

FINANCIAL STATEMENTS
District Five Medical Examiner
Year Ended September 30, 2005
with Report of Independent Certified Public Accountants

District Five Medical Examiner

Financial Statements

Year Ended September 30, 2005

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Financial Section

Report of Independent Certified Public Accountants

District Five Medical Examiner

We have audited the accompanying financial statements of the governmental activities and general fund of the District Five Medical Examiner (Medical Examiner) as of and for the year ended September 30, 2005, which collectively comprise the Medical Examiner's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Medical Examiner'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 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. We were not engaged to perform an audit of the Medical Examiner's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Medical Examiner's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 and the general fund of the Medical Examiner as of September 30, 2005, and the respective changes in financial position, for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2005 on our consideration of the Medical Examiner'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 management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 21 through 22 are not a required part of the basic 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.

Ernst & Young LLP

November 11, 2005

Management's Discussion and Analysis

As management of the District Five Medical Examiner (Medical Examiner), we offer readers of the Medical Examiner's financial statements this narrative overview and analysis of the financial activities of the Medical Examiner for the fiscal year ended September 30, 2005. This discussion has been prepared by management and should be read in conjunction with the financial statements, which follow this section.

Financial Highlights

The Medical Examiner's assets exceeded its liabilities at September 30, 2005, by \$332,388 (net assets). Of this amount, \$163,235 (unrestricted net assets) may be used to meet the organization's ongoing obligations to its customers and creditors.

The Medical Examiner's total net assets increased \$680 as a result of current year operations.

The Medical Examiner has no outstanding debt except for accrued compensated absences for its employees. The amount outstanding at September 30, 2005, was \$103,872.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Medical Examiner's basic financial statements. The basic financial statements consist of two parts: combined government-wide financial statements and fund financial statements, and notes to the financial statements. This report also includes supplementary information that explains in more detail some of the information in the financial statements. As the Medical Examiner's operations focus on one program/function, public safety, it is considered to be a special-purpose government for financial reporting purposes.

For special-purpose governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule as is required for general governments or those with multiple programs or functions. The Medical Examiner has chosen this format for presentation of its financial statements.

Government-Wide Financial Statements

The government-wide financial statements of the Medical Examiner provide a broad overview of The Medical Examiner's finances and report information about the Medical Examiner using accounting methods similar to those used by private sector companies.

The Statement of Net Assets presents the Medical Examiner's assets less its liabilities at year-end. The difference between these assets and liabilities is 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 Medical Examiner is improving or deteriorating.

The Statement of Activities presents information showing how the Medical Examiner's net assets changed during the fiscal year. 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.

The government-wide financial statements can be found on pages 10-11 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 Medical Examiner, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Medical Examiner has only one fund, the General Fund, which is a governmental fund type.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds 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. As a result of this difference in focus, a reconciliation is provided on the face of each financial statement between the fund and government-wide statements.

The basic governmental fund financial statements can also be found on pages 10-11 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 12 of this report.

Other Information – In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning the Medical Examiner's annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget. Required supplementary information can be found beginning on page 21 of this report.

Government-Wide Financial Analysis

In accordance with accounting principles generally accepted in the United States, the Medical Examiner implemented the provisions of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, beginning with the year ended September 30, 2004. As a result, the accompanying fund financial statements are converted to the Statement of Net Assets and Statement of Activities by posting adjustments which include the following:

Capital assets, net of accumulated depreciation, have been added to the Statement of Net Assets. In addition, capital outlay has been taken out of expenses in the Statement of Activities and depreciation expense for all equipment has been included in expenses.

The liability for accrued compensated absences has been added to the Statement of Net Assets and the related expense has been included in the Statement of Activities.

Our analysis of the government-wide financial statements of the Medical Examiner begins below. The Statement of Net Assets and the Statement of Activities report the net assets of the Medical Examiner and changes in them. Over time, increases or decreases in the Medical Examiner’s net assets are one indicator of financial position. However, you will need to consider other non-financial factors, such as changes in economic conditions, regulations, and new or changed government legislation.

Medical Examiner Net Assets	September 30, 2004	September 30, 2005
Current and other assets	\$ 286,468	\$ 373,609
Capital assets, net	201,721	169,153
Total assets	<u>\$ 488,189</u>	<u>\$ 542,762</u>
Current liabilities	\$ 107,067	\$ 137,342
Long-term liabilities	49,414	73,032
Total liabilities	<u>\$ 156,481</u>	<u>\$ 210,374</u>
Net Assets		
Invested in capital assets	\$ 201,721	\$ 169,153
Unrestricted	129,987	163,235
Total net assets	<u>\$ 331,708</u>	<u>\$ 332,388</u>

Assets of the Medical Examiner consist primarily of pooled cash and investments of approximately \$355,000, and capital assets, net of accumulated depreciation, of approximately \$169,000.

