	3,946,985	84,548,191	4,900,000
Accrued compensated absences	2,518,940	2,639,720	2,634,390	2,524,270	2,524,270
OPEB liability	643,835	211,786	-	855,621	-
Arbitrage liability	74,451	-	67,006	7,445	-
Capitalized lease obligations	276,195	411,678	273,872	414,001	276,796
Total governmental activity long-term obligations	86,508,597	8,763,184	6,922,253	88,349,528	7,701,066
<b>Business-type activities:</b>					
Notes payable	3,181,160	2,800,000	1,933,360	4,047,800	218,163
Accrued compensated absences	47,082	37,950	41,539	43,493	43,493
OPEB liability	10,083	3,078	-	13,161	-
Landfill closure and postclosure care	584,951	-	160,047	424,904	-
Total business-type activity long-term obligations	3,823,276	2,841,028	2,134,946	4,529,358	261,656
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$ 90,331,873</b>	<b>\$ 11,604,212</b>	<b>\$ 9,057,199</b>	<b>\$ 92,878,886</b>	<b>\$ 7,962,722</b>

Compensated absences are liquidated by the respective funds that are obligated for the related payroll cost.

Future minimum lease payments under the capital leases as of September 30, 2011 and for the remaining terms are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2012	\$ 146,300
2013	140,174
2014	140,173
<hr/>	
Total principal and interest	426,647
Less amounts representing interest	(12,646)
Total principal	<u>\$ 414,001</u>

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**(7) Long-Term Debt:** (continued)

On December 1, 2000, the County early retired four bond issues including accrued interest. These bonds were retired pursuant to an interlocal agreement, as amended (the Agreement), between Flagler County and several municipal corporations within Flagler County. Payment for the retirement of these bonds was made from the Landfill Debt Service Fund and the Landfill Capital Projects Fund in accordance with the Agreement.

The Agreement also required the establishment of reserves in the following amounts:

	<b>Amount originally reserved</b>	<b>Amount used as of September 30, 2011</b>	<b>Remaining balance, September 30, 2011</b>
Monitoring of existing and future landfills	\$ 1,600,000	\$ (1,600,000)	\$ -
Future landfill capital purchases	1,380,000	(349,972)	1,030,028
Payments to the municipal corporations	1,250,000	(1,250,000)	-
Future purchase of fire suppression equipment and/or the construction of fire stations	2,314,654	(2,089,654)	225,000
Totals	<u>\$ 6,544,654</u>	<u>\$ (5,289,626)</u>	<u>\$ 1,255,028</u>

The County met the reserve requirement of monitoring of existing and future landfills by transferring \$1,591,071 to the landfill escrow account during the year ended September 30, 2001

The remaining balance at September 30, 2011 is included in equity on the accompanying statement of net assets and balance sheet as follows:

General fund:	
Fund balance restricted for future capital outlay	\$ 225,000
Enterprise funds:	
Retained earnings restricted for future capital purchases	<u>1,030,028</u>
Totals	<u>\$ 1,255,028</u>

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(7) Long-Term Debt:** (continued)

**Interest Rate Swaps** - As a means of lowering its borrowing costs, when compared with fixed rate notes at the time of issuance in December 2004 and September 2005, the County entered into interest rate swap agreements with Bank of America. The intention of the swaps is to effectively change the County's variable interest rate note to a synthetic fixed rate. Under the swap agreement, the County pays the counterparty interest calculated at a fixed rate. In return, the counterparty owes the County interest based on a variable rate per annum equal to a percentage of LIBOR plus a variable spread rate. Only the net difference in the payments is actually exchanged with the counterparty. The note principal is not exchanged; it is only the basis on which interest payments are calculated.

**Bank of America - Airport Capital Improvements**

**Terms** - Effective December 6, 2004, the County entered into a nineteen year floating receiver swap with Bank of America with a fixed rate of 4.43%. The notional amount of the swap as of September 30, 2011 was \$1,060,624. The county receives payments quarterly and makes payments quarterly. The swap is related to the \$3,500,000 construction of capital assets.

**Fair Value** - As of September 30, 2011, the underlying swaps had a negative fair value of \$154,539. This fair value was obtained from the Derivative Valuation and GASB 53 Compliance Report prepared for the County. The fair value is reported in deferred outflow in the accompanying Statement of Net Assets as required by GASB 53.

**Bank of America -**

**Terms** - Effective September 27, 2005, the County entered into a fifteen year structured trade swap with Bank of America with a fixed rate of 4.73%. The notional amount of the swap as of September 30, 2011 was \$7,150,000. The county receives payments quarterly and makes payments semiannually. The swap is related to the \$11,346,000 purchase of emergency equipment.

**Fair Value** - As of September 30, 2011, the underlying swaps had a negative fair value of \$780,989. This fair value was obtained from the Derivative Valuation and GASB 53 Compliance Report prepared for the County. The fair value is reported in deferred outflow in the accompanying Statement of Net Assets as required by GASB 53.

Changes in the fair value of the derivative instruments for the fiscal year ended September 30, 2011 were as follows:

	<u>Changes in Fair Value</u>		<u>Fair Value at September 30, 2011</u>		<u>Notional</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
<b>Governmental activities</b>					
Cash flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow	27,807	Debt	(780,989)	\$ 7,150,000
<b>Business-type activities</b>					
Cash flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow	(3,399)	Debt	(154,539)	\$ 1,060,624

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(7) Long-Term Debt:** (continued)

**Obligation for Bond Arbitrage Rebate** – Pursuant to the U.S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain bond proceeds and pledged revenues over the yield rate of the applicable debt. Arbitrage rebate, if any, is due and payable on each five year anniversary of the respective debt issue. As of September 30, 2011, the outstanding arbitrage rebate liability was \$7,445.

**(8) Landfill Closure and Postclosure Costs:**

State and federal laws and regulations require the County to place a final cover on the Construction and Demolition Debris Landfill (C&D) Landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for five years after closure. The C&D Landfill facility was closed April 2006. The accrued costs for postclosure care as of September 30, 2011 are \$36,397.

In addition, an accrual has been made to recognize the estimated postclosure maintenance and monitoring requirements for the previously closed Old Kings Road Landfill and Old Bunnell Landfill. These remaining accrued costs at September 30, 2011 are \$388,507.

All amounts recognized are based on an estimate by the County's consulting engineers of the costs to perform all closure and postclosure care as of September 30, 2011. Actual costs may be different due to inflation, changes in technology, or changes in laws and regulations. The County is required by state and federal laws and regulations to establish escrow accounts for closure and postclosure costs of the three landfills. The County has complied with these requirements by depositing \$1,766,136 into landfill management escrow accounts. These monies are reported as a restricted asset in the accompanying financial statements on the Sanitary Landfill Enterprise Fund statement of net assets. The difference between the cash held in escrow and the landfill closure and postclosure care liability is recorded as net assets restricted for landfill postclosure care.

**(9) Operating Lease Commitments:**

The County has various operating leases for facilities, vehicles and equipment with maturities ranging from monthly to March 2018. Monthly lease expense ranges from \$53 to \$4,686. During the year ended September 30, 2011, the lease payments totaled \$303,820. The future minimum lease payments for the remaining terms are as follows:

<b>Year Ending September 30,</b>	<b>Amount</b>
2012	\$ 220,757.00
2013	138,943.00
2014	81,756.00
2015	50,134.00
2016	39,928.00
2017-2018	<u>61,993.00</u>
	<u>\$ 593,511.00</u>

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(10) Pension Plans:**

**Defined Benefit Pension Plan** - The County participates in the Florida Retirement System Pension Plan (Pension Plan), a cost-sharing multiple-employer public employee retirement system administered by the State of Florida Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. The Pension Plan issues a publicly available financial report that includes financial statements, ten-year historical trend information, and other required supplementary information.

That report may be obtained by writing to the:

State of Florida Division of Retirement  
Department of Management Services  
PO Box 9000  
Tallahassee, Florida 32315-9000

Starting July 1, 2011 the Pension Plan vesting of benefits changed six years of creditable service to eight years of creditable service, for individuals hired after July 1, 2011. Regular members hired before July 1, 2011 are eligible for normal retirement after six years of service and attaining age sixty-two, or thirty years of service regardless of age. Regular members hired after July 1, 2011 are eligible for normal retirement after eight years of service and attaining age sixty-five, or thirty three years of service regardless of age. Early retirement may be taken any time after completion of vestment period, however, there is a five percent benefit reduction for each year prior to normal retirement. Special risk members hired before July 1, 2011 are eligible for normal retirement after six years of service and attaining the age fifty-five, or twenty-five years of service regardless of age. Special risk members hired after July 1, 2011 are eligible for normal retirement after eight years of service and attaining age sixty, thirty years of special risk class service regardless of age, or attaining age fifty-seven with thirty years of combined special risk class service and military service. Generally, membership is compulsory for all full-time and part-time employees, except for elected county officials and senior management who may elect not to participate in the System. Retirement contribution rates are based on an actuarial report prepared for the State. The plan was employee noncontributory through June 30, 2011. For the period July 1, 2011 through September 30, 2011 the employee contribution rate was 3%. The employer contribution rates are as follows:

	<b>October 1, 2010 - June 30, 2011</b>	<b>July 1, 2011 - September 30, 2011</b>
Regular employees	10.77%	4.91%
Special risk employees	23.25%	14.10%
Elected county officials	18.64%	11.14%
Senior management	14.57%	6.27%
Deferred retirement option employees	12.25%	4.42%

For the years ended September 30, 2011, 2010, and 2009, total contributions were \$4,205,771, \$4,670,342, and \$4,283,552, respectively. The County made actual contributions equal to the actuarially determined required contributions each year.

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**(10) Pension Plans: (continued)**

**Defined Contribution Pension Plans -**

- (a) As of July 1, 2002, the Florida Retirement System offers members the option of participating in the Florida Retirement System Investment Plan (Investment Plan), a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is administered by the State of Florida Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees, Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions.

The Investment Plan provides vesting of benefits after one year of creditable service. Employees may make an election to participate in the Investment Plan instead of the Pension Plan. Existing employees may make the election beginning December 1, 2002. New employees may make the election within five months of their month of hire. Participants in the Investment Plan also have a one-time opportunity to switch back to the Pension Plan at any time by "buying back" into the Pension Plan. The plan was employee noncontributory through June 30, 2011. For the period July 1, 2011 through September 30, 2011 the employee contribution rate was 3%. The rates for the Investment Plan are the same as the Pension Plan.

For the years ended September 30, 2011, 2010, and 2009, total contributions were \$442,704, \$441,797, and \$270,436 respectively. The County made actual contributions equal to the actuarially determined required contributions each year.

**Deferred Compensation Plan –**

The County offers their employees deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457. The County complied with the requirements of subsection (g) of IRC Section 457 and, accordingly, all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Deferred compensation amounts withheld from participating employees' pay are not taxable as current income until withdrawn from the plan. Annual contributions by a participant may not exceed the lesser of \$16,500 or 50% of gross annual compensation. There is an "age 50 catch up" provision that allows an additional \$5,500 contribution from the year the employee reaches 50 until the employee terminates employment.

**(11) Risk Management:**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. There were no significant reductions in insurance coverage from prior years. For the past three years, there have been no insurance settlements significantly in excess of insurance coverage.

Employee life and health insurance is provided under an externally administered self-insured plan. Employees pay for cost of family health insurance coverage. The County pays all administrative fees and purchases insurance to absorb losses in excess of \$125,000. Claims liabilities are reported at current dollar value and are comprised of unpaid claims on hand and a reserve for claims incurred but not reported. This estimate of approximately \$1,626,053 at September 30, 2011 is based on historical experience, current trends and an actuarial study performed by an actuarial firm.

The self-insurance plan is accounted for in the Group Medical Benefit Internal Service Fund. The self-insurance plan includes the Constitutional Officers who contributed a total of \$3,716,713 to the plan for the year ended September 30, 2011.

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

(11) **Risk Management:** (Continued)

Changes in the Fund's claims liability were as follows:

	<u>Liability at October 1</u>	<u>Claims incurred</u>	<u>Claims paid</u>	<u>Liability at September 30</u>
2009 - 2010	1,246,403	5,201,185	4,897,095	1,550,493
2010 - 2011	1,550,493	5,246,943	5,271,383	1,626,053

(12) **Interfund Balances and Transfers:**

These balances represent loans between the borrower and the lender funds. These resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. Advances are not expected to be collected within one year. At September 30, 2011, interfund balances consisted of:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General fund	\$ 535,273	\$ 210,069
General fund advances	1,880,000	-
Constitutional gas tax	1,915	-
Nonmajor governmental funds	310,083	644,346
Sanitary landfill	318	48
Airport	12,016	4,445
Utility	101	468
Nonmajor business-type funds	11,212	11,542
Utility fund advances	-	1,880,000
	<u>\$ 2,750,918</u>	<u>\$ 2,750,918</u>

The advance balance of \$1,880,000 from the utilities fund for start up costs remains open.

The County makes routine transfers between its funds in the course of the fiscal year. The principal purposes of these transfers are to allocate resources for debt service, construction or other capital projects, and to provide operating subsidies. These transfers are consistent with the activities of the funds involved. A summary of the transfers follows:

	<u>Transfer in</u>	<u>Transfer out</u>
General fund	\$ 13,723	\$ 732,621
Constitutional gas tax	1,915	-
Nonmajor governmental funds	841,763	237,754
Airport	102,706	-
Nonmajor business-type funds	10,268	-
Internal service fund	2,502	-
Governmental activities	-	2,502
Total transfers	<u>\$ 972,877</u>	<u>\$ 972,877</u>

Transfers included \$2,502 of governmental activities capital assets transferred to the Internal Service Fund.

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**(13) Commitments and Contingencies:**

The County is involved in various other litigation matters arising from the normal operations of a local government. It is the opinion of management that none of those matters will have a material impact on the financial statements of the County.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amount, if any, to be immaterial.

**(14) Special Assessment Receivable:**

Special assessment receivable consists of a special assessment levied for the Colbert Lane project and is included in the General Fund. The special assessment is payable in semi-annual installments equal to the semi-annual principal debt service requirements and matures July 2014. Additionally, interest is charged at a rate equal to the interest rate on the special assessment debt plus 1% (4.83% at September 30, 2011). Special assessment receivable at September 30, 2011 was \$203,218 and is due from one taxpayer.

**(15) Other Postemployment Benefits:**

The County offers a self-funded health insurance plan that provides health, prescription drugs, dental, vision and life insurance coverage to its active employees, eligible retirees and dependents. Florida Statutes require local governments to offer the same health and hospitalization insurance coverage to retirees and their eligible dependents as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. Full time and regular part-time employees who work at least 20 hours per week are eligible to participate in the plan. Employees who are eligible for Normal or Early retirement under FRS are eligible to participate in the plan. For regular employees normal retirement age is the earlier of age 62 with 6 years of service, or any age with 30 years of service, employees can retire early with 6 years of service as long as they can receive a FRS benefit.

Special risk employees may become eligible for Normal Retirement after 25 years of special risk service or attainment of age 52 with 25 years of combined special risk and non special risk service, employees can retire early with 6 years of service as long as they can receive an FRS benefit. Employees who become disabled in the line of duty are allowed to continue coverage. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death for up to 36 months by paying the COBRA rates.

The County has not established a separate GASB compliant Trust Fund or equivalent arrangement into which the County would make contributions to advance fund the obligation. Benefits are currently paid out on a pay-as-you-go basis.

The County's annual other postemployment benefit (OPEB) cost is calculated based on the required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed 30 years.

**FLAGLER COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

(15) **Other Postemployment Benefits:** (continued)

Fiscal year ending	<u>9/30/2011</u>	<u>9/30/2010</u>	<u>9/30/2009</u>
Normal cost (service cost for one year)	\$ 279,098	\$ 280,300	\$ 265,300
Amortization of UAAL	106,844	85,600	82,300
Interest on normal cost and amortization	15,438	-	-
Annual required contribution (ARC)	<u>401,380</u>	<u>365,900</u>	<u>347,600</u>
 NOO at beginning of year	 653,918	 361,200	 219,900
 Annual required contribution (ARC)	 401,380	 365,900	 347,600
Interest on NOO	26,157	8,800	8,800
Adjustment to ARC	<u>(22,669)</u>	<u>(7,300)</u>	<u>(7,300)</u>
Annual OPEB cost	<u>404,868</u>	<u>367,400</u>	<u>349,100</u>
Employer contribution	<u>(190,004)</u>	<u>(74,682)</u>	<u>(207,800)</u>
Increase in NOO	214,864	292,718	141,300
 NOO at end of year	 868,782	 653,918	 361,200

The schedule of employer contributions was as follows:

<u>Balance</u> <u>September 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Actual</u> <u>Contribution</u>	<u>Percentage of</u> <u>Annual OPEB cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2009	353,300	207,800	59%	361,200
2010	367,400	74,682	20%	653,918
2011	404,868	190,004	47%	868,782

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and program members) and include the types of benefits provided at the time of each evaluation and the historical pattern of sharing of benefit costs between the employer and program members to that point. The methods and assumptions used include techniques that are designed to reduce effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Based on historical and expected returns of the Employer's short-term investment portfolio, a discount rate of 4% was used. An inflation rate of 3.5% was assumed. In addition, the Entry Age Normal actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at September 30, 2010 is 30 years. Health insurance trends start at 9% for the fiscal year ending in 2011 and 8.5% for 2012, grading down to 4.9% - the ultimate trend rate in 2020.