Current liabilities primarily consist of approximately \$137,000 of accounts payable and accrued liabilities, including short-term compensated absences. Long-term liabilities consist solely of compensated absences.

Net assets amounted to approximately \$332,000 in fiscal year 2005. The major component of net assets is the category "Invested in capital assets", which is the Medical Examiner's investment in its net capital assets (original cost less accumulated depreciation). The Medical Examiner also has unrestricted net assets of approximately \$163,000.

While the Statement of Net Assets shows the change in financial position of net assets, the Statement of Activities provides answers as to the nature and source of these changes.

Medical Examiner Statement of Activities	September 30, 2004	September 30, 2005
Revenues:		
Program revenues:		
Contribution from member counties	\$ 1,896,116	\$ 2,046,872
Charges for services	202,370	212,858
General revenues:		
Investment and miscellaneous revenues	7,349	19,737
Total revenues	<u>\$ 2,105,835</u>	<u>\$ 2,279,467</u>
Expenses:		
Current	1,989,888	2,224,822
Depreciation	50,605	53,965
Total expenses	<u>2,040,493</u>	<u>2,278,787</u>
Change in net assets	<u>65,342</u>	<u>680</u>
Beginning net assets	266,366	331,708
Ending net assets	<u>\$ 331,708</u>	<u>\$ 332,388</u>

Revenues consist primarily of the contributions from the five counties that support the office: Citrus, Hernando, Lake, Marion, and Sumter Counties. The 2005 contribution amounted to \$2,046,872. Other revenues include charges for services of approximately \$213,000 for amounts received from cremation authorizations, use of the facilities by tissue banks, and sales of case file materials.

Expenses consisted primarily of approximately \$1,444,000 in personal services, which include salaries, wages, and related taxes, and fringe benefits paid to Medical Examiner personnel during fiscal year 2005.

Analysis of Medical Examiner General Fund

The Medical Examiner has one fund, the general fund, which is reported in the Fund Financial Statement column. The focus of the general fund is to provide information on near-term inflows and outflows of cash and the balance available. The unreserved fund balance serves as a measure of the resources available for spending for the next fiscal year. The unreserved fund balance was \$248,981 at September 30, 2005, compared to \$183,501 at the end of the prior year. The following is a comparison of operations from 2004 to 2005 at the fund level:

Medical Examiner			
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance			
Years Ended September 30, 2005 and 2004			
	2004	2005	Variance Increase (Decrease)
Revenues:			
Contributions from member counties	\$ 1,896,116	\$ 2,046,872	\$ 150,756
Charges for services	202,370	212,858	10,488
Investment and miscellaneous income	7,349	14,137	6,788
Total revenues	<u>2,105,835</u>	<u>2,273,867</u>	168,032
Expenditures:			
Personal services	1,227,482	1,444,490	217,008
Operating	645,496	642,937	(2,559)
Capital outlay	7,584	15,797	8,213
Administrative fee	93,528	105,163	11,635
Total expenditures	<u>1,974,090</u>	<u>2,208,387</u>	234,297
Excess of revenues over (under) expenditures	131,745	65,480	(66,265)
Fund balance beginning of year	70,599	201,602	131,003
Change in reserve for inventory	(742)	25	767
Fund balance end of year	<u>\$ 201,602</u>	<u>\$ 267,107</u>	<u>\$ 65,505</u>

Personal services increased by approximately \$217,000 due to increased staffing in the current year. In 2004, the office had several unfilled positions, including the Medical Examiner position. Contributions from member counties increased by approximately \$150,000 to fund the staff.

General Fund Budgetary Highlights

The difference between the original and the final amended budget was \$33,768 (increase in expenditures and beginning fund balance) and was funded by cash carried forward from the prior year.

Differences between the final amended budget and actual results are included on page 21 of the accompanying financial statements. Some of the more significant variances are discussed below:

- Revenues from investment income were higher than budgeted by \$11,137 due to increased interest rates.
- Staffing increased during 2005, but personal services were still \$158,449 less than budgeted due to unfilled positions at the beginning of the year.
- Operating expenditures were under budget by \$91,007 due to cost savings on transport and toxicology services.

Capital Assets and Long-Term Debt

Capital Assets

As of September 30, 2005, the Medical Examiner had \$169,153 invested primarily in equipment, as reflected in the table below, which represents a net decrease (additions, deductions, and depreciation) of \$32,568, or 16%, from the end of last year. The decrease resulted primarily from current year depreciation.

Medical Examiner Capital Assets	2004	2005
Equipment and Improvements	\$ 342,244	\$ 363,641
Accumulated Depreciation	(140,523)	(194,488)
Capital Assets, net	<u>\$ 201,721</u>	<u>\$ 169,153</u>

Capital assets consist of vehicles and equipment used by the organization in its daily operations and improvements, which consist of a security gate. Lake County provides office space and a morgue at no charge.

During 2005, additions amounted to \$21,397 for two vehicles; one was purchased for \$15,797 and another was donated with a value of \$5,600.

For more detailed information regarding the Medical Examiner's capital assets, please refer to Note 4 to the financial statements.

Long-Term Debt – Compensated Absences

The Medical Examiner's full-time employees accumulate annual and sick leave based upon length of employment. Upon termination of employment, employees can receive a cash benefit for annual leave, up to a maximum of 300 hours. The value of any sick leave is contributed to a post-employment health plan. The cost of accumulated annual and sick leave, including fringe benefits is accrued only to the extent that the leave will result in cash payments at termination. At September 30, 2005, the Medical Examiner had \$103,872 in accrued compensated absences, of which \$30,840 is considered to be due in the next fiscal year.

For more detailed information regarding the Medical Examiner's long-term debt, please refer to Note 5 to the financial statements.

Economic Factors and Next Year's Budget and Rates

- The average unemployment rate for the District Five area is 4.0%. This is compared to the 4.1% for the state and 5.2% for the nation.
- Inflation nationally as indicated by the consumer price index is 4.3%.

All of these factors were considered in preparing the Medical Examiner budget for the 2005-2006 year. The Medical Examiner Board adopted the 2006 budget at its May 12, 2005 meeting. The 2006 budget of \$2,607,824 includes a 5% funding increase from the participating counties. The 2005 estimated cash carry forward of \$193,490 is included in the 2006 budget.

Requests for Information

This financial report is designed to provide a general overview of the Medical Examiner's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Office of the Clerk of Courts, 315 West Main Street, Post Office Box 7800, Tavares, Florida, 32778, (352) 343-9808.

Basic Financial Statements

District Five Medical Examiner

Governmental Funds Balance Sheet/Statement of Net Assets

September 30, 2005

	Governmental Funds Balance Sheet – General Fund	Adjustments (Note 2)	Statement of Net Assets
Assets			
Current assets:			
Pooled cash and investments	\$ 355,483	\$ –	\$ 355,483
Inventory	18,126	–	18,126
Non-current assets:			
Capital assets, net	–	169,153	169,153
Total assets	\$ 373,609	\$ 169,153	\$ 542,762
Liabilities and fund balances/Net assets			
Current liabilities:			
Accounts payable	\$ 51,156	\$ –	\$ 51,156
Accrued liabilities	55,346	–	55,346
Compensated absences, current	–	30,840	30,840
Non-current liabilities:			
Compensated absences	–	73,032	73,032
Total liabilities	106,502	103,872	210,374
Fund balances/Net assets:			
Fund balances:			
Reserved for inventory	18,126	(18,126)	
Unreserved	248,981	(248,981)	
Total fund balances	267,107	(267,107)	
Total liabilities and fund balances	\$ 373,609		
Net assets:			
Invested in capital assets		169,153	169,153
Unrestricted		163,235	163,235
Total net assets		\$ 332,388	\$ 332,388

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

District Five Medical Examiner

Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities

September 30, 2005

	Governmental Fund Balances – General Fund	Adjustments (Note 2)	Statement of Activities
Revenues:			
Contributions from member counties	\$ 2,046,872	\$ –	\$ 2,046,872
Charges for services	212,858	–	212,858
Investment income	14,137	–	14,137
Miscellaneous income	–	5,600	5,600
Total revenues	<u>2,273,867</u>	<u>5,600</u>	<u>2,279,467</u>
Public safety expenditures:			
Personal services	1,444,490	32,257	1,476,747
Operating	642,937	(25)	642,912
Capital outlay	15,797	(15,797)	–
Depreciation expense	–	53,965	53,965
Administrative fee	105,163	–	105,163
Total expenditures/expenses	<u>2,208,387</u>	<u>70,400</u>	<u>2,278,787</u>
Excess of revenues over (under) expenditures/ Change in net assets	65,480	(64,800)	680
Fund balances/Net assets at beginning of year – Change in reserve for inventory	201,602 25	130,106 (25)	331,708 –
Fund balance/Net assets at end of year	<u>\$ 267,107</u>	<u>\$ 65,281</u>	<u>\$ 332,388</u>