**FLAGLER COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – BUDGET and ACTUAL – CONSTITUTIONAL GAS TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budgeted Amounts</u>		<b>Actual Amounts</b>	<b>Variance With Final Budget – Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental	\$ 3,274,853	\$ 5,190,427	\$ 2,002,371	\$ (3,188,056)
Miscellaneous revenue	-	-	1,000	1,000
Investment income	2,000	2,000	3,309	1,309
<b>TOTAL REVENUES</b>	<b>3,276,853</b>	<b>5,192,427</b>	<b>2,006,680</b>	<b>(3,185,747)</b>
<b>EXPENDITURES</b>				
Current				
Transportation	266,944	404,317	241,231	163,086
Culture and recreation	7,800	-	-	-
Capital outlay	5,260,175	6,760,197	1,594,721	5,165,476
<b>TOTAL EXPENDITURES</b>	<b>5,534,919</b>	<b>7,164,514</b>	<b>1,835,952</b>	<b>5,328,562</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,258,066)</b>	<b>(1,972,087)</b>	<b>170,728</b>	<b>2,142,815</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	1,927	1,915	(12)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,258,066)</b>	<b>(1,970,160)</b>	<b>172,643</b>	<b>2,142,803</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>2,258,066</b>	<b>1,970,160</b>	<b>2,065,353</b>	<b>95,193</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,237,996</b>	<b>\$ 2,237,996</b>

**FLAGLER COUNTY, FLORIDA  
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS – OTHER POST  
EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liability(UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
10/1/2007	\$ -	\$ 1,704,200	\$ 1,704,200	0%	\$ 30,554,000	6%
10/1/2009	-	2,468,400	2,468,400	0%	30,503,600	8%
10/1/2010	-	3,205,323	3,205,323	0%	30,300,796	11%

**Schedule of Employer Contribution**

<b>Year End September 30,</b>	<b>Annual OPEB Cost</b>	<b>Actual Contribution</b>	<b>Percentage of Annual OPEB cost Contributed</b>	<b>Net OPEB Obligation</b>
2009	349,100	207,800	60%	361,200
2010	367,400	74,682	20%	653,918
2011	404,868	190,004	47%	868,782

See Note 15 for detailed information on the Flagler County OPEB Plan.

**FLAGLER COUNTY, FLORIDA  
 COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2011**

**Special Revenue Funds**

	<b>County Transportation Trust</b>	<b>Legal Aid</b>	<b>Law Enforcement Trust</b>	<b>Law Library</b>	<b>Court Facilities</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 383,702	\$ 16,950	\$ 141,913	\$ 19,562	\$ 67,033
Cash with fiscal agent	-	-	-	-	-
Investments	150,148	-	-	-	870,007
Accounts receivable	390	-	-	17	267
Due from other funds	200,646	1,595	-	1,554	20,539
Due from other governments	214,989	-	-	-	-
Other assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 949,875</b>	<b>\$ 18,545</b>	<b>\$ 141,913</b>	<b>\$ 21,133</b>	<b>\$ 957,846</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 50,404	\$ 11,296	\$ 226	\$ 276	\$ 15,528
Deposits	67,934	-	-	-	-
Due to other funds	2,912	-	15,415	-	-
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>121,250</b>	<b>11,296</b>	<b>15,641</b>	<b>276</b>	<b>15,528</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable					
Parks and recreation	-	-	-	-	-
Restricted for					
Bond covenants or debt svc	-	-	-	-	-
Grant programs and projects	-	-	-	-	-
Federal and state law	828,625	7,249	126,272	20,857	942,318
Capital projects and acquisitions	-	-	-	-	-
ESL acquisitions	-	-	-	-	-
Impact fees	-	-	-	-	-
Other purposes	-	-	-	-	-
Committed to					
Capital projects	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>828,625</b>	<b>7,249</b>	<b>126,272</b>	<b>20,857</b>	<b>942,318</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 949,875</b>	<b>\$ 18,545</b>	<b>\$ 141,913</b>	<b>\$ 21,133</b>	<b>\$ 957,846</b>

**Special Revenue Funds (Continued)**

<b>Tourist Development Tax Capital</b>	<b>Tourist Development Tax Promotion</b>	<b>Tourist Development Tax Beach Restoration</b>	<b>Countywide Road Damage</b>	<b>Environmentally Sensitive Lands</b>	<b>Environmentally Sensitive Lands 2008 Referendum</b>
\$ 103,595	\$ 235,386	\$ 59,831	\$ -	\$ 20,150	\$ 21,232
-	-	-	-	-	-
1,362,640	588,098	753,993	-	666,763	1,163,890
418	4,805	235	-	192	327
-	-	-	-	-	2,418
23,781	70,020	58,890	-	-	-
-	-	-	-	-	-
<b>\$ 1,490,434</b>	<b>\$ 898,309</b>	<b>\$ 872,949</b>	<b>\$ -</b>	<b>\$ 687,105</b>	<b>\$ 1,187,867</b>
\$ 2,567	\$ 19,991	\$ 65	\$ -	\$ 210	\$ 252
-	-	-	-	-	-
-	18	-	-	-	-
150,000	5,005	-	-	-	-
-	-	-	-	-	-
<b>152,567</b>	<b>25,014</b>	<b>65</b>	<b>-</b>	<b>210</b>	<b>252</b>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,337,867	873,295	872,884	-	-	-
-	-	-	-	-	-
-	-	-	-	686,895	1,187,615
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>1,337,867</b>	<b>873,295</b>	<b>872,884</b>	<b>-</b>	<b>686,895</b>	<b>1,187,615</b>
<b>\$ 1,490,434</b>	<b>\$ 898,309</b>	<b>\$ 872,949</b>	<b>\$ -</b>	<b>\$ 687,105</b>	<b>\$ 1,187,867</b>

**FLAGLER COUNTY, FLORIDA  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

**Special Revenue Funds (Continued)**

	<b>Utility Regulatory Authority</b>	<b>800 MGHZ Expansion</b>	<b>Transportation Impact Fees East</b>	<b>Transportation Impact Fees West</b>	<b>Road Impact Fees – Palm Coast</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 21,420	\$ 652	\$ 298,451	\$ 24,330	\$ 18,208
Cash with fiscal agent	-	-	-	-	-
Investments	-	300,628	2,074,415	85,312	3,953,490
Accounts receivable	17	82	715	40	1,075
Due from other funds	-	-	-	-	-
Due from other governments	-	300,000	390,574	-	370,162
Other assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 21,437</b>	<b>\$ 601,362</b>	<b>\$ 2,764,155</b>	<b>\$ 109,682</b>	<b>\$ 4,342,935</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ -	\$ 14	\$ 83,959	\$ 35	\$ 100,221
Deposits	-	600,000	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>600,014</b>	<b>83,959</b>	<b>35</b>	<b>100,221</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable					
Parks and recreation	-	-	-	-	-
Restricted for					
Bond covenants or debt svc	-	-	-	-	-
Grant programs and projects	-	-	-	-	-
Federal and state law	-	-	-	-	-
Capital projects and acquisitions	-	1,348	-	-	-
ESL acquisitions	-	-	-	-	-
Impact fees	-	-	2,680,196	109,647	4,242,714
Other purposes	21,437	-	-	-	-
Committed to					
Capital projects	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>21,437</b>	<b>1,348</b>	<b>2,680,196</b>	<b>109,647</b>	<b>4,242,714</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 21,437</b>	<b>\$ 601,362</b>	<b>\$ 2,764,155</b>	<b>\$ 109,682</b>	<b>\$ 4,342,935</b>

**Special Revenue Funds (Continued)**

<b>New Transportation Impact Fees East</b>	<b>Park Impact Fees</b>	<b>Economic Development</b>	<b>CDBG FL Rock</b>	<b>CDBG Disaster Recovery</b>	<b>State Housing Initiative</b>
\$ 19,676	\$ 53,872	\$ 234,641	\$ 1,915	\$ -	\$ 452,071
-	-	-	-	-	-
633,215	758	-	-	-	-
1,584	298	-	-	-	-
-	-	-	-	-	-
1,395	140,627	-	-	11,130	1,576
-	-	-	-	-	-
<u>\$ 655,870</u>	<u>\$ 195,555</u>	<u>\$ 234,641</u>	<u>\$ 1,915</u>	<u>\$ 11,130</u>	<u>\$ 453,647</u>
\$ 6,677	\$ 78,430	\$ 437	\$ -	\$ -	\$ 4,709
-	-	-	-	-	-
-	1,351	-	1,915	11,130	187
-	-	-	-	-	-
-	-	-	-	-	350,000
<u>6,677</u>	<u>79,781</u>	<u>437</u>	<u>1,915</u>	<u>11,130</u>	<u>354,896</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	234,204	-	-	98,751
-	-	-	-	-	-
-	-	-	-	-	-
649,193	115,774	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>649,193</u>	<u>115,774</u>	<u>234,204</u>	<u>-</u>	<u>-</u>	<u>98,751</u>
<u>\$ 655,870</u>	<u>\$ 195,555</u>	<u>\$ 234,641</u>	<u>\$ 1,915</u>	<u>\$ 11,130</u>	<u>\$ 453,647</u>

(Continued)

**FLAGLER COUNTY, FLORIDA  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

**Special Revenue Funds (Continued)**

	<b>Bimini Gardens Municipal Service</b>	<b>Colbert Lane Settlement</b>	<b>Espanola Mosquito Control</b>	<b>Rima Ridge Mosquito Control</b>	<b>Building Department</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,047	\$ 198	\$ 27,880	\$ 56,855	\$ 73,072
Cash with fiscal agent	-	-	-	-	-
Investments	-	-	-	-	600,931
Accounts receivable	6	-	-	-	7,663
Due from other funds	43	-	10	31	7,368
Due from other governments	-	-	2,619	3,565	6,774
Other assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,096</b>	<b>\$ 198</b>	<b>\$ 30,509</b>	<b>\$ 60,451</b>	<b>\$ 695,808</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 47	\$ 15	\$ 46	\$ 48	\$ 10,724
Deposits	-	-	-	-	-
Due to other funds	62	-	204	216	187
Due to other governments	-	-	-	-	2,167
Deferred revenue	-	-	19,072	39,754	-
<b>TOTAL LIABILITIES</b>	<b>109</b>	<b>15</b>	<b>19,322</b>	<b>40,018</b>	<b>13,078</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable					
Parks and recreation	-	-	-	-	-
Restricted for					
Bond covenants or debt svc	-	-	-	-	-
Grant programs and projects	-	-	-	-	-
Federal and state law	-	-	-	-	682,730
Capital projects and acquisitions	-	-	-	-	-
ESL acquisitions	-	-	-	-	-
Impact fees	-	-	-	-	-
Other purposes	5,987	183	11,187	20,433	-
Committed to					
Capital projects	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>5,987</b>	<b>183</b>	<b>11,187</b>	<b>20,433</b>	<b>682,730</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 6,096</b>	<b>\$ 198</b>	<b>\$ 30,509</b>	<b>\$ 60,451</b>	<b>\$ 695,808</b>

**Special Revenue Funds (Continued)**

<b>Mediation and Arbitration</b>	<b>Domestic Violence</b>	<b>Alcohol and Other Drug Trust</b>	<b>Court Technology</b>	<b>Juvenile Diversion</b>	<b>Crime Prevention</b>
\$ -	\$ 1,006	\$ 6,945	\$ 23,529	\$ -	\$ 6,008
-	-	-	-	-	-
-	-	-	592,508	25,017	143,127
-	4	6	182	17	42
-	154	244	13,526	1,531	2,115
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,164</u>	<u>\$ 7,195</u>	<u>\$ 629,745</u>	<u>\$ 26,565</u>	<u>\$ 151,292</u>
\$ -	\$ 29	\$ 29	\$ 24,076	\$ 10,011	\$ 56
-	-	-	-	-	-
-	-	-	-	-	11,279
-	-	-	-	-	8,661
-	-	-	-	-	-
<u>-</u>	<u>29</u>	<u>29</u>	<u>24,076</u>	<u>10,011</u>	<u>19,996</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	1,135	7,166	605,669	16,554	131,296
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,135</u>	<u>7,166</u>	<u>605,669</u>	<u>16,554</u>	<u>131,296</u>
<u>\$ -</u>	<u>\$ 1,164</u>	<u>\$ 7,195</u>	<u>\$ 629,745</u>	<u>\$ 26,565</u>	<u>\$ 151,292</u>

(Continued)

**FLAGLER COUNTY, FLORIDA  
 COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2011**

**Special Revenue Funds (Continued)**

	<u>Court Innovations</u>	<u>Teen Court</u>	<u>E-911</u>	<u>Daytona North Service District</u>	<u>Court General</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 59,069	\$ 11,036	\$ 94,673	\$ 14,547	\$ 42,371
Cash with fiscal agent	-	-	-	-	-
Investments	52,126	-	613,930	648,425	-
Accounts receivable	15	13	209	176	4,418
Due from other funds	1,589	2,211	-	2,824	-
Due from other governments	-	-	18,585	9,802	14,705
Other assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 112,799</u>	<u>\$ 13,260</u>	<u>\$ 727,397</u>	<u>\$ 675,774</u>	<u>\$ 61,494</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 6,133	\$ 1,223	\$ 38,519	\$ 935	\$ 19,622
Deposits	-	-	-	-	-
Due to other funds	-	17	155	204,557	-
Due to other governments	-	-	802	1,155	-
Deferred revenue	-	-	158,633	-	-
<b>TOTAL LIABILITIES</b>	<u>6,133</u>	<u>1,240</u>	<u>198,109</u>	<u>206,647</u>	<u>19,622</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable					
Parks and recreation	-	-	-	-	-
Restricted for					
Bond covenants or debt svc	-	-	-	-	-
Grant programs and projects	-	-	-	-	-
Federal and state law	106,666	12,020	529,288	-	41,872
Capital projects and acquisitions	-	-	-	-	-
ESL acquisitions	-	-	-	-	-
Impact fees	-	-	-	-	-
Other purposes	-	-	-	469,127	-
Committed to Capital projects	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>106,666</u>	<u>12,020</u>	<u>529,288</u>	<u>469,127</u>	<u>41,872</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 112,799</u>	<u>\$ 13,260</u>	<u>\$ 727,397</u>	<u>\$ 675,774</u>	<u>\$ 61,494</u>

**Special Revenue Funds (Continued)**

<u>Court Technology</u>	<u>Records Modernization</u>	<u>Hunter's Ridge Fund</u>	<u>Law Enforcement Education</u>	<u>Sunshine Fund</u>	<u>Inmate Welfare</u>
\$ 23,885	\$ 75,572	\$ -	\$ 427	\$ 20,922	\$ 3,768
-	-	-	-	-	-
-	-	-	-	-	-
98	-	-	-	-	-
-	-	30,000	-	-	-
-	-	-	-	-	-
14,001	46,884	-	-	-	-
<u>\$ 37,984</u>	<u>\$ 122,456</u>	<u>\$ 30,000</u>	<u>\$ 427</u>	<u>\$ 20,922</u>	<u>\$ 3,768</u>
\$ 2,493	\$ 10	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	30,000	-	-	-
<u>2,493</u>	<u>10</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,491	122,446	-	427	-	3,768
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	20,922	-
-	-	-	-	-	-
<u>35,491</u>	<u>122,446</u>	<u>-</u>	<u>427</u>	<u>20,922</u>	<u>3,768</u>
<u>\$ 37,984</u>	<u>\$ 122,456</u>	<u>\$ 30,000</u>	<u>\$ 427</u>	<u>\$ 20,922</u>	<u>\$ 3,768</u>

(Continued)

**FLAGLER COUNTY, FLORIDA  
 COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2011**

	<b>Special Revenue Funds (Continued)</b>	<b>Debt Service Funds</b>			
	<b>Total</b>	<b>Environmentally Sensitive Lands</b>	<b>Colbert Lane</b>	<b>Reserve Colbert Lane</b>	<b>ESL Bond Sinking</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,742,400	\$ -	\$ 4,865	\$ 875	\$ 4,035
Cash with fiscal agent	-	-	-	-	-
Investments	15,279,421	24,561	641,925	-	598,163
Accounts receivable	23,311	9	179	1	167
Due from other funds	288,398	-	9,203	-	2,150
Due from other governments	1,639,194	-	-	-	-
Other assets	60,885	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 20,033,609</b>	<b>\$ 24,570</b>	<b>\$ 656,172</b>	<b>\$ 876</b>	<b>\$ 604,515</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 489,313	\$ 24,570	\$ 258	\$ 1	\$ 122
Deposits	667,934	-	-	-	-
Due to other funds	249,605	-	3,785	-	-
Due to other governments	167,790	-	-	-	-
Deferred revenue	597,459	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>2,172,101</b>	<b>24,570</b>	<b>4,043</b>	<b>1</b>	<b>122</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable					
Parks and recreation	-	-	-	-	-
Restricted for					
Bond covenants or debt svc	-	-	652,129	875	604,393
Grant programs and projects	332,955	-	-	-	-
Federal and state law	7,305,895	-	-	-	-
Capital projects and acquisitions	1,348	-	-	-	-
ESL acquisitions	1,874,510	-	-	-	-
Impact fees	7,797,524	-	-	-	-
Other purposes	549,276	-	-	-	-
Committed to					
Capital projects	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>17,861,508</b>	<b>-</b>	<b>652,129</b>	<b>875</b>	<b>604,393</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 20,033,609</b>	<b>\$ 24,570</b>	<b>\$ 656,172</b>	<b>\$ 876</b>	<b>\$ 604,515</b>

**Debt Service Funds (Continued)**

**Capital Projects Funds**

<b>Capital Construction</b>	<b>Capital Construction GO Issue</b>	<b>ESL 2008 Referendum</b>	<b>Total</b>	<b>Beach Front Parks</b>	<b>Park Maintenance Trust</b>
\$ 2,206,361	\$ 4,675	\$ 36,953	\$ 2,257,764	\$ 7,259	\$ 1,203
-	-	450,565	450,565	-	-
2,558,206	55,410	342	3,878,607	1,124,260	853,169
257	21	5	639	313	233
-	6,721	1,914	19,988	2	-
285,945	-	-	285,945	-	-
-	-	-	-	-	-
<u>\$ 5,050,769</u>	<u>\$ 66,827</u>	<u>\$ 489,779</u>	<u>\$ 6,893,508</u>	<u>\$ 1,131,834</u>	<u>\$ 854,605</u>
\$ 493	\$ 95	\$ 76	\$ 25,615	\$ 2,536	\$ 73
-	-	-	-	-	-
332,930	-	-	336,715	1,854	9,769
-	-	-	-	-	-
-	-	-	-	-	-
<u>333,423</u>	<u>95</u>	<u>76</u>	<u>362,330</u>	<u>4,390</u>	<u>9,842</u>
-	-	-	-	-	600,000
4,717,346	66,732	489,703	6,531,178	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,127,444	-
-	-	-	-	-	-
-	-	-	-	-	244,763
-	-	-	-	-	-
<u>4,717,346</u>	<u>66,732</u>	<u>489,703</u>	<u>6,531,178</u>	<u>1,127,444</u>	<u>844,763</u>
<u>\$ 5,050,769</u>	<u>\$ 66,827</u>	<u>\$ 489,779</u>	<u>\$ 6,893,508</u>	<u>\$ 1,131,834</u>	<u>\$ 854,605</u>

(Continued)

**FLAGLER COUNTY, FLORIDA  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

**Capital Projects Funds**

	<b>Capital Projects</b>	<b>Capital Projects New</b>	<b>2008 ESL Referendum</b>	<b>Total</b>	<b>Total NonMajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,227	\$ -	\$ 723	\$ 12,412	\$ 5,012,576
Cash with fiscal agent	-	-	226,057	226,057	676,622
Investments	223,548	-	1,622,384	3,823,361	22,981,389
Accounts receivable	77,031	-	442	78,019	101,969
Due from other funds	1	1,694	-	1,697	310,083
Due from other governments	-	273,224	-	273,224	2,198,363
Other assets	-	-	-	-	60,885
<b>TOTAL ASSETS</b>	<b>\$ 303,807</b>	<b>\$ 274,918</b>	<b>\$ 1,849,606</b>	<b>\$ 4,414,770</b>	<b>\$ 31,341,887</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 41	\$ 171,325	\$ 103	\$ 174,078	\$ 689,006
Deposits	-	-	-	-	667,934
Due to other funds	-	46,403	-	58,026	644,346
Due to other governments	-	-	-	-	167,790
Deferred revenue	76,968	-	-	76,968	674,427
<b>TOTAL LIABILITIES</b>	<b>77,009</b>	<b>217,728</b>	<b>103</b>	<b>309,072</b>	<b>2,843,503</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable					
Parks and recreation	-	-	-	600,000	600,000
Restricted for					
Bond covenants or debt svc	-	-	-	-	6,531,178
Grant programs and projects	-	-	-	-	332,955
Federal and state law	-	-	-	-	7,305,895
Capital projects and acquisitions	226,798	-	-	1,354,242	1,355,590
ESL acquisitions	-	-	1,849,503	1,849,503	3,724,013
Impact fees	-	-	-	-	7,797,524
Other purposes	-	-	-	244,763	794,039
Committed to					
Capital projects	-	57,190	-	57,190	57,190
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>226,798</b>	<b>57,190</b>	<b>1,849,503</b>	<b>4,105,698</b>	<b>28,498,384</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 303,807</b>	<b>\$ 274,918</b>	<b>\$ 1,849,606</b>	<b>\$ 4,414,770</b>	<b>\$ 31,341,887</b>

**FLAGLER COUNTY, FLORIDA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Special Revenue Funds**

	<b>Fines and Forfeitures</b>	<b>County Transportation Trust</b>	<b>Legal Aid</b>	<b>Law Enforcement Trust</b>	<b>Law Library</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ 742,221	\$ -	\$ -	\$ -
Special assessments/Impact fees	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	675,055	-	-	-
Charges for services	-	216,117	-	-	-
Fines and Forfeiture	-	-	19,773	80,075	19,803
Miscellaneous	-	40,743	-	-	-
Investment income	-	921	32	495	73
<b>TOTAL REVENUES</b>	<b>-</b>	<b>1,675,057</b>	<b>19,805</b>	<b>80,570</b>	<b>19,876</b>
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	236,888	-
Physical environment	-	-	-	-	-
Transportation	-	1,717,746	-	-	-
Economic environment	-	-	-	-	-
Human services	-	-	45,170	-	-
Culture and recreation	-	-	-	-	-
Court related	-	-	-	-	17,703
Capital outlay	-	34,731	-	-	-
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>1,752,477</b>	<b>45,170</b>	<b>236,888</b>	<b>17,703</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(77,420)</b>	<b>(25,365)</b>	<b>(156,318)</b>	<b>2,173</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	209,978	20,383	-	-
Transfers out	-	-	-	-	-
Long term debt issued	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>209,978</b>	<b>20,383</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>-</b>	<b>132,558</b>	<b>(4,982)</b>	<b>(156,318)</b>	<b>2,173</b>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	<b>1,015</b>	<b>696,067</b>	<b>12,231</b>	<b>282,590</b>	<b>18,684</b>
Restatement, GASB 54 reclass	(1,015)	-	-	-	-
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<b>-</b>	<b>696,067</b>	<b>12,231</b>	<b>282,590</b>	<b>18,684</b>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<b>\$ -</b>	<b>\$ 828,625</b>	<b>\$ 7,249</b>	<b>\$ 126,272</b>	<b>\$ 20,857</b>

**Special Revenue Funds** (Continued)

<b>Court Facilities</b>	<b>Tourist Development Tax Capital</b>	<b>Tourist Development Tax Promotion</b>	<b>Tourist Development Tax Beach Restoration</b>	<b>Countywide Road Damage</b>	<b>Environmentally Sensitive Lands</b>
\$ -	\$ 298,504	\$ 828,794	\$ 149,252	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	47,000	-	-
230,589	-	-	-	-	-
-	-	4,549	-	-	-
2,865	4,334	2,382	2,471	-	2,717
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
233,454	302,838	835,725	198,723	-	2,717
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	-
-	-	-	477	-	2,005
-	-	-	-	-	-
-	-	590,503	-	-	-
-	162,847	-	-	-	-
27,413	-	-	-	-	-
16,332	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
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43,745	162,847	590,503	477	-	2,005
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
189,709	139,991	245,222	198,246	-	712
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	-
-	-	-	-	(12)	-
-	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	(12)	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
189,709	139,991	245,222	198,246	(12)	712
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
752,609	1,197,876	628,073	674,638	12	686,183
-	-	-	-	-	-
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752,609	1,197,876	628,073	674,638	12	686,183
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 942,318	\$ 1,337,867	\$ 873,295	\$ 872,884	\$ -	\$ 686,895

(Continued)

**FLAGLER COUNTY, FLORIDA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Special Revenue Funds (Continued)**

	<b>ESL 2008 Referendum</b>	<b>Utility Regulatory Authority</b>	<b>800 MGHZ Expansion</b>	<b>Transportation Impact Fees East</b>	<b>Transportation Impact Fees West</b>
<b>REVENUES</b>					
Taxes	\$ 423,105	\$ -	\$ -	\$ -	\$ -
Special assessments/Impact fees	-	-	-	-	18,754
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	708,424	-
Charges for services	-	-	-	-	-
Fines and forfeiture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Investment income	3,232	85	1,209	11,272	399
<b>TOTAL REVENUES</b>	<b>426,337</b>	<b>85</b>	<b>1,209</b>	<b>719,696</b>	<b>19,153</b>
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	-
Public safety	-	-	168	-	-
Physical environment	1,475	-	-	-	-
Transportation	-	-	-	712,775	164
Economic environment	-	-	-	-	-
Human services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Court related	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,475</b>	<b>-</b>	<b>168</b>	<b>712,775</b>	<b>164</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>424,862</b>	<b>85</b>	<b>1,041</b>	<b>6,921</b>	<b>18,989</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(162,160)	-	-	-	-
Long term debt issued	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(162,160)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>262,702</b>	<b>85</b>	<b>1,041</b>	<b>6,921</b>	<b>18,989</b>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	<b>924,913</b>	<b>21,352</b>	<b>307</b>	<b>2,673,275</b>	<b>90,658</b>
Restatement, GASB 54 reclass	-	-	-	-	-
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<b>924,913</b>	<b>21,352</b>	<b>307</b>	<b>2,673,275</b>	<b>90,658</b>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<b>\$ 1,187,615</b>	<b>\$ 21,437</b>	<b>\$ 1,348</b>	<b>\$ 2,680,196</b>	<b>\$ 109,647</b>

**Special Revenue Funds (Continued)**

<b>Transportation Impact Fees – Palm Coast</b>	<b>New Transportation Impact Fees East</b>	<b>Park Impact Fees</b>	<b>Economic Development</b>	<b>CDBG FL Rock</b>	<b>CDBG Disaster Recovery</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	163,157	16,405	-	-	-
-	-	-	-	-	-
370,162	53,018	214,692	-	1,067	9,118
-	-	-	-	-	-
-	-	-	-	-	-
16,899	2,109	524	332	-	-
<u>387,061</u>	<u>218,284</u>	<u>231,621</u>	<u>332</u>	<u>1,067</u>	<u>9,118</u>
-	-	-	-	-	-
-	-	-	-	-	-
2,476	17,777	-	-	-	-
-	-	-	1,747	-	-
-	-	536	-	-	-
-	-	-	-	-	-
383,991	57,067	266,297	-	-	9,118
-	-	-	-	-	-
-	-	-	-	-	-
<u>386,467</u>	<u>74,844</u>	<u>266,833</u>	<u>1,747</u>	<u>-</u>	<u>9,118</u>
594	143,440	(35,212)	(1,415)	1,067	-
-	-	-	-	-	-
-	-	-	-	(1,915)	-
-	-	-	-	-	-
-	-	-	-	(1,915)	-
<u>594</u>	<u>143,440</u>	<u>(35,212)</u>	<u>(1,415)</u>	<u>(848)</u>	<u>-</u>
4,242,120	505,753	150,986	235,619	848	-
-	-	-	-	-	-
<u>4,242,120</u>	<u>505,753</u>	<u>150,986</u>	<u>235,619</u>	<u>848</u>	<u>-</u>
<u>\$ 4,242,714</u>	<u>\$ 649,193</u>	<u>\$ 115,774</u>	<u>\$ 234,204</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**FLAGLER COUNTY, FLORIDA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Special Revenue Funds (Continued)**

	<b>State Housing Initiative</b>	<b>Bimini Gardens Municipal Service</b>	<b>Colbert Lane Settlement</b>	<b>Espanola Mosquito Control</b>	<b>Rima Ridge Mosquito Control</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments/Impact fees	-	5,813	-	1,396	2,457
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	3,896	3,918
Charges for services	5,059	-	-	-	-
Fines and Forfeiture	-	-	-	-	-
Miscellaneous	25,372	-	-	-	-
Investment income	12	23	159	-	-
<b>TOTAL REVENUES</b>	<b>30,443</b>	<b>5,836</b>	<b>159</b>	<b>5,292</b>	<b>6,375</b>
<b>EXPENDITURES</b>					
Current					
General government	-	178	-	-	-
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	1,607	64,411	-	-
Economic environment	322,127	-	-	-	-
Human services	-	-	-	4,314	4,369
Culture and recreation	-	-	-	-	-
Court related	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>322,127</b>	<b>1,785</b>	<b>64,411</b>	<b>4,314</b>	<b>4,369</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(291,684)</b>	<b>4,051</b>	<b>(64,252)</b>	<b>978</b>	<b>2,006</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	42	-	10	18
Transfers out	-	-	-	-	-
Long term debt issued	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>10</b>	<b>18</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(291,684)</b>	<b>4,093</b>	<b>(64,252)</b>	<b>988</b>	<b>2,024</b>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	<b>390,435</b>	<b>1,894</b>	<b>64,435</b>	<b>10,199</b>	<b>18,409</b>
Restatement, GASB 54 reclass	-	-	-	-	-
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<b>390,435</b>	<b>1,894</b>	<b>64,435</b>	<b>10,199</b>	<b>18,409</b>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<b>\$ 98,751</b>	<b>\$ 5,987</b>	<b>\$ 183</b>	<b>\$ 11,187</b>	<b>\$ 20,433</b>

**Special Revenue Funds (Continued)**

<b>Municipal Services</b>	<b>Building Department</b>	<b>Mediation and Arbitration</b>	<b>Domestic Violence</b>	<b>Alcohol and Other Drug Trust Fund</b>	<b>Court Technology</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	401,657	-	-	-	-
-	-	-	-	-	-
-	2,808	-	-	-	-
-	5,484	-	3,031	3,376	164,976
-	2,302	-	-	-	1,128
-	3,230	-	14	21	2,207
-	415,481	-	3,045	3,397	168,311
-	-	-	-	-	-
-	515,462	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	116	116	64,678
-	-	-	-	-	19,283
-	-	-	-	-	-
-	-	-	-	-	-
-	515,462	-	116	116	83,961
-	(99,981)	-	2,929	3,281	84,350
-	7,160	-	-	-	-
-	-	-	(4,356)	-	-
-	-	-	-	-	-
-	7,160	-	(4,356)	-	-
-	(92,821)	-	(1,427)	3,281	84,350
(41,733)	775,551	-	2,562	3,885	521,319
41,733	-	-	-	-	-
-	775,551	-	2,562	3,885	521,319
\$ -	\$ 682,730	\$ -	\$ 1,135	\$ 7,166	\$ 605,669

(Continued)

**FLAGLER COUNTY, FLORIDA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Special Revenue Funds (Continued)**

	<u>Juvenile Diversion</u>	<u>Crime Prevention</u>	<u>Court Innovations</u>	<u>Teen Court</u>	<u>E-911</u>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments/Impact fees	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	496,065
Charges for services	-	-	-	-	-
Fines and forfeiture	19,903	26,973	20,132	25,354	-
Miscellaneous	-	-	-	-	-
Investment income	112	627	527	38	1,907
<b>TOTAL REVENUES</b>	<u>20,015</u>	<u>27,600</u>	<u>20,659</u>	<u>25,392</u>	<u>497,972</u>
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	-
Public safety	-	37,348	-	-	364,538
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Human services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Court related	118	-	93,422	61,062	-
Capital outlay	-	-	-	-	46,228
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>118</u>	<u>37,348</u>	<u>93,422</u>	<u>61,062</u>	<u>410,766</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>19,897</u>	<u>(9,748)</u>	<u>(72,763)</u>	<u>(35,670)</u>	<u>87,206</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	53,480	26,561	-
Transfers out	(23,480)	(16,527)	-	-	-
Long term debt issued	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(23,480)</u>	<u>(16,527)</u>	<u>53,480</u>	<u>26,561</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(3,583)</u>	<u>(26,275)</u>	<u>(19,283)</u>	<u>(9,109)</u>	<u>87,206</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	20,137	157,571	125,949	21,129	442,082
Restatement, GASB 54 reclass	-	-	-	-	-
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<u>20,137</u>	<u>157,571</u>	<u>125,949</u>	<u>21,129</u>	<u>442,082</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 16,554</u>	<u>\$ 131,296</u>	<u>\$ 106,666</u>	<u>\$ 12,020</u>	<u>\$ 529,288</u>

**Special Revenue Funds (Continued)**

<b>Daytona North Service District</b>	<b>Court General</b>	<b>Court Technology</b>	<b>Records Modernization</b>	<b>Hunter's Ridge Fund</b>	<b>Law Enforcement Education</b>
\$ 54,336	\$ -	\$ -	\$ -	\$ -	\$ -
261,179	-	-	-	-	-
-	-	-	-	-	-
-	1,634,478	-	-	-	-
-	-	156,727	55,311	-	41,580
-	-	66,402	-	-	-
-	-	1	-	-	-
1,795	-	-	-	-	-
<u>317,310</u>	<u>1,634,478</u>	<u>223,130</u>	<u>55,311</u>	<u>-</u>	<u>41,580</u>
21,246	-	-	51,354	-	-
-	-	-	-	-	41,580
-	-	-	-	-	-
206,021	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,637,261	168,770	-	-	-
-	-	177,377	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>227,267</u>	<u>1,637,261</u>	<u>346,147</u>	<u>51,354</u>	<u>-</u>	<u>41,580</u>
<u>90,043</u>	<u>(2,783)</u>	<u>(123,017)</u>	<u>3,957</u>	<u>-</u>	<u>-</u>
1,904	-	81,445	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,904</u>	<u>-</u>	<u>81,445</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>91,947</u>	<u>(2,783)</u>	<u>(41,572)</u>	<u>3,957</u>	<u>-</u>	<u>-</u>
377,180	44,655	77,063	118,489	-	427
-	-	-	-	-	-
<u>377,180</u>	<u>44,655</u>	<u>77,063</u>	<u>118,489</u>	<u>-</u>	<u>427</u>
<u>\$ 469,127</u>	<u>\$ 41,872</u>	<u>\$ 35,491</u>	<u>\$ 122,446</u>	<u>\$ -</u>	<u>\$ 427</u>

(Continued)

**FLAGLER COUNTY, FLORIDA  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Special Revenue Funds (Continued)</u>			<u>Debt Service Funds</u>
	<u>Sunshine Fund</u>	<u>Inmate Welfare</u>	<u>Total</u>	<u>Environmentally Sensitive Lands</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 2,496,212	\$ -
Special assessments/Impact fees	-	-	469,161	-
License and permits	-	-	401,657	-
Intergovernmental	-	-	4,216,893	-
Charges for services	-	-	477,602	-
Fines and forfeiture	-	-	685,871	-
Miscellaneous	21,635	15,406	111,136	-
Investment income	-	-	63,023	114
<b>TOTAL REVENUES</b>	<u>21,635</u>	<u>15,406</u>	<u>8,921,555</u>	<u>114</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	72,778	14
Public safety	20,670	13,183	1,229,837	-
Physical environment	-	-	3,957	-
Transportation	-	-	2,722,977	-
Economic environment	-	-	914,377	-
Human services	-	-	53,853	-
Culture and recreation	-	-	163,383	-
Court related	-	-	2,070,659	-
Capital outlay	-	-	1,010,424	-
Debt service	-	-	-	-
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>20,670</u>	<u>13,183</u>	<u>8,242,245</u>	<u>14</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>965</u>	<u>2,223</u>	<u>679,310</u>	<u>100</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	400,981	-
Transfers out	-	-	(208,450)	(29,304)
Long term debt issued	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>192,531</u>	<u>(29,304)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>965</u>	<u>2,223</u>	<u>871,841</u>	<u>(29,204)</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	19,957	1,545	16,948,949	29,204
Restatement, GASB 54 reclass	-	-	40,718	-
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<u>19,957</u>	<u>1,545</u>	<u>16,989,667</u>	<u>29,204</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 20,922</u>	<u>\$ 3,768</u>	<u>\$ 17,861,508</u>	<u>\$ -</u>

**Debt Service Funds (Continued)**

<b>Colbert Lane</b>	<b>Reserve Colbert Lane</b>	<b>ESL Bond Sinking</b>	<b>Capital Construction</b>	<b>Capital Construction GO Issue</b>	<b>ESL 2008 Referendum</b>
\$ -	\$ -	\$ 607,777	\$ 1,346,924	\$ 2,015,358	\$ 826,682
381,282	-	-	-	-	-
-	-	-	1,202,303	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,729	3	1,979	7,464	(1,331)	67
<u>383,011</u>	<u>3</u>	<u>609,756</u>	<u>2,556,691</u>	<u>2,014,027</u>	<u>826,749</u>
12,681	-	883	2,929	754	456
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
310,000	-	530,000	1,320,000	695,000	330,000
47,525	-	142,369	1,287,998	1,284,353	648,659
<u>370,206</u>	<u>-</u>	<u>673,252</u>	<u>2,610,927</u>	<u>1,980,107</u>	<u>979,115</u>
12,805	3	(63,496)	(54,236)	33,920	(152,366)
2,779	-	-	-	-	191,464
-	-	-	-	-	-
-	-	-	-	-	450,000
<u>2,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,464</u>
15,584	3	(63,496)	(54,236)	33,920	489,098
636,545	872	667,889	4,771,582	32,812	605
-	-	-	-	-	-
<u>636,545</u>	<u>872</u>	<u>667,889</u>	<u>4,771,582</u>	<u>32,812</u>	<u>605</u>
<u>\$ 652,129</u>	<u>\$ 875</u>	<u>\$ 604,393</u>	<u>\$ 4,717,346</u>	<u>\$ 66,732</u>	<u>\$ 489,703</u>

(Continued)

**FLAGLER COUNTY, FLORIDA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Debt Service Funds (Continued)	Capital Projects Funds			
	Total	Beach Front Parks	Park Maintenance Trust	Capital Projects	Capital Projects New
<b>REVENUES</b>					
Taxes	\$ 4,796,741	\$ -	\$ -	\$ -	\$ -
Special assessments/Impact fees	381,282	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	1,202,303	-	-	-	568,829
Charges for services	-	-	-	-	-
Fines and Forfeiture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Investment income	10,025	4,587	3,428	1,312	(845)
<b>TOTAL REVENUES</b>	<b>6,390,351</b>	<b>4,587</b>	<b>3,428</b>	<b>1,312</b>	<b>567,984</b>
<b>EXPENDITURES</b>					
Current					
General government	17,717	-	476	282	2,618
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	14,384
Economic environment	-	-	-	-	-
Human services	-	-	-	-	-
Culture and recreation	-	859	9,923	-	106,400
Court related	-	-	-	-	-
Capital outlay	-	38,883	-	-	708,640
Debt service					
Principal retirement	3,185,000	-	-	-	-
Interest and fiscal charges	3,410,904	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>6,613,621</b>	<b>39,742</b>	<b>10,399</b>	<b>282</b>	<b>832,042</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(223,270)</b>	<b>(35,155)</b>	<b>(6,971)</b>	<b>1,030</b>	<b>(264,058)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	194,243	-	-	-	246,539
Transfers out	(29,304)	-	-	-	-
Long term debt issued	450,000	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>614,939</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,539</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>391,669</b>	<b>(35,155)</b>	<b>(6,971)</b>	<b>1,030</b>	<b>(17,519)</b>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	<b>6,139,509</b>	<b>1,162,599</b>	<b>851,734</b>	<b>225,768</b>	<b>74,709</b>
Restatement, GASB 54 reclass	-	-	-	-	-
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<b>6,139,509</b>	<b>1,162,599</b>	<b>851,734</b>	<b>225,768</b>	<b>74,709</b>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<b>\$ 6,531,178</b>	<b>\$ 1,127,444</b>	<b>\$ 844,763</b>	<b>\$ 226,798</b>	<b>\$ 57,190</b>

**Capital Projects Funds (Continued)**

2008 ESL Referendum	Total	Total NonMajor Governmental Funds
\$ -	\$ -	\$ 7,292,953
-	-	850,443
-	-	401,657
-	568,829	5,988,025
-	-	477,602
-	-	685,871
-	-	111,136
3,947	12,429	85,477
<hr/>	<hr/>	<hr/>
3,947	581,258	15,893,164
<hr/>	<hr/>	<hr/>
-	3,376	93,871
-	-	1,229,837
24,413	24,413	28,370
-	14,384	2,737,361
-	-	914,377
-	-	53,853
1,085	118,267	281,650
-	-	2,070,659
3,158,850	3,906,373	4,916,797
-	-	3,185,000
26,740	26,740	3,437,644
<hr/>	<hr/>	<hr/>
3,211,088	4,093,553	18,949,419
<hr/>	<hr/>	<hr/>
(3,207,141)	(3,512,295)	(3,056,255)
<hr/>	<hr/>	<hr/>
-	246,539	841,763
-	-	(237,754)
5,050,000	5,050,000	5,500,000
<hr/>	<hr/>	<hr/>
5,050,000	5,296,539	6,104,009
<hr/>	<hr/>	<hr/>
1,842,859	1,784,244	3,047,754
<hr/>	<hr/>	<hr/>
6,644	2,321,454	25,409,912
-	-	40,718
<hr/>	<hr/>	<hr/>
6,644	2,321,454	25,450,630
<hr/>	<hr/>	<hr/>
\$ 1,849,503	\$ 4,105,698	\$ 28,498,384

**FLAGLER COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

FEDERAL/STATE AGENCY/ PASS-THROUGH ENTITY FEDERAL PROGRAM/ STATE PROJECT TITLE	CFDA/CFSA NUMBER	CONTRACT/ GRANT NUMBER	PROGRAM/ PROJECT AWARDS	PROGRAM/ PROJECT EXPENDITURES
<b>FEDERAL AWARDS</b>				
<b>Federal Transit Administration</b>				
Passed Through the Florida				
Department of Transportation				
Section 5310 Capital Projects	20.513	TD0973	\$ 74,511	\$ 67,154
Section 5311 Operating Assistance	20.509	APD37;42263318428	310,577	40,926
Section 5311 Operating Assistance	20.509	APD37;42263318429	306,735	240,297
				<u>281,223</u>
Section 5309 Operating Assistance	20.500	FL 04-0105-00	490,000	149,230
<b>Department of Health and Human Services</b>				
Passed Through the Northeast Florida				
Agency on Aging				
Older Americans Act Title III B	93.044	A010FCBCC	128,692	25,183
Older Americans Act Title III B	93.044	A111FCBCC	134,256	76,353
				<u>101,536</u>
Older Americans Act Title III C1	93.045	A010FCBCC	106,750	15,128
Older Americans Act Title III C1	93.045	A111FCBCC	106,750	47,748
Older Americans Act Title III C2	93.045	A010FCBCC	144,891	27,827
Older Americans Act Title III C2	93.045	A111FCBCC	144,891	94,825
				<u>185,528</u>
Older Americans Act Title III E	93.052	A111FCBCC	30,058	27,835
Nutrition Services Incentives	93.053	U010FCBCC	27,698	594
Nutrition Services Incentives	93.053	U011FCBCC	28,138	25,370
				<u>25,964</u>
Emergency Home Energy Assistance	93.568	P010FCBCC	16,468	13,184
Emergency Home Energy Assistance	93.568	P011FCBCC	37,401	794
				<u>13,978</u>
Passed Through the Florida Commission				
For the Transportation Disadvantaged				
Medicaid Non-Emergency				
Transportation Services	93.778	BDM65;41604318201	287,495	82,859
Passed Through the Florida				
Department of Revenue				
Title IV-D Child Support Enforcement	93.563	CD318	105,948	105,948
Passed Through the Florida				
Department of State				
Voting Access for Individuals				
with Disabilities	93.617		3,704	3,704
<b>United States Department of</b>				
<b>Homeland Security</b>				
Passed Through the State of Florida				
Department of Community Affairs				
EMPG Base Grant	97.042	11FG-7W-04-28-01-037/1280F	59,006	49,514
EMPG Base Grant	97.042	12FG-R3-04-28-01-085/1690F	59,053	14,726
				<u>64,240</u>

**FLAGLER COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

<b>FEDERAL/STATE AGENCY/ PASS-THROUGH ENTITY FEDERAL PROGRAM/ STATE PROJECT TITLE</b>	<b>CFDA/CFSA NUMBER</b>	<b>CONTRACT/ GRANT NUMBER</b>	<b>PROGRAM/ PROJECT AWARDS</b>	<b>PROGRAM/ PROJECT EXPENDITURES</b>
<b>United States Department of Justice</b>				
<b>Bureau of Justice Assistance</b>				
Bulletproof Vests Partnership	16.607		3,802	3,802
Tactical Emergency Response	16.753	2009-DJ-BX-1110	19,862	5
Passed Through the Florida				
Department of Law Enforcement				
Project Safe Neighborhoods	16.609	2008-PMAG-FLAG-1-R6-009	91,449	11,686
Street Level Narcotics	16.738	2011-JAGC-FLAG-1-B2-047	79,659	79,659
Video Surveillance Equipment	16.738	2010-DJ-BX-1396	19,169	19,169
				98,828
ARRA - COPS Hiring Program	16.710	2010UMW0071	1,198,260	232,086
ARRA-Drug Court Enhancement	16.803	2010-ARRC-FLAG-3W7-159	75,000	54,918
ARRA-Mental Health Diversion	16.803	155	100,000	8,661
				63,579
ARRA - Law Enforcement Equipment Grant	16.804	2009-SB-B9-1720	81,731	21,610
Passed Through the Florida				
Office of the Attorney General				
Victims of Crime Act	16.575	V10034	59,591	59,591
<b>Executive Office of the President</b>				
Passed Through Office of National				
Drug Control and Policy				
Passed Through St. Johns County				
High Intensity Drug Trafficking Program	95.001		6,841	6,841
<b>Department of Housing and Urban Development</b>				
Disaster Recovery Program	14.228	10DB-K4-04-28-01-K11	870,469	9,118
Passed Through the Florida Department of				
Children and Family Services				
Homeless Prevention and Rapid				
Re-Housing grant	14.257	NFZR1	425,001	66,675
<b>Federal Highway Administration</b>				
Passed Through the Florida				
Department of Transportation				
JPA Interchange Justification Report for				
I-95 & Matanzas Woods Overpass	20.205	AOY21;41195921801	279,800	53,018
Design of SR 5/US1 Sidewalk	20.205	AP555; 41746723801	100,000	39,111
Design of Lehigh Trailhead	20.205	APN03; 41820713801	100,000	28,981
I-95 & Matanzas Woods Preliminary				
Design & Engineering	20.205	APP84;41195922801	498,587	370,162
ARRA-Lehigh Trails Segment III	20.205	41076925801/02	859,595	95,056
ARRA-CR 305 Bridges	20.205	APP56; 42626415801	804,600	201,002
ARRA-CR 305 Bridges	20.205	APU89; 40746345801	908,626	908,626
ARRA-SR A1A National Scenic Byways	20.205	AQ170; 42437235801	217,235	214,692
ARRA-Princess Place Styles Creek Bridge	20.205	AQ232; 42868315801	648,000	20,233
				1,930,881

**FLAGLER COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

FEDERAL/STATE AGENCY/ PASS-THROUGH ENTITY FEDERAL PROGRAM/ STATE PROJECT TITLE	CFDA/CFSA NUMBER	CONTRACT/ GRANT NUMBER	PROGRAM/ PROJECT AWARDS	PROGRAM/ PROJECT EXPENDITURES
<b>Department of Agriculture</b>				
ARRA-Forestation Improvement	10.688	FDACS 015972	18,605	14,905
<b>Department of Interior</b>				
Passed Through the Florida Fish & Wildlife Conservation Commission Sport Fish Restoration Program	15.605	FWC-10158	51,750	48,371
<b>Election Assistance Commission</b>				
Passed Through Florida Department of State HAVA - Voter Education	90.401		10,683	813
HAVA - Pollworker Recruitment & Training	90.401		5,546	5,546
				<u>6,359</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 10,136,883</u>	<u>\$ 3,683,535</u>
<b>STATE AWARDS</b>				
<b>Florida Department of Transportation</b>				
T-Hangar Construction	55.004	AP432;41851619401	1,227,842	80,800
Airfield Marking	55.004	APF10;40945519401	135,000	125,288
Design and Construction of Perimeter Fencing	55.004	APG32; 41851719401	270,000	153,626
Phase I Design and Construction of Access Road	55.004	APY29; 40945419401	500,000	72,655
Design of Runway 6-24 Safety Improvements	55.004	AQ549; 40496819401	175,656	64,675
				<u>497,044</u>
CR 305 Widening and Resurfacing	55.009	APW59; 42435135801	1,052,632	12,485
SR 100 Sidewalks from Bulldog Dr to Roberts Road	55.029	APW44; 4228224138/ 48224238/5801	2,062,000	164,543
SR 100 Sidewalks from Belle Terre to Bulldog Drive	55.XXX	APJ02;426537138/581	680,000	279,746
Turn Lane at US1 and Royal Palms	55.XXX	APJ01; 426536138/581	1,000,000	708,424
				<u>1,152,713</u>
<b>Florida Commission for the Transportation Disadvantaged</b>				
Trip and Equipment	55.001	APZ67; 24852018401	181,267	142,328
Trip and Equipment	55.001	APZ67; 24852018401	196,240	33,141
				<u>175,469</u>
<b>Department of Elder Affairs</b>				
Passed Through the Northeast Florida Agency on Aging Community Care for the Elderly	65.010	C010FCBCC	125,389	87,638
Community Care for the Elderly	65.010	C011FCBCC	118,813	45,911
				<u>133,549</u>
Home Care for the Elderly	65.001	H010FCBCC	12,571	10,054
Home Care for the Elderly	65.001	H011FCBCC	12,571	2,931
				<u>12,985</u>

**FLAGLER COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

<b>FEDERAL/STATE AGENCY/ PASS-THROUGH ENTITY FEDERAL PROGRAM/ STATE PROJECT TITLE</b>	<b>CFDA/CFSA NUMBER</b>	<b>CONTRACT/ GRANT NUMBER</b>	<b>PROGRAM/ PROJECT AWARDS</b>	<b>PROGRAM/ PROJECT EXPENDITURES</b>
<b>Department of Elder Affairs</b>				
Passed Through the Northeast				
Florida Agency on Aging				
Alzheimer's Disease Initiative	65.004	Z010FCBCC	66,316	50,768
Alzheimer's Disease Initiative	65.004	Z011FCBCC	48,177	12,783
				<u>63,551</u>
<b>Department of Children and Families</b>				
Criminal Justice, Mental Health & Substance Abuse Grant	60.115	LHZ34	455,295	53,817
<b>Department of Agriculture and Consumer Services</b>				
Mosquito Control Program	42.003	16082	37,000	7,814
<b>Department of Community Affairs</b>				
Hazardous Materials Planning	52.023	11CP-03-04-28-01-230	2,497	2,497
EMPA Base Grant	52.008	11BG-05-04-28-01-137	74,865	74,555
EMPA Base Grant	52.008	12BG-05-04-28-01-018	105,806	11,325
				<u>85,880</u>
<b>Department of Health</b>				
Emergency Management Grant	64.005	C0018	13,058	7,374
<b>Division of Library and Information Systems</b>				
State Aid to Libraries	45.030	11-ST-11	24,918	24,918
<b>Department of Environmental Protection</b>				
Small County Consolidated Grant	37.012	107SC	70,588	70,588
Beverly Beach Wastewater Facilities	37.039	LP6811	750,000	46,141
Beach Erosion Control Program	37.003	04FL1	958,500	47,000
<b>Department of Management Services</b>				
E-911 GIS Map Generation	72.002	S3-10-11-10	23,350	22,617
<b>Florida Fish and Wildlife Conservation Commission/FL Boating Improvement Program</b>				
Bull Creek Fish Camp Boat Ramp	77.006	FWC08066	92,500	2,505
<b>Florida Housing Finance Corporation</b>				
State Housing Initiatives Partnership Program	52.901	N/A	302,972	302,972
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u>\$ 9,547,981</u>	<u>\$ 2,721,919</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</b>			<u>\$ 19,684,864</u>	<u>\$ 6,405,453</u>

**FLAGLER COUNTY, FLORIDA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**(1) Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State award activity of Flagler County, Florida and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Section 215.97, Florida Statutes, *Florida Single Audit Act*.

**(2) Transfers to Subrecipients:**

During the year ended September 30, 2011, the following amounts were provided to subrecipients outside of Flagler County, Florida from each Federal and State Program:

Name of Federal Program:	CFDA		Amount
ARRA-Drug Court Enhancement Grant	16.803	\$	54,918
ARRA-SMC Mental Health Diversion Program Grant	16.803		8,661
Criminal Justice, Mental Health and Substance Abuse Grant	60.115		53,817

**Report on Compliance With Requirements That Could Have a Direct  
and Material Effect on Each Major Program and Project and on  
Internal Control Over Compliance**

The Honorable County Commissioners  
Flagler County, Florida

Compliance

We have audited the compliance of Flagler County, Florida (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the requirements described in the State Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2011. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2011.

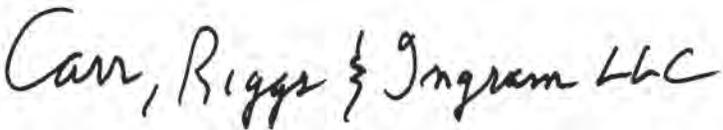
Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County Commission, its management, and oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

April 16, 2012  
Gainesville, Florida

**Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2011  
Flagler County, Florida**

**PART I - SUMMARY OF AUDITOR'S RESULTS**

- (i) The independent auditors' report on the financial statements expressed an unqualified opinion.
- (ii) The audit did not report significant deficiencies or disclose material weaknesses in internal control over financial reporting.
- (iii) The audit did not disclose any noncompliance considered material to the financial statements.
- (iv) The audit did not report significant deficiencies or disclose material weaknesses in internal control over the major federal award programs or state projects.
- (v) The report on compliance for the major federal programs and state projects was unqualified.
- (vi) The audit disclosed no findings relative to the major federal programs or state projects.
- (vii) The County's major programs/projects were:
 

<u>Federal Programs</u>	<u>CFDA Number</u>
Highway Planning and Construction	20.205
Special Programs for the Aging Cluster	93.044, 93.045, and 93.053
 <u>State Projects</u>	 <u>CSFA Number</u>
Aviation Development Grants	55.004
Florida Department of Transportation	55.029 and 55.XXX
- (viii) A threshold of \$300,000 was used to distinguish between Type A and Type B programs for federal programs, and \$300,000 was used for state projects.
- (ix) The County did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

**PART II - FINANCIAL STATEMENT FINDINGS**

There were no findings relative to the financial statements.

**PART III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS**

There were no findings relative to the major federal programs.

**PART IV – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS**

There were no findings relative to the major state projects.

## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

The Honorable County Commissioners  
Flagler County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Flagler County, Florida (the "County") as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 16, 2012. Our report on the financial statements explained that the County restated certain beginning balances. 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

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County'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.

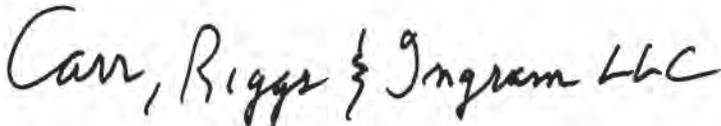
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 the County Commission, its management and oversight agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

April 16, 2012  
Gainesville, Florida

## Management Letter

The Honorable County Commissioners  
Flagler County, Florida

We have audited the financial statements of Flagler County, Florida (the "County") as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated April 16, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U. S. Office of Management and Budget Circular A-133. 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.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The County has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

### Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency". In connection with our audit, we determined that the County has not met one or more of the conditions described in Section 218.503(1), Florida Statutes, that are indicative of a financial emergency.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

### Annual Financial Report

As required by the Rules of the Auditor General, we determined that the annual financial report for the County for the fiscal year ended September 30, 2011, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2011.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal noncompliance with the provisions of Section 218.415, Florida Statutes.

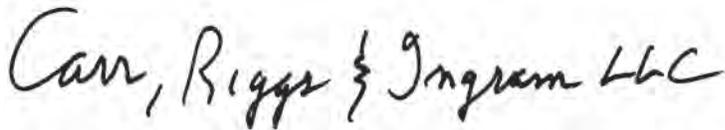
Other Matters

As required by the Rules of the Auditor General, we performed separate audits of each of the County's constitutional officers. The comments included in those separately-issued reports should be considered in conjunction with this management letter.

Our audit did not reveal any other matters that we are required to include in this management letter pursuant to the Rules of the Auditor General

This management letter is intended solely for the information and use of the County Commission, its management, and oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

April 16, 2012  
Gainesville, Florida

**CLERK OF THE CIRCUIT COURT**  
**FLAGLER COUNTY, FLORIDA**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
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SEPTEMBER 30, 2011**

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## Independent Auditors' Report

The Honorable Gail Wadsworth  
Clerk of the Circuit Court  
Flagler County, Florida

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Flagler County Clerk of the Circuit Court (the "Office") as of and for the year ended September 30, 2011, which collectively comprise the Office's special purpose financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Flagler County, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Office at September 30, 2011, and the respective changes in financial position, where applicable, thereof 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 a report dated March 28, 2012 on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Gail Wadsworth  
Clerk of the Circuit Court  
Flagler County, Florida  
Page 2

The budgetary comparison schedules listed in the table of contents as “required supplementary information” are not a required part of the special purpose financial statements, but are supplementary information required by the Governmental Accounting Standards Board. 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.

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

*Car, Riggs & Ingram LLC*

March 28, 2012  
Gainesville, Florida

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	<u>General Fund</u>	<u>Court General</u>	<u>Court Technology</u>	<u>Records Modernization</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 768,885	\$ 42,371	\$ 23,885	\$ 75,572	\$ 910,713
Accounts receivable	995	4,418	98	-	5,511
Due from Board of County Commissioners	308	-	-	-	308
Due from other entities of Flagler County	190	-	-	-	190
Due from other governments	7,536	14,705	-	-	22,241
Prepaid expenses	-	-	14,001	46,884	60,885
Other assets	7,433	-	-	-	7,433
<b>TOTAL ASSETS</b>	<u>\$ 785,347</u>	<u>\$ 61,494</u>	<u>\$ 37,984</u>	<u>\$ 122,456</u>	<u>\$ 1,007,281</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 51,832	\$ 19,622	\$ 2,493	\$ 10	\$ 73,957
Due to Board of County Commissioners	86,428	-	-	-	86,428
Due to other governments	208,769	-	-	-	208,769
Deferred revenue	10	-	-	-	10
Deposits	438,308	-	-	-	438,308
<b>TOTAL LIABILITIES</b>	<u>785,347</u>	<u>19,622</u>	<u>2,493</u>	<u>10</u>	<u>807,472</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid expenses	-	-	14,001	46,884	60,885
Restricted for					
Court related operations and technology	-	41,872	21,490	-	63,362
Records modernization	-	-	-	75,562	75,562
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>41,872</u>	<u>35,491</u>	<u>122,446</u>	<u>199,809</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 785,347</u>	<u>\$ 61,494</u>	<u>\$ 37,984</u>	<u>\$ 122,456</u>	<u>\$ 1,007,281</u>

The accompanying notes are an integral part of the financial statements

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<b>General Fund</b>	<b>Court General</b>	<b>Court Technology</b>	<b>Records Modernization</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Intergovernmental	\$ 59,011	\$ 1,634,478	\$ -	\$ -	\$ 1,693,489
Charges for services	507,955	-	156,728	55,311	719,994
Fines and forfeitures	-	-	66,402	-	66,402
Miscellaneous revenue	31,778	-	1	-	31,779
<b>TOTAL REVENUES</b>	<b>598,744</b>	<b>1,634,478</b>	<b>223,131</b>	<b>55,311</b>	<b>2,511,664</b>
<b>EXPENDITURES</b>					
Current					
General government					
Personal services	1,302,043	-	-	-	1,302,043
Operating expenses	167,495	-	-	51,354	218,849
Capital outlay	37,193	-	-	-	37,193
Court related					
Personal services	-	1,337,314	59,226	-	1,396,540
Operating expenses	19,194	157,720	109,545	-	286,459
Capital outlay	-	-	177,377	-	177,377
<b>TOTAL EXPENDITURES</b>	<b>1,525,925</b>	<b>1,495,034</b>	<b>346,148</b>	<b>51,354</b>	<b>3,418,461</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(927,181)</b>	<b>139,444</b>	<b>(123,017)</b>	<b>3,957</b>	<b>(906,797)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in-Board of County Commissioners	1,081,222	-	-	-	1,081,222
Transfers in-Funds	-	-	81,445	-	81,445
Reversion to other Governments	-	(142,227)	-	-	(142,227)
Reversion to Board of County Commissioners	(72,596)	-	-	-	(72,596)
Transfers out-Funds	(81,445)	-	-	-	(81,445)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>927,181</b>	<b>(142,227)</b>	<b>81,445</b>	<b>-</b>	<b>866,399</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(2,783)</b>	<b>(41,572)</b>	<b>3,957</b>	<b>(40,398)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>-</b>	<b>44,655</b>	<b>77,063</b>	<b>118,489</b>	<b>240,207</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 41,872</b>	<b>\$ 35,491</b>	<b>\$ 122,446</b>	<b>\$ 199,809</b>

The accompanying notes are an integral part of the financial statements

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
STATEMENT OF FIDUCIARY NET ASSETS  
– AGENCY FUNDS  
SEPTEMBER 30, 2011**

		<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	2,619,316
Due from other funds		953
Due from other governments		83
<hr/>		
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>2,620,352</u></u></b>
<b>LIABILITIES</b>		
Accounts payable	\$	12,435
Due to other funds		953
Due to Board of County Commissioners		36,954
Due to other entities of Flagler County		1,002
Due to other governments		386,801
Deposits		2,182,207
<hr/>		
<b>TOTAL LIABILITIES</b>		<b><u><u>2,620,352</u></u></b>
<b>NET ASSETS</b>	<b>\$</b>	<b><u><u>-</u></u></b>

The accompanying notes are an integral part of the financial statements

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(1) Summary of Significant Accounting Policies:**

The accounting policies of the Flagler County Clerk of the Circuit Court (the Clerk) conform to the accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting policies.

**Reporting Entity** – The Governmental Accounting Standards Board (GASB) in its Statement No. 14, “The Financial Reporting Entity,” as amended by GASB 39, “Determining Whether Certain Organizations Are Component Units an amendment of GASB Statement 14”, which establishes standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state, or local level. Financial reporting by a state or local government should report the elected officials’ accountability for those organizations.

The Clerk, as established by Article VIII of the Constitution of the State of Florida, is an elected official of the County. Although the Clerk’s Office is operationally autonomous from the Board of County Commissioners (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 Clerk is reported as a part of the primary government of Flagler County, Florida. The Clerk’s special purpose financial statements do not intend to reflect the financial position or the results of operations of Flagler County, Florida, taken as a whole.

**Measurement Focus, Basis of Accounting, and Basis of Presentation** - The Clerk’s financial statements are issued separately to comply with Section 10.557(4)(c) *Rules of the Auditor General for Local Governmental Entity Audits*, pursuant to Section 218.39(2), *Florida Statutes*. These special purpose financial statements are the fund financial statements specified in GASB Statement No. 34. In conformity with the Rules, the Clerk has not presented reconciliations to the government-wide financial statements, the government-wide statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement, rather than duplicate, the notes included in the County’s countywide financial statements.

Fund financial statements report detailed information about the Clerk. The focus of fund financial statements is on major funds. Each major fund is reported in a separate column. For the year ended September 30, 2011, the Clerk reported the General, Court General, Court Technology and Records Modernization as major funds.

**Fund Balance** – The Clerk follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Clerk is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

**Nonspendable Fund Balance** – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

(1) **Summary of Significant Accounting Policies:** (Continued)

**Restricted Fund Balance** – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of the other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed Fund Balance** – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Clerk’s highest decision-making authority, which is a policy of the Clerk. Committed amounts cannot be used for any other purpose unless the Clerk removes those constraints by taking the same type of action.

**Assigned Fund Balance** – Assigned fund balances are amounts that are constrained by the Clerk’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

**Unassigned Fund Balance** – Unassigned fund balance is the residual classification for the General Fund.

The Clerks policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

**Fund Accounting**

Governmental funds are accounted for using the flow of current financial resources measurement focus. Generally, only current assets and current liabilities are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The Clerk reports the following governmental funds:

**General Fund** – The General Fund of the Clerk is used to account for and report all financial resources which are generated from operations of the Clerk’s Office, appropriations from the Board of County Commissioners, and any other resources not required to be accounted for and reported in another fund.

**Court General** – The Court General Fund of the Clerk is used to account for appropriations received from the State of Florida. Said resources are to be used specifically as noted in FS 28.35(3)(a).

**Court Technology** – The Court Technology Fund of the Clerk is used to account for certain revenues as noted in FS 28.24 and FS 28.37(2) that are to be used exclusively for court related functions in accordance with FS 29.008 and FS 28.37(2) respectively.

**Records Modernization**– The Records Modernization Fund of the Clerk is used to account for certain revenue that is to be “held in trust by the clerk and used exclusively for equipment and maintenance of equipment , personnel training and technical assistance in modernizing the public records system in the office.” FS 28.24 (12)(d).

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(1) Summary of Significant Accounting Policies: (Continued)**

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available to finance liabilities of the current fiscal year). For this purpose, the Clerk considers revenues to be available if they are collected within 60 days of the end of the current period except for the amount due from the Department of Revenue which extends beyond this period. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences, which are recognized as expenditures to the extent they have matured.

Interest income and other revenue are recognized as they are earned and become measurable and available to pay liabilities of the current period.

Chapter 218, Florida Statutes provide that the amount by which the General Fund revenue and transfers exceed annual expenditures be remitted to the Board of County Commissioners immediately following the fiscal year for which the funding was provided or following the fiscal year during which other revenue was recognized. The amount of this distribution is recorded as a liability and as other financing uses in the accompanying financial statements.

The cumulative appropriation in excess of the amount needed to meet approved court related expenditures of the Court General Fund is remitted to the Florida Department of Revenue after June 30 for the preceding state fiscal year.

Capital outlays expended in governmental fund operations are capitalized in the basic financial statements of Flagler County, Florida.

Additionally, the Clerk reports the following fund types:

**Agency Funds** – The Agency Funds of the Clerk are used to account for assets held by the Clerk as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

**Cash and Cash Equivalents** – The Clerk's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from acquisition date.

**Prepays** – Certain payments to vendors for software maintenance agreements applicable to future accounting periods are recorded as prepaids in the accompanying financial statements. An offsetting nonspendable fund balance is reported in the fund financial statements to indicate that prepaids do not represent available spendable resources.

**Capital Assets** – Capital assets used by the Clerk are recorded and accounted for by the Flagler County Board of County Commissioners.

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(1) Summary of Significant Accounting Policies: (Continued)**

**Compensated Absences** – Earned leave time is determined by employees' length of service. Vacation and sick leave payments are included in operating costs when the payments are made to the employees. The Clerk does not, nor is she legally required to accumulate financial resources for these unmatured obligations. Accordingly, the liability for compensated absences is not reported in the governmental funds but rather is reported in the basic financial statements of Flagler County, Florida.

**Use of Estimates** – The preparation of financial statements in accordance with GAAP, requires management to make estimates and assumptions that effect the reporting amounts of assets and liabilities at the date of the financial statements, and the reporting amount of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**(2) Operating Leases:**

The Clerk has five operating leases for office equipment. The leases expire at varying dates from May 27, 2013 to December 21, 2014. Monthly payments range from \$93 to \$1,785. Lease expense for the year ended September 30, 2011 was \$37,596. The future minimum lease payments for the next five years are as follows:

Year Ending September 30,	Amount
2012	\$ 36,001
2013	27,076
2014	12,184
2015	93
	<u>\$ 75,354</u>

**(3) Changes in Long-Term Liabilities:**

The Clerk estimates \$180,028 due within one year. A summary of changes in the Clerk's long-term liabilities as reported in the basic financial statements of Flagler County, Florida follows:

	<b>Balance October 1, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2011</b>
Compensated absences	\$ 194,210	\$ 175,024	\$ 189,206	\$ 180,028

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(4) Pension Plans:**

**Defined Benefit Pension Plan** – The Clerk participates in the Florida Retirement System Pension Plan (Pension Plan), a cost-sharing multiple-employer public employee retirement system administered by the State of Florida Department of Management Services, Division of Retirement to provide retirement and survivor benefits to participating public employees. Chapter 121, *Florida Statutes*, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. The Pension Plan issues a publicly available financial report that includes financial statements, ten-year historical trend information, and other required supplementary information. That report may be obtained by writing to the:

State of Florida Department of Management Services  
Division of Retirement  
PO Box 9000  
Tallahassee, Florida 32315-1560

Starting July 1, 2011 the Pension Plan vesting of benefits changed from six years of creditable service to eight years of creditable service, for individuals hired after July 1, 2011. Regular members hired before July 1, 2011 are eligible for normal retirement after six years of service and attaining age sixty-two, or thirty years of service regardless of age. Regular members hired after July 1, 2011 are eligible for normal retirement after eight years of service and attaining age sixty-five, or thirty three years of service regardless of age. Early retirement may be taken any time after completion of six or eight years of service; however, there is a five percent benefit reduction for each year prior to normal retirement. The plan was employee noncontributory through June 30, 2011. For the period July 1, 2011 through September 30, 2011 the employee contribution rate was 3%. The employer contribution rates are as follows:

	<u>July 1, 2010 - June 30, 2011</u>	<u>July 1, 2011 - September 30, 2011</u>
Regular Employees	10.77%	4.91%
Elected County Officials	18.64%	11.14%
Senior Management	14.57%	6.27%
Deferred Retirement Option Programs Employees	12.25%	4.42%

The contribution rate of current year covered payroll is 10.40 percent. For the years ended September 30, 2011, 2010, and 2009, total contributions were \$184,702, \$204,112, and \$222,310, respectively. The Clerk made actual contributions equal to the actuarially determined required contributions each year.

**Defined Contribution Pension Plan** – As of June 1, 2002, the Florida Retirement System offers members the option of participating in the Florida Retirement System Investment Plan (Investment Plan), a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is administered by the State of Florida Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Chapter 121, *Florida Statutes*, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. The Investment Plan provides for vesting of benefits after one year of credible service. Employees may make an election to participate in the Investment Plan instead of the Pension Plan.

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(4) Pension Plans:** (Continued)

New employees may make the election within five months of their month of hire. Participants in the Investment Plan also have a one-time opportunity to switch back to the Pension Plan at any time by “buying back” into the Pension Plan. The plan was employee noncontributory through June 30, 2011. For the period July 1, 2011 through September 30, 2011 the employee contribution rate was 3%. The employer contribution rates for the Investment Plan are the same as the Pension Plan.

For the year ended September 30, 2011, 8 employees of the Clerk were participating in the Investment Plan and the remaining employees were participating in the Pension Plan. The total contribution to the Investment Plan for the year ended September 30, 2011 was \$20,306.

**(5) Deposits:**

At fiscal year end, the carrying amount of the Clerk’s deposits and bank balances were \$3,530,029 and \$3,560,499, respectively. Bank balances are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). Any balance in excess of FDIC insurance is covered by collateral held by the Clerk’s custodial bank which is pledged to a state trust fund that provides security in accordance with the Florida Security for Public Deposits Act, Chapter 280, of the *Florida Statutes*.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

**(6) Interfund Balances:**

These balances represent loans between the borrower and the lender funds. These resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. At September 30, 2011, interfund balances consisted of:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Agency funds:		
Court Bond	\$ 953	\$ -
Child Support	-	953
Totals	<u>\$ 953</u>	<u>\$ 953</u>

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(7) Due From/To Entities of Flagler County:**

At September 30, 2011, the amounts due from/to entities of Flagler County consist of the following:

<u>General Fund</u>	
Board of County Commissioners	\$ 308
Property Appraiser	190
Due from entities of Flagler County	<u>\$ 498</u>
<u>General Fund</u>	
Board of County Commissioners	86,428
<u>Agency Funds</u>	
Sheriff	1,002
Board of County Commissioners	36,954
Due to entities of Flagler County	<u>\$ 124,384</u>

There were \$72,596 of excess revenues reverted to the Board of County Commissioners.

**(8) Risk Management:**

The Clerk participates in the Flagler County risk management program. The Board of County Commissioners maintains a Group Medical Benefit Internal Service Fund for life and health insurance. During the current year, the Clerk remitted \$487,635 to the Board for insurance coverage. Information regarding the program's coverage, self-insurance reserves and program administration can be found in the basic financial statements of the Flagler County Board of County Commissioners for the year ended September 30, 2011.

**(9) Other Postemployment Benefits:**

The Clerk participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. The County has implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. A detailed plan description and any liability for employees of the Clerk are included in the financial statements of the County.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET and ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 59,011	\$ 59,011	\$ -
Charges for services	578,300	579,200	507,955	(71,245)
Miscellaneous revenue	6,000	31,653	31,778	125
<b>TOTAL REVENUES</b>	<u>584,300</u>	<u>669,864</u>	<u>598,744</u>	<u>(71,120)</u>
<b>EXPENDITURES</b>				
Current				
General government				
Personal services	1,414,041	1,302,801	1,302,043	758
Operating expenses	201,481	224,832	167,495	57,337
Capital outlay	25,000	49,411	37,193	12,218
Court related				
Operating Expenses	25,000	20,000	19,194	806
<b>TOTAL EXPENDITURES</b>	<u>1,665,522</u>	<u>1,597,044</u>	<u>1,525,925</u>	<u>71,119</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,081,222)</u>	<u>(927,180)</u>	<u>(927,181)</u>	<u>(1)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in-Board of County Commissioners	1,081,222	1,081,222	1,081,222	-
Reversion to Board of County Commissioners	-	(72,596)	(72,596)	-
Transfers out-Funds	-	(81,446)	(81,445)	1
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,081,222</u>	<u>927,180</u>	<u>927,181</u>	<u>1</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET and ACTUAL – COURT GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget – Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,264,002	\$ 1,634,541	\$ 1,634,478	\$ (63)
<b>TOTAL REVENUES</b>	<u>1,264,002</u>	<u>1,634,541</u>	<u>1,634,478</u>	<u>(63)</u>
<b>EXPENDITURES</b>				
Current				
Court related				
Personal services	1,235,798	1,366,244	1,337,314	28,930
Operating expenses	28,204	170,727	157,720	13,007
<b>TOTAL EXPENDITURES</b>	<u>1,264,002</u>	<u>1,536,971</u>	<u>1,495,034</u>	<u>41,937</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>97,570</u>	<u>139,444</u>	<u>41,874</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Reversion to other governments	-	(142,225)	(142,227)	(2)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(142,225)</u>	<u>(142,227)</u>	<u>(2)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(44,655)	(2,783)	41,872
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	44,655	44,655	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,872</u>	<u>\$ 41,872</u>

Notes to schedule:

Pursuant to Section 28.36, Florida Statutes, the budget is subject to the General Appropriations Act of the Florida Legislature. The State of Florida releases this appropriation on a monthly basis. As such, the budgeted amounts reflected in this schedule are comprised of nine months from the State's 2011 fiscal year and three months from the State's 2012 fiscal year. The fund is the legal level of control.

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET and ACTUAL – COURT TECHNOLOGY  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget – Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 150,000	\$ 156,700	\$ 156,728	\$ 28
Fines and forfeitures	51,000	66,000	66,402	402
Miscellaneous revenue	-	-	1	1
<b>TOTAL REVENUES</b>	<u>201,000</u>	<u>222,700</u>	<u>223,131</u>	<u>431</u>
<b>EXPENDITURES</b>				
Current				
Court Related				
Personal services	56,977	59,226	59,226	-
Operating expenses	105,955	123,262	109,545	13,717
Capital outlay	142,456	198,310	177,377	20,933
<b>TOTAL EXPENDITURES</b>	<u>305,388</u>	<u>380,798</u>	<u>346,148</u>	<u>34,650</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(104,388)</u>	<u>(158,098)</u>	<u>(123,017)</u>	<u>35,081</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in-Funds	-	81,445	81,445	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>(104,388)</u>	<u>(76,653)</u>	<u>(41,572)</u>	<u>35,081</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>104,388</u>	<u>76,653</u>	<u>77,063</u>	<u>410</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,491</u>	<u>\$ 35,491</u>

Notes to schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**CLERK OF THE CIRCUIT COURT  
FLAGLER COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET and ACTUAL – RECORDS MODERNIZATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget – Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ 55,311	\$ 5,311
<b>TOTAL REVENUES</b>	<u>50,000</u>	<u>50,000</u>	<u>55,311</u>	<u>5,311</u>
<b>EXPENDITURES</b>				
Current				
General government				
Operating expenses	168,513	168,513	51,354	117,159
<b>TOTAL EXPENDITURES</b>	<u>168,513</u>	<u>168,513</u>	<u>51,354</u>	<u>117,159</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(118,513)</u>	<u>(118,513)</u>	<u>3,957</u>	<u>122,470</u>
<b>NET CHANGE IN FUND BALANCE</b>	(118,513)	(118,513)	3,957	122,470
<b>FUND BALANCES, BEGINNING OF YEAR</b>	118,513	118,513	118,489	(24)
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,446</u>	<u>\$ 122,446</u>

Notes to schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

## Management Letter

The Honorable Gail Wadsworth  
Clerk of the Circuit Court  
Flagler County, Florida

We have audited the financial statements of the Flagler County Clerk of the Circuit Court, as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 28, 2012.

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. 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.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The Flagler County Clerk of the Circuit Court has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

### Sections 28.35 and 28.36, Florida Statutes

The Rules of the Auditor General require that statements be included in the management letter as to whether the Office complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. Our audit of the financial statements disclosed no reportable instances of noncompliance with the budget pursuant to Section 28.36, Florida Statutes, and no reportable instances of noncompliance with the performance standards developed and certified pursuant to Section 28.35, Florida Statutes.

The Honorable Gail Wadsworth  
Clerk of the Circuit Court  
Flagler County, Florida  
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Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Carr, Riggs & Ingram LLC*

March 28, 2012  
Gainesville, Florida

The Honorable Gail Wadsworth  
Clerk of the Circuit Court  
Flagler County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Flagler County Clerk of the Circuit Court (the "Office") as of and for the year ended September 30, 2011, which collectively comprise the Office's special purpose financial statements and have issued our report thereon dated March 28, 2012. Our report on the financial statements included a paragraph explaining that the Office is an integral part of Flagler County, the primary government for financial reporting purposes. 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.

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

#### Internal Control Over Financial Reporting

Management of the Office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Office's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office'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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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*.

### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. The Office implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during this year. The application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The Honorable Gail Wadsworth  
Clerk of the Circuit Court  
Flagler County, Florida  
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The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified during the audit.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter.

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

*Car, Riggs & Ingram LLC*

March 28, 2012  
Gainesville, Florida

FLAGLER COUNTY  
SHERIFF

AUDIT REPORT

SEPTEMBER 30, 2011

**Flagler County Sheriff  
Audit Report  
September 30, 2011**

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## Independent Auditors' Report

The Honorable Donald W. Fleming  
Sheriff  
Flagler County, Florida

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Flagler County Sheriff (the "Office") as of and for the year ended September 30, 2011, which collectively comprise the Office's special purpose financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Flagler County, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Office at September 30, 2011, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Donald W. Fleming  
Sheriff  
Flagler County, Florida  
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated February 29, 2012, on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison schedule listed in the table of contents as "required supplementary information" is not a required part of the special purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board. 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.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Office's special purpose financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements of the Office. Such information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

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



February 29, 2012  
Gainesville, Florida

**Balance Sheet – Governmental Funds  
September 30, 2011  
Flagler County Sheriff**

	<u>GENERAL</u> <u>FUND</u>	<u>OTHER</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<u>ASSETS</u>			
Cash and Equivalents	\$ 540,716	\$ 25,117	\$ 565,833
Accounts Receivable	26,456	-	26,456
Due from Other County Agencies	70,714	30,000	100,714
Due From Other Governments	119,804	-	119,804
TOTAL ASSETS	<u>\$ 757,690</u>	<u>\$ 55,117</u>	<u>\$ 812,807</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	\$ 100,312	\$ -	\$ 100,312
Accrued Wages	373,378	-	373,378
Deferred Revenue	-	30,000	30,000
Due to Other County Agencies	236,837	-	236,837
Due to Other Governments	47,163	-	47,163
TOTAL LIABILITIES	<u>757,690</u>	<u>30,000</u>	<u>787,690</u>
 <u>FUND BALANCES</u>			
Restricted:			
Inmate Benefits	-	3,768	3,768
Law Enforcement Education	-	427	427
Various Donor Purposes	-	20,922	20,922
TOTAL FUND BALANCES	<u>-</u>	<u>25,117</u>	<u>25,117</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 757,690</u>	<u>\$ 55,117</u>	<u>\$ 812,807</u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2011**  
**Flagler County Sheriff**

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>REVENUES</u></b>			
Intergovernmental	\$ 524,726	\$ -	\$ 524,726
Charges for Services	3,144,072	41,580	3,185,652
Fines and Forfeitures	212,936	-	212,936
Miscellaneous	148,661	37,041	185,702
<b>TOTAL REVENUES</b>	<b>4,030,395</b>	<b>78,621</b>	<b>4,109,016</b>
<b><u>EXPENDITURES</u></b>			
Current:			
Public Safety:			
Personal Services	18,217,284	-	18,217,284
Operating Expenditures	3,515,621	75,433	3,591,054
Capital Outlay	1,257,438	-	1,257,438
Court Related:			
Personal Services	620,011	-	620,011
Operating Expenditures	16,975	-	16,975
Debt Service:			
Principal	273,872	-	273,872
Interest	7,504	-	7,504
<b>TOTAL EXPENDITURES</b>	<b>23,908,705</b>	<b>75,433</b>	<b>23,984,138</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(19,878,310)</b>	<b>3,188</b>	<b>(19,875,122)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Appropriation from Board of County Commissioners			
	19,529,340	-	19,529,340
Reversion to Board of County Commissioners			
	(193,814)	-	(193,814)
Sale of Capital Assets	131,106	-	131,106
Capital Lease	411,678	-	411,678
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>19,878,310</b>	<b>-</b>	<b>19,878,310</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>3,188</b>	<b>3,188</b>
<b>FUND BALANCES - October 1, 2010</b>	<b>-</b>	<b>21,929</b>	<b>21,929</b>
<b>FUND BALANCES - September 30, 2011</b>	<b>\$ -</b>	<b>\$ 25,117</b>	<b>\$ 25,117</b>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Fiduciary Net Assets**  
**September 30, 2011**  
**Flagler County Sheriff**

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and Equivalents	\$ 12,564
 <u>LIABILITIES</u>	
Assets Held for Others	<u>12,564</u>
 NET ASSETS	 <u><u>\$ -</u></u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Sheriff**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Flagler County Sheriff (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

The Sheriff is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Flagler County, the primary government for financial reporting purposes.

**Basis of Presentation**

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements specified in GASB Statement 34. In conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

**Fund Accounting**

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed as a separate column. All nonmajor funds are aggregated and displayed in a single column.

The Office reports one major governmental fund:

*General Fund* - The General Fund is the general operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

The Office also reports the following nonmajor governmental funds:

*Inmate Welfare Fund* – This fund is used to account for revenues and expenditures related to the commissary operations of the detention facility.

*Police Education Fund* – This fund is used to account for its share of revenues pursuant to Florida Statutes 943.25 and expenditures related to law enforcement education.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Sheriff**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Hunter's Ridge Fund* – This fund is used to account for revenues required by the Hunter's Ridge Development Regional Impact Order. Use of the funds are to purchase vehicles.

*Five Point Star Association, Inc. (Sunshine Fund)* – This fund is a 501(c)(3) organization used to account for donations from employees and others used for donor-specified purposes.

The Office also reports the following fiduciary funds:

*Agency Funds* – Agency Funds are used to account for assets held by the Office in a custodial capacity.

**Fund Balance**

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

**Notes to Financial Statements  
September 30, 2011  
Flagler County Sheriff**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. 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 measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Capital Assets and Long-Term Liabilities

Because of the current financial resources measurement focus, the accompanying fund financial statements do not report capital assets or long-term liabilities of the governmental funds. Such amounts are instead reported in the government-wide financial statements of the County.

The Office defines capital assets as assets with an initial individual cost of \$1,000 or more, except for guns which are considered capital assets regardless of cost, and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Furniture & Equipment	5-10 years
Vehicles	5 years

Cash and Equivalents

All cash and equivalents are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by law to deposit with the Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

**Notes to Financial Statements  
September 30, 2011  
Flagler County Sheriff**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**NOTE 2 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	BALANCE OCTOBER 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2011
<b>CAPITAL ASSETS</b>				
Equipment	\$ 4,847,522	\$ 663,817	\$ 262,878	\$ 5,248,461
Vehicles	4,964,862	600,924	738,283	4,827,503
<b>TOTAL CAPITAL ASSETS</b>	<u>9,812,384</u>	<u>1,264,741</u>	<u>1,001,161</u>	<u>10,075,964</u>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Equipment	3,717,117	616,795	256,118	4,077,794
Vehicles	3,153,059	700,375	626,130	3,227,304
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>6,870,176</u>	<u>1,317,170</u>	<u>882,248</u>	<u>7,305,098</u>
<b>Total Capital Assets, Net</b>	<u>\$ 2,942,208</u>	<u>\$ (52,429)</u>	<u>\$ 118,913</u>	<u>\$ 2,770,866</u>

Depreciation expense of \$1,317,170 applies to the public safety function.

**NOTE 3 – CHANGES IN LONG-TERM DEBT**

A summary of changes in long-term debt is as follows:

	BALANCE OCTOBER 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2011	DUE WITHIN ONE YEAR
Compensated Absences	\$ 704,918	\$ 1,231,000	\$ 1,160,918	\$ 775,000	\$ 775,000
Capital Lease Obligations	276,195	411,678	273,872	414,001	276,796
<b>Total</b>	<u>\$ 981,113</u>	<u>\$ 1,642,678</u>	<u>\$ 1,434,790</u>	<u>\$1,189,001</u>	<u>\$1,051,796</u>

The Office has agreements with a financial institution for vehicles with interest rates of 2.2% through 2.8%. The aggregate historical cost of the vehicles is \$823,678.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011 were as follows:

Year Ending September 30,	Amount
2012	\$ 286,473
2013	140,174
	<u>\$ 426,647</u>
Less Interest	<u>(12,646)</u>
	<u>\$ 414,001</u>

**Notes to Financial Statements  
September 30, 2011  
Flagler County Sheriff**

**NOTE 4 – OPERATING LEASES**

The Sheriff has multiple operating leases for both facilities and equipment with maturity dates ranging from monthly to March 31, 2018. Monthly rent expense ranges from \$450 to \$4,686. Rent expense under these leases for the year ended September 30, 2011 was \$209,755. The future minimum lease payments for the remaining terms are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2012	\$ 133,950
2013	86,124
2014	59,104
2015	49,404
2016	39,928
2017-2018	<u>61,993</u>
	<u><u>\$ 430,503</u></u>

**NOTE 5 – PENSION PLAN**

*Plan Description.* The Office contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, PO Box 9000, Tallahassee, Florida, 32315-9000, or by calling (877) 377-1737.

*Funding Policy.* The System was employee noncontributory through June 30, 2011. For the period July 1, 2011 through September 30, 2011 the employee contribution rate was 3.00%. The County is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2011 were as follows: Regular Employees 4.91%; Special Risk Employees 14.10%; Senior Management 6.27%; Elected Officials 11.14%; DROP Employees 4.42%. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2011, 2010 and 2009 were approximately \$2,291,800, \$2,357,900 and \$2,244,100, respectively, equal to the required contributions for each year.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Sheriff**

**NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The Office participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. The County has implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. A detailed plan description and any liability for employees of the Office is included in the financial statements of the County.

**NOTE 7 – RISK MANAGEMENT**

The Office participates in the risk management program established by the Board of County Commissioners for life and health insurance. The risk management program is accounted for in the Board's financial statements as an Internal Service Fund, in accordance with requirements of GASB Statement No. 10.

The Office is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Office carries commercial insurance. There were no significant reductions in insurance coverage from prior years. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

**NOTE 8 – CONTINGENCIES AND COMMITMENTS**

The Office is, during the course of normal operations, involved in various claims. It is the opinion of management that any uninsured claims would not be material in relation to the Office's financial condition.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2011**  
**Flagler County Sheriff**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET
<b><u>REVENUES</u></b>				
Intergovernmental	\$ -	\$ 322,575	\$ 524,726	\$ 202,151
Charges for Services	3,076,641	3,076,641	3,144,072	67,431
Fines and Forfeitures	-	212,936	212,936	-
Miscellaneous	-	-	148,661	148,661
<b>TOTAL REVENUES</b>	<b>\$ 3,076,641</b>	<b>\$ 3,612,152</b>	<b>\$ 4,030,395</b>	<b>\$ 418,243</b>
<b><u>EXPENDITURES</u></b>				
Public Safety:				
Personal Services	\$18,485,854	\$18,899,773	\$18,217,284	\$ 682,489
Operating Expenditures	3,125,025	3,128,827	3,515,621	(386,794)
Capital Outlay	54,000	719,398	1,257,438	(538,040)
Court Related:				
Personal Services	636,516	636,516	620,011	16,505
Operating Expenditures	23,586	23,586	16,975	6,611
Debt Service				
Principal	281,000	281,000	273,872	7,128
Interest	-	-	7,504	(7,504)
<b>TOTAL EXPENDITURES</b>	<b>22,605,981</b>	<b>23,689,100</b>	<b>23,908,705</b>	<b>(219,605)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(19,529,340)</b>	<b>(20,076,948)</b>	<b>(19,878,310)</b>	<b>(198,638)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Appropriation from Board of County Commissioners	19,529,340	19,665,270	19,529,340	(135,930)
Reversion to Board of County Commissioners	-	-	(193,814)	(193,814)
Sale of Capital Assets	-	-	131,106	131,106
Capital Lease	-	411,678	411,678	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>19,529,340</b>	<b>20,076,948</b>	<b>19,878,310</b>	<b>(198,638)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - October 1, 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - September 30, 2011</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control. This budget includes grant revenues received during the year and expended according to grant-length budgets. This resulted in expenditures in excess of budget of \$219,605.

**SUPPLEMENTAL INFORMATION**

**Combining Balance Sheet – Nonmajor Governmental Funds  
September 30, 2011  
Flagler County Sheriff**

	INMATE WELFARE FUND	POLICE EDUCATION FUND	HUNTER'S RIDGE FUND	SUNSHINE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and Equivalents	\$ 3,768	\$ 427	\$ -	\$ 20,922	\$ 25,117
Due From Other County Agencies	-	-	30,000	-	30,000
<b>TOTAL ASSETS</b>	<u><u>\$ 3,768</u></u>	<u><u>\$ 427</u></u>	<u><u>\$ 30,000</u></u>	<u><u>\$ 20,922</u></u>	<u><u>\$ 55,117</u></u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Deferred Revenue	\$ -	\$ -	\$ 30,000	\$ -	\$ 30,000
<u>FUND BALANCES</u>					
Restricted	3,768	427	-	20,922	25,117
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 3,768</u></u>	<u><u>\$ 427</u></u>	<u><u>\$ 30,000</u></u>	<u><u>\$ 20,922</u></u>	<u><u>\$ 55,117</u></u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended September 30, 2011  
Flagler County Sheriff**

	INMATE WELFARE FUND	POLICE EDUCATION FUND	HUNTER'S RIDGE FUND	SUNSHINE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Charges for Services	\$ -	\$ 41,580	\$ -	\$ -	\$ 41,580
Miscellaneous	15,406	-	-	21,635	37,041
<b>TOTAL REVENUES</b>	15,406	41,580	-	21,635	78,621
<u>EXPENDITURES</u>					
Current:					
Public Safety:					
Operating Expenditures	13,183	41,580	-	20,670	75,433
<b>EXCESS OF REVENUES (OVER) UNDER EXPENDITURES</b>	2,223	-	-	965	3,188
<b>FUND BALANCES - October 1, 2010</b>	1,545	427	-	19,957	21,929
<b>FUND BALANCES - September 30, 2011</b>	<u>\$ 3,768</u>	<u>\$ 427</u>	<u>\$ -</u>	<u>\$ 20,922</u>	<u>\$ 25,117</u>

**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**  
**September 30, 2011**  
**Flagler County Sheriff**

	INMATE FUND	SUSPENSE FUND	TOTAL AGENCY FUNDS
<u>ASSETS</u>			
Cash and Equivalents	\$ 6,655	\$ 5,909	\$ 12,564
<u>LIABILITIES</u>			
Assets Held for Others	6,655	5,909	12,564
 NET ASSETS	 \$ -	 \$ -	 \$ -

**ADDITIONAL ELEMENTS REQUIRED BY THE  
RULES OF THE AUDITOR GENERAL**

The Honorable Donald W. Fleming  
Sheriff  
Flagler County, Florida

We have audited the financial statements of the Flagler County Sheriff's Office (the "Office"), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated February 29, 2012.

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. 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.

#### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings or recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter.

#### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

#### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

This management letter is intended solely for the information and use of the Flagler County Sheriff and management, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

The Honorable Donald W. Fleming  
Sheriff  
Flagler County, Florida  
Page 2

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Carr, Riggs & Ingram LLC*

February 29, 2012  
Gainesville, Florida

The Honorable Donald W. Fleming  
Sheriff  
Flagler County, Florida

We have audited the financial statements of the major fund and the aggregate remaining fund information of the Flagler County Sheriff (the "Office") as of and for the year ended September 30, 2011, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated February 29, 2012. Our report on the financial statements included a paragraph explaining that the Office is an integral part of Flagler County, the primary government for financial reporting purposes. 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.

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Office's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office'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 a 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. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings as item 11-1 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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*.

### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. The Office adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year. The application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are sometimes particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are sometimes particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted as a result of audit procedures.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter.

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

A handwritten signature in cursive script that reads "Carr, Riggs & Ingram LLC".

February 29, 2012  
Gainesville, Florida

**Schedule of Findings  
For the Year Ended September 30, 2011  
Flagler County Sheriff**

11-1 *Condition* – For the year ended September 30, 2011, the Office did not properly amend its budget for expenditures of supplemental revenues from grants, capital leases, and forfeitures. As a consequence, the actual expenditures exceeded the approved annual budget.

A similar finding was reported in the previous audit report as item 10-3.

*Recommendation* – We recommend that the actual expenditures be monitored closely and the expenditure of all supplemental funds be approved through the Board of County Commissioners.



# Flagler County Sheriff's Office

Donald W. Fleming, Sheriff

1001 Justice Lane • Bunnell, Florida 32110

February 29, 2012

Mr David W Martin, CPA  
Auditor General  
State of Florida  
Post Office Box 1735  
Tallahassee, Florida 32302

RE: Response to Fiscal Year 2011 Audit Recommendations

Dear Mr Martin:

Thank you for the opportunity to respond to the recommendation made by our independent auditors, Carr, Riggs & Ingram, LLC in connection with their audit of the Flagler County Sheriff's Office for the fiscal year ending September 30, 2011. This response is offered pursuant to the provisions of Section 218.39(6), Florida Statutes which provide for "The officer's written statement of explanation or rebuttal concerning the auditor's findings, including corrective action to be taken".

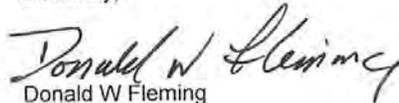
11-1 Amendment of Budget for Expenditures of Supplemental Revenues

Recommendation: We recommend that the actual expenditures be monitored closely and the expenditure of all supplemental funds be approved through the Board of County Commissioners.

Response: A procedure has been addressed with the Board of County Commissioners regarding the process to be followed to ensure the Sheriff's Office budget properly recognizes all supplemental revenues from grants, capital leases, and forfeitures. All supplemental revenues will be presented to the Board of County Commissioners for approval to increase the Sheriff's Office budget.

Should you have any further questions or require additional information please contact me or Linda Bolante, Chief Financial Officer for the Sheriff's Office, at 386-586-4830.

Sincerely,

  
Donald W Fleming  
Sheriff

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**FLAGLER COUNTY  
TAX COLLECTOR**

**AUDIT REPORT**

**SEPTEMBER 30, 2011**

**Flagler County Tax Collector  
Audit Report  
September 30, 2011**

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## Independent Auditors' Report

The Honorable Suzanne Johnston  
Tax Collector  
Flagler County, Florida

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Flagler County Tax Collector (the "Office") as of and for the year ended September 30, 2011, which collectively comprise the Office's special purpose financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Flagler County, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Office at September 30, 2011, and the respective changes in financial position, where applicable, thereof 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 a report dated March 22, 2012 on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of

The Honorable Suzanne Johnston  
Tax Collector  
Flagler County, Florida  
Page 2

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 schedule listed in the table of contents as “required supplementary information” is not a required part of the special purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board. 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.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Office’s special purpose financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements of the Office. Such information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

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



March 22, 2012  
Gainesville, Florida

**Balance Sheet – Governmental Funds  
September 30, 2011  
Flagler County Tax Collector**

	GENERAL FUND
<u>ASSETS</u>	
Cash	\$ 1,267,092
Due From Other Funds	16,910
Due From Other County Agencies	61,541
Due from Other Governments	15,010
TOTAL ASSETS	<u>\$ 1,360,553</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable and Accrued Liabilities	\$ 69,171
Due to Other County Agencies	1,214,771
Due to Other Governments	76,611
TOTAL LIABILITIES	1,360,553
FUND BALANCE	-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,360,553</u>

The accompanying “Notes to Financial Statements”  
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended September 30, 2011  
Flagler County Tax Collector**

	<u>GENERAL FUND</u>
<b><u>REVENUES</u></b>	
Charges for Services	\$ 3,373,969
Miscellaneous Revenue	<u>9,110</u>
<b>TOTAL REVENUES</b>	<u>3,383,079</u>
<b><u>EXPENDITURES</u></b>	
General Government Services:	
Personal Services	1,800,976
Operating Expenditures	370,953
Capital Outlay	<u>32,056</u>
<b>TOTAL EXPENDITURES</b>	<u>2,203,985</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	1,179,094
<b><u>OTHER FINANCING USES</u></b>	
Reversion to Board of County Commissioners	<u>(1,179,094)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-
<b>FUND BALANCE - October 1, 2010</b>	<u>-</u>
<b>FUND BALANCE - September 30, 2011</b>	<u><u>\$ -</u></u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Fiduciary Net Assets**  
**September 30, 2011**  
**Flagler County Tax Collector**

	AGENCY FUNDS
<b><u>ASSETS</u></b>	
Cash	\$ 1,826,734
Receivables	22,836
Due from Other County Agencies	392
<b>TOTAL ASSETS</b>	<b>1,849,962</b>
<b><u>LIABILITIES</u></b>	
Assets Held for Others	1,639,382
Due to Other Funds	16,910
Due to Other County Agencies	193,670
<b>TOTAL LIABILITIES</b>	<b>1,849,962</b>
<b>NET ASSETS</b>	<b>\$ -</b>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Tax Collector**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Flagler County Tax Collector (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

The Tax Collector is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Flagler County, the primary government for financial reporting purposes.

Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements specified in GASB Statement 34. In conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed as a separate column. All nonmajor funds are aggregated and displayed in a single column. The Office has no nonmajor governmental funds.

The Office reports the following major governmental fund:

General Fund - The General Fund is the general operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

The Office also reports the following fiduciary fund:

Agency Funds - Agency Funds are used to account for assets held by the Office in a custodial capacity.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Tax Collector**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Tax Collector**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. 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 measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

**Capital Assets and Long-Term Liabilities**

Capital assets used by the Office are recorded and accounted for by the Flagler County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

**Cash**

All cash is placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely collateralized throughout the fiscal year.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Tax Collector**

**NOTE 2 – INTERFUND BALANCES**

The following interfund balances arose during the normal course of operations of the Office.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	
General Fund	\$ 16,910	\$ -	
Agency Funds:			
Tax Fund	-	16,910	
 Total	<u>\$ 16,910</u>	<u>\$ 16,910</u>	

**NOTE 3 – CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	<u>BALANCE OCTOBER 1, 2010</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE SEPTEMBER 30, 2011</u>	<u>DUE WITHIN ONE YEAR</u>
Compensated Absences	<u>\$ 57,743</u>	<u>\$ 67,000</u>	<u>\$ 78,743</u>	<u>\$ 46,000</u>	<u>\$ 26,000</u>

**NOTE 4 – PENSION PLAN**

*Plan Description.* The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida 32315, or by calling (850) 488-6491.

*Funding Policy.* The System was employee noncontributory through June 30, 2011. For the period July 1, 2011 through September 30, 2011 the employee contribution rate was 3.00%. The County is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2011 were as follows: Regular Employees 4.91%; Special Risk Employees 14.10%; Senior Management 6.27%; Elected Officials 11.14%. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2011, 2010 and 2009 were approximately \$137,100, \$134,700 and \$141,500, respectively, equal to the required contributions for each year.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Tax Collector**

**NOTE 4 – PENSION PLAN**

*Defined Contribution Plan.* Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan totaled \$19,700.

**NOTE 5 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The Office participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. The County has implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. A detailed plan description and any liability for employees of the Office is included in the financial statements of the County.

**NOTE 6 – RISK MANAGEMENT**

The Office participates in the risk management program established by the Board of County Commissioners for life and health insurance. The risk management program is accounted for in the Board’s financial statements as an Internal Service Fund, in accordance with requirements of GASB 10.

The Office is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Office carries commercial insurance. There were no significant reductions in insurance coverage from prior years. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

**NOTE 7 – OPERATING LEASE COMMITMENTS**

The Office leases premises in Palm Coast where its branch is located. Future minimum rental payments are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Amount</u>
2012	\$ 27,944
2013	<u>9,464</u>
Total	<u>\$ 37,408</u>

In addition to the rental payments above, the Office is also responsible for its share of the common area maintenance and real estate taxes. For the year ended September 30, 2011, the Office incurred approximately \$33,200 for these premises under this lease arrangement.

**Notes to Financial Statements  
September 30, 2011  
Flagler County Tax Collector**

**NOTE 8– CONTINGENCIES AND COMMITMENTS**

The Office is, during the course of normal operations, involved in various claims. It is the opinion of management that any uninsured claims would not be material in relation to the Office's financial condition.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2011**  
**Flagler County Tax Collector**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Charges for Services	\$ 3,421,526	\$ 3,421,526	\$ 3,373,969	\$ (47,557)
Miscellaneous Revenues	10,000	10,000	9,110	(890)
<b>TOTAL REVENUES</b>	<b>3,431,526</b>	<b>3,431,526</b>	<b>3,383,079</b>	<b>(48,447)</b>
<b>EXPENDITURES</b>				
General Government Services:				
Personal Services	1,776,151	1,863,497	1,800,976	62,521
Operating Expenditures	389,422	432,327	370,953	61,374
Capital Outlay	-	32,056	32,056	-
<b>TOTAL EXPENDITURES</b>	<b>2,165,573</b>	<b>2,327,880</b>	<b>2,203,985</b>	<b>123,895</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,265,953</b>	<b>1,103,646</b>	<b>1,179,094</b>	<b>75,448</b>
<b>OTHER FINANCING USES</b>				
Reversion to Board of County Commissioners	(1,265,953)	(1,103,646)	(1,179,094)	(75,448)
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - October 1, 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - September 30, 2011</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**SUPPLEMENTAL INFORMATION**

## **Fiduciary Funds**

**Tax Fund** – To account for the collection and disbursement of real and tangible property taxes

**Tag Fund** – To account for the collection and disbursement of collections such as vehicle tag, title, sales tax and marine title fees; hunting and fishing licenses and marine title fees; and for driver license fees on behalf of various State agencies.

**Combining Statement of Fiduciary Net Assets - Agency Funds**  
**September 30, 2011**  
**Flagler County Tax Collector**

	<u>TAX FUND</u>	<u>TAG FUND</u>	<u>TOTALS</u>
<b><u>ASSETS</u></b>			
Cash	\$ 1,770,319	\$ 56,415	\$ 1,826,734
Receivables	22,836	-	22,836
Due from Other County Agencies	-	392	392
<b>TOTAL ASSETS</b>	<b><u>1,793,155</u></b>	<b><u>56,807</u></b>	<b><u>1,849,962</u></b>
<b><u>LIABILITIES</u></b>			
Assets Held for Others	1,585,007	54,375	1,639,382
Due to Other Funds	16,910	-	16,910
Due to Other County Agencies	191,238	2,432	193,670
<b>TOTAL LIABILITIES</b>	<b><u>1,793,155</u></b>	<b><u>56,807</u></b>	<b><u>1,849,962</u></b>
<b>NET ASSETS</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**ADDITIONAL ELEMENTS REQUIRED BY THE  
RULES OF THE AUDITOR GENERAL**

## Management Letter

The Honorable Suzanne Johnston  
Tax Collector  
Flagler County, Florida

We have audited the financial statements of the Flagler County Tax Collector, as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 22, 2012.

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. 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.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings or recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings were also included in the second preceding audit report. The Flagler County Tax Collector has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

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

The Honorable Suzanne Johnston  
Tax Collector  
Flagler County, Florida  
Page 2

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Car, Riggs & Ingram LLC*

March 22, 2012  
Gainesville, Florida

The Honorable Suzanne Johnston  
Tax Collector  
Flagler County, Florida

We have audited the financial statements of the major fund and the aggregate remaining fund information of the Flagler County Tax Collector (the "Office") as of and for the year ended September 30, 2011, which collectively comprise the Office's special purpose financial statements and have issued our report thereon dated March 22, 2012. Our report on the financial statements included a paragraph explaining that the Office is an integral part of Flagler County, the primary government for financial reporting purposes. 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.

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

#### Internal Control Over Financial Reporting

Management of the Office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Office's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office'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 a 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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*.

### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. During 2011, the Office implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements noted during the audit.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter.

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

*Car, Riggs & Ingram LLC*

March 22, 2012  
Gainesville, Florida

***SUZANNE JOHNSTON***  
***FLAGLER COUNTY TAX COLLECTOR***

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**P. O. Box 846  
Bunnell, FL 32110  
Phone: 386-313-4160**

March 22, 2012

The Honorable David W. Martin  
Florida Auditor General  
P. O Box 1735  
Tallahassee, FL 32302

Dear Honorable Martin:

I have received the Flagler County Tax Collector's financial statements and audit report for the year ending September 30, 2011.

I am pleased to report that there were no findings or recommendations included in the audit report.

Sincerely,



Suzanne Johnston  
Flagler County Tax Collector

FLAGLER COUNTY  
PROPERTY APPRAISER

AUDIT REPORT

SEPTEMBER 30, 2011

**Flagler County Property Appraiser  
Audit Report  
September 30, 2011**

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## Independent Auditors' Report

The Honorable James E. Gardner, Jr.  
Property Appraiser  
Flagler County, Florida

We have audited the accompanying special purpose financial statements of the Flagler County Property Appraiser (the "Office") as of and for the year ended September 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Flagler County, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Office at September 30, 2011, and the changes in its financial position 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 a report dated February 20, 2012 on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable James E. Gardner, Jr.  
Property Appraiser  
Flagler County, Florida  
Page 2

The budgetary comparison schedule listed in the table of contents as “required supplementary information” is not a required part of the special purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board. 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.

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

*Car, Riggs & Ingram LLC*

February 20, 2012  
Gainesville, Florida

**Balance Sheet – Governmental Funds  
September 30, 2011  
Flagler County Property Appraiser**

	GENERAL FUND
<u>ASSETS</u>	
Cash	\$ 77,289
Due from Other Governments	1,231
Due from Board of County Commissioners	63,234
TOTAL ASSETS	\$ 141,754
<u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES</u>	
Accounts Payable and Accrued Liabilities	\$ 62,149
Due to Other Governments	10,562
Due to Board of County Commissioners	69,043
TOTAL LIABILITIES	141,754
<u>FUND BALANCE</u>	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 141,754

The accompanying “Notes to Financial Statements”  
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended September 30, 2011  
Flagler County Property Appraiser**

	<u>GENERAL FUND</u>
<u>REVENUES</u>	
Charges for Services	\$ 88,353
Miscellaneous Revenue	31,264
	<hr/>
TOTAL REVENUES	119,617
	<hr/>
<u>EXPENDITURES</u>	
General Government:	
Personal Services	1,860,225
Operating Expenditures	241,870
Capital Outlay	50,210
	<hr/>
TOTAL EXPENDITURES	2,152,305
	<hr/>
EXCESS OF REVENUES UNDER EXPENDITURES	(2,032,688)
	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>	
Appropriation from Board of County Commissioners	2,097,729
Reversion to Board of County Commissioners	(65,041)
	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	2,032,688
	<hr/>
NET CHANGE IN FUND BALANCE	-
FUND BALANCE - October 1, 2010	-
	<hr/>
FUND BALANCE - September 30, 2011	<u>\$ -</u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Property Appraiser**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Flagler County Property Appraiser (the “Office”), conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

The Property Appraiser is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Flagler County, the primary government for financial reporting purposes.

**Basis of Presentation**

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements specified in GASB Statement 34. In conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

**Fund Accounting**

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed as a separate column. All nonmajor funds are aggregated and displayed in a single column. The Office reports the following major governmental fund; there are no nonmajor governmental funds:

**General Fund** - The General Fund is the primary operating fund. It is used to account for and report all financial resources that are not accounted for and reported in another fund.

**Fund Balance**

The Office follows the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Property Appraiser**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The fund balance classifications specified in GASB Statement No. 54 are as follows:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

**Measurement Focus/Basis of Accounting**

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. 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 measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

**Notes to Financial Statements  
September 30, 2011  
Flagler County Property Appraiser**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Capital Assets and Long-Term Liabilities

Capital assets used by the Office are recorded and accounted for by the Flagler County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

Cash

All cash is placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Therefore, the deposits are entirely insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**NOTE 2 – CHANGES IN LONG-TERM DEBT**

A summary of changes in long-term debt follows:

	BALANCE OCTOBER 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2011	DUE WITHIN ONE YEAR
Compensated Absences	<u>\$ 73,500</u>	<u>\$ 84,000</u>	<u>\$ 101,500</u>	<u>\$ 56,000</u>	<u>\$29,500</u>

**NOTE 3 – PENSION PLAN**

Defined Benefit Plan

*Plan Description.* The Office contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida 32315, or by calling (850) 488-6491.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Property Appraiser**

**NOTE 3 – PENSION PLAN**

*Funding Policy.* The System was employee noncontributory through June 30, 2011. For the period July 1, 2011 through September 30, 2011 the employee contribution rate was 3.00%. The County is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2011 were as follows: Regular Employees 4.91%; Special Risk Employees 14.10%; Senior Management 6.27%; Elected Officials 11.14%, DROP 4.42%. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2011, 2010 and 2009 were approximately \$143,000, \$155,800 and \$156,000, respectively, equal to the required contributions for each year.

*Defined Contribution Plan.* Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan totaled \$19,700.

**NOTE 4 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The Office participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. The County has implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. A detailed plan description and any liability for employees of the Office is included in the financial statements of the County.

**NOTE 5 – RISK MANAGEMENT**

The Office participates in the risk management program established by the Board of County Commissioners for life and health insurance. The risk management program is accounted for in the Board's financial statements as an Internal Service Fund, in accordance with requirements of GASB 10.

The Office is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Office carries commercial insurance. There were no significant reductions in insurance coverage from prior years. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Property Appraiser**

**NOTE 6 – LEASE COMMITMENTS**

The Office has five vehicle operating leases. During the year ended September 30, 2011, the lease payments on all vehicle operating leases were \$16,200.

Future minimum lease payments for noncancellable operating leases as of September 30, are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 15,200
2013	9,600
2014	<u>5,300</u>
Total	<u>\$ 30,100</u>

**NOTE 7 – CONTINGENCIES AND COMMITMENTS**

The Office is, during the course of normal operations, involved in various claims regarding the assessments of real and tangible personal property. It is the opinion of management that any uninsured claims would not be material in relation to the Office's financial condition.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2011**  
**Flagler County Property Appraiser**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET
<b><u>REVENUES</u></b>				
Charges for Services	\$ 84,736	\$ 84,736	\$ 88,353	\$ 3,617
Miscellaneous Revenue	-	-	31,264	31,264
<b>TOTAL REVENUES</b>	<b>84,736</b>	<b>84,736</b>	<b>119,617</b>	<b>34,881</b>
<b><u>EXPENDITURES</u></b>				
General Government:				
Personal Services	1,964,807	1,918,022	1,860,225	57,797
Operating Expenditures	214,233	214,233	241,870	(27,637)
Capital Outlay	-	50,210	50,210	-
<b>TOTAL EXPENDITURES</b>	<b>2,179,040</b>	<b>2,182,465</b>	<b>2,152,305</b>	<b>30,160</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,094,304)</b>	<b>(2,097,729)</b>	<b>(2,032,688)</b>	<b>65,041</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Appropriation from Board of County Commissioners	2,094,304	2,097,729	2,097,729	-
Reversion to Board of County Commissioners	-	-	(65,041)	(65,041)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,094,304</b>	<b>2,097,729</b>	<b>2,032,688</b>	<b>(65,041)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - October 1, 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - September 30, 2011</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**ADDITIONAL ELEMENTS REQUIRED BY THE  
RULES OF THE AUDITOR GENERAL**

## Management Letter

The Honorable James E. Gardner, Jr.  
Property Appraiser  
Flagler County, Florida

We have audited the financial statements of the Flagler County Property Appraiser, as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated February 20, 2012.

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. 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.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings or recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The Office has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The Honorable James E. Gardner, Jr.  
Property Appraiser  
Flagler County, Florida  
Page 2

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Car, Riggs & Ingram LLC*

February 20, 2012  
Gainesville, Florida

The Honorable James E. Gardner, Jr.  
Property Appraiser  
Flagler County, Florida

We have audited the financial statements of the Flagler County Property Appraiser (the "Office") as of and for the year ended September 30, 2011, and have issued our report thereon dated February 20, 2012. Our report on the financial statements included a paragraph explaining that the Office is an integral part of Flagler County, the primary government for financial reporting purposes. 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.

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Office'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 Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office'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 a 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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*.

### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. The Office adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year. The application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are sometimes particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are sometimes particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

The Honorable James E. Gardner, Jr.  
Property Appraiser  
Flagler County, Florida  
Page 3

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted as a result of audit procedures.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter.

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

*Car, Riggs & Ingram LLC*

February 20, 2012  
Gainesville, Florida

FLAGLER COUNTY  
SUPERVISOR OF ELECTIONS

AUDIT REPORT

SEPTEMBER 30, 2011

**Flagler County Supervisor of Elections  
Audit Report  
September 30, 2011**

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## Independent Auditors' Report

The Honorable Kimberle B. Weeks  
Supervisor of Elections  
Flagler County, Florida

We have audited the accompanying special purpose financial statements of the Flagler County Supervisor of Elections (the "Office") as of and for the year ended September 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Flagler County, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Office at September 30, 2011, and the changes in its financial position 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 a report dated February 27, 2012 on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Kimberle B. Weeks  
Supervisor of Elections  
Flagler County, Florida  
Page 2

The budgetary comparison schedule listed in the table of contents as “required supplementary information” is not a required part of the special purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board. 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.

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

*Car, Riggs & Ingram LLC*

February 27, 2012  
Gainesville, Florida

**Balance Sheet – Governmental Funds  
September 30, 2011  
Flagler County Supervisor of Elections**

	<u>GENERAL FUND</u>
<u>ASSETS</u>	
Cash	<u>\$ 68,308</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
 <u>LIABILITIES</u>	
Accounts Payable and Accrued Liabilities	\$ 28,175
Due to Other County Agencies	18,578
Deferred Revenue	<u>21,555</u>
TOTAL LIABILITIES	68,308
FUND BALANCE	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 68,308</u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended September 30, 2011  
Flagler County Supervisor of Elections**

	<u>GENERAL FUND</u>
<b><u>REVENUES</u></b>	
Intergovernmental Revenue	\$ 10,064
Charges for Services	<u>29,565</u>
<b>TOTAL REVENUES</b>	<u>39,629</u>
<b><u>EXPENDITURES</u></b>	
General Government:	
Personal Services	378,473
Operating Expenditures	237,268
Capital Outlay	<u>57,986</u>
<b>TOTAL EXPENDITURES</b>	<u>673,727</u>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<u>(634,098)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>	
Appropriation from Board of County Commissioners	641,192
Reversion to Board of County Commissioners	(14,163)
Appropriation from Board for Special Election	11,055
Reversion to Board from Special Election	<u>(3,986)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>634,098</u>
<b>NET CHANGE IN FUND BALANCE</b>	-
<b>FUND BALANCE - October 1, 2010</b>	<u>-</u>
<b>FUND BALANCE - September 30, 2011</b>	<u><u>\$ -</u></u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Supervisor of Elections**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Flagler County Supervisor of Elections (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

The Supervisor of Elections is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Flagler County, the primary government for financial reporting purposes.

**Basis of Presentation**

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements specified in GASB Statement No. 34. In conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

**Fund Accounting**

Accounts are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In the accompanying financial statements, one fund is reported, as follows:

**GOVERNMENTAL FUNDS**

**General Fund** - The General Fund is the general operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

**Fund Balance**

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Supervisor of Elections**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The fund balance classifications specified in GASB Statement No. 54 are as follows:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

**Measurement Focus/Basis of Accounting**

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

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

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Supervisor of Elections**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

**Capital Assets and Long-term Liabilities**

Capital assets used by the Office are recorded and accounted for by the Flagler County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the government-wide financial statements of the County.

**Cash**

All cash is placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Therefore, the deposits are entirely insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**NOTE 2 – LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	BALANCE OCTOBER 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2011	DUE WITHIN ONE YEAR
Compensated Absences	<u>\$ 7,526</u>	<u>\$10,490</u>	<u>\$10,916</u>	<u>\$ 7,100</u>	<u>\$ 7,100</u>

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Supervisor of Elections**

**NOTE 3 – PENSION PLAN**

*Plan Description.* The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-6491.

*Funding Policy.* The System was employee noncontributory through June 30, 2011. For the period July 1, 2011 through September 30, 2011 the employee contribution rate was 3.00%. The Office is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2011 were as follows: Regular Employees 4.91%; Special Risk Employees 14.10%; Senior Management 6.27%; Elected Officials 11.14%. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2011, 2010 and 2009 were \$30,613, \$32,802 and \$28,357, respectively, equal to the required contributions for each year.

**NOTE 4 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The Office participates in the plan established by the Board of County Commissioners to provide other post-employment benefits to retirees of the Board of Constitutional Officers. The County has implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. A detailed plan description and any liability for employees of the Office is included in the financial statements of the County.

**NOTE 5 – RISK MANAGEMENT**

The Office participates in the risk management program established by the Board of County Commissioners for life and health insurance. The risk management program is accounted for in the Board's financial statements as an Internal Service Fund, in accordance with requirements of GASB 10.

The Office is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Office carries commercial insurance. There were no significant reductions in insurance coverage from prior years. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

**Notes to Financial Statements**  
**September 30, 2011**  
**Flagler County Supervisor of Elections**

**NOTE 5 – LEASE COMMITMENTS**

The Office leases equipment through operating leases with maturity dates ranging from May 28, 2012 to July 9, 2014. The lease expense for the year ended September 30, 2011 was \$2,730.

The following is a schedule of future minimum rental payments required under the above operating leases:

<u>Year Ending</u> <u>September 30:</u>	
2012	\$ 2,520
2013	1,536
2014	<u>1,152</u>
TOTAL	<u>\$ 5,208</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2011**  
**Flagler County Supervisor of Elections**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 15,000	\$ 15,000	\$ 10,064	\$ (4,936)
Charges for Services	-	28,514	29,565	1,051
<b>TOTAL REVENUES</b>	<b>15,000</b>	<b>43,514</b>	<b>39,629</b>	<b>(3,885)</b>
<b>EXPENDITURES</b>				
General Government:				
Personal Services	473,273	420,699	397,165	23,534
Operating Expenditures	182,919	218,576	218,576	-
Capital Outlay	-	57,986	57,986	-
<b>TOTAL EXPENDITURES</b>	<b>656,192</b>	<b>697,261</b>	<b>673,727</b>	<b>23,534</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(641,192)</b>	<b>(653,747)</b>	<b>(634,098)</b>	<b>19,649</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from Board of County Commissioners	641,192	641,192	641,192	-
Reversion to Board of County Commissioners	-	-	(14,163)	(14,163)
Appropriation from Board for Special Election	-	12,555	11,055	(1,500)
Reversion to Board For Special Election	-	-	(3,986)	(3,986)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>641,192</b>	<b>653,747</b>	<b>634,098</b>	<b>(19,649)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - October 1, 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - September 30, 2011</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control. Budgeted expenditures shown above include \$28,514 resulting from the Office's agreements with municipalities for elections services, which are fully reimbursed.

**ADDITIONAL ELEMENTS REQUIRED BY THE  
RULES OF THE AUDITOR GENERAL**

## Management Letter

The Honorable Kimberle B. Weeks  
Supervisor of Elections  
Flagler County, Florida

We have audited the financial statements of the Flagler County Supervisor of Elections, as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated February 27, 2012.

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. 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.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The Office has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

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

The Honorable Kimberle B. Weeks  
Supervisor of Elections  
Flagler County, Florida  
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We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Car, Riggs & Ingram LLC*

February 27, 2012  
Gainesville, Florida

The Honorable Kimberle B. Weeks  
Supervisor of Elections  
Flagler County, Florida

We have audited the financial statements of the Flagler County Supervisor of Elections (the "Office") as of and for the year ended September 30, 2011, and have issued our report thereon dated February 27, 2012. Our report on the financial statements included a paragraph explaining that the Office is an integral part of Flagler County, the primary government for financial reporting purposes. 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.

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Office'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 Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office'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 a 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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*.

### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. The Office adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year. The application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

The Honorable Kimberle B. Weeks  
Supervisor of Elections  
Flagler County, Florida  
Page 3

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted as a result of audit procedures.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter.

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

*Car, Riggall & Ingram LLC*

February 27, 2012  
Gainesville, Florida



*Kimberle B. Weeks*  
Flagler County Supervisor of Elections



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February 27, 2012

The Honorable David W. Martin  
Auditor General  
P.O. Box 1735  
Tallahassee, Florida 32402-1735

Dear Sir:

An audit of the operations of the Flagler County Supervisor of Elections Office for the fiscal year ending September 30, 2011, has been completed by Carr, Riggs & Ingram, LLC.

I am pleased to report there were no deficiencies in internal control over financial reporting or instances of noncompliance under Government Auditing Standards to report.

Sincerely,

Kimberle B. Weeks  
Flagler County Supervisor of Elections