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

District Five Medical Examiner

Notes to Financial Statements

September 30, 2005

1. Summary of Significant Accounting Policies

Reporting Entity

The District Five Medical Examiner (Medical Examiner) district includes Citrus, Hernando, Lake, Marion, and Sumter Counties (Member Counties). The Member Counties entered into an interlocal agreement effective April 10, 2000, to share the operating and capital costs of the Medical Examiner. The Medical Examiner is governed by the District Medical Examiner Committee (Committee) consisting of one county commissioner from each county. The Committee approves the annual budget and the method for dividing costs among the five counties. Lake County is the Administrative Coordinator for the Medical Examiner and is responsible for hiring employees, managing funds, and providing support services. Lake County receives a fee of 5% of operating expenditures to cover support services. In addition, Lake County provided the facility that is used for the operation of the office. The costs of maintenance, repair, upkeep, and subsequent capital expenditures of and for the facility, however, are considered costs of the Medical Examiner. Any one of the counties has the right to terminate its participation by giving 60 days notice to the other counties and paying its share of the costs up to the date of termination. The termination of the interlocal agreement by one county does not affect the validity of the agreement for the other non-terminating counties. Employees of the Medical Examiner are employees of the Lake County Board of County Commissioners (County) and are entitled to the same benefits as county employees.

The Medical Examiner is appointed by the Governor for a term of three years. Medical Examiner Districts are created by an appointed commission within the Department of Law Enforcement of the State of Florida, and are based on population, judicial circuits, geographical area, and other factors. Medical Examiners must follow the requirements of Chapter 406, of the Florida Statutes.

Funding for the Medical Examiner is provided by each county based on the ratio of population of the county to the total population of all five counties. Funds are provided quarterly in advance by each county and are reported as Contributions from Member Counties in the accompanying financial statements. At the end of the year, any balance due to or from each county is reported in the financial statements as Due To/From Member Counties. There were no balances due at September 30, 2005.

District Five Medical Examiner
Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

These financial statements have been prepared in conformity with reporting guidelines established by GASB and were prepared in conformity with accounting principles generally accepted in the United States (GAAP). The following types of financial statements are reported by the Medical Examiner:

Government-wide Financial Statements – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Medical Examiner. Governments typically report activities as either *governmental activities*, which normally are supported by taxes and intergovernmental revenues, or *business-type activities*, which rely to a significant extent on fees and charges for support. The Medical Examiner reports only governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Since the Medical Examiner’s primary mission (function) is public safety, all revenues and expenses are considered to be for this purpose and the accompanying financial statements do not segregate beyond this function.

Because the Medical Examiner has only governmental activities and only one function, it is considered to be a special-purpose government for financial reporting purposes. As such, the government-wide financial statements are presented together with the governmental fund financial statements, described below, with an adjustment column presented to reconcile the two sets of statements.

Governmental Fund Financial Statements – The Medical Examiner has one governmental fund type, which is the general fund. The General Fund is the primary operating fund used to account for all resources and operations. Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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.

District Five Medical Examiner

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental Fund Financial Statements – The General Fund is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; that is, when they are measurable and available. Measurable means 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. For this purpose, the Medical Examiner considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when the related liability is incurred. Revenues primarily consist of charges for services and contributions from Member Counties. Both of these revenues are susceptible to accrual.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

The Committee adopts an annual budget for the Medical Examiner using the same procedures applicable to counties. The budget is prepared on the modified accrual basis of accounting and on a basis consistent with accounting principles generally accepted in the United States.

Budget amendments are defined as major object code changes which either increase or decrease the total budget. Budget amendments must be approved by the Committee. Expenditures may not exceed appropriations at the major object code level. A legally adopted budget is prepared for the General Fund.

District Five Medical Examiner
Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Pooled Cash and Investments

Pooled cash and investments are stated at fair value. Miscellaneous income includes interest earnings and realized and unrealized gains and losses on investments.

Inventory

Inventory is stated at the lower of cost (first-in, first-out) or market and consists primarily of medical and other supplies. Expenditures are recorded at the time the item is purchased under the purchases method in the governmental fund financial statements. In the government-wide statements, inventories are reported using the consumption method.

Capital Assets

Capital assets, which include vehicles and equipment, are recorded as capital outlay expenditures in the General Fund at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the statement of net assets. Donated capital assets are recorded in the statement of net assets at fair value at the time received. The capitalization threshold set by the District Five Medical Examiner was \$1,000. Capital assets are depreciated using the straight-line method over six years for vehicles and computers and ten years for furniture and other equipment and improvements. Depreciation expense is recorded in the statement of activities.

The land and building used in the Medical Examiner's operations are included in the County's capital assets at cost.

Compensated Absences

All full-time and certain part-time employees are granted annual and sick leave based upon length of employment. Annual leave can be accumulated; however, carry-over limitations range from 200 to 300 hours, depending on length of employment. Upon termination of employment, the employee can receive a cash benefit, based upon the employee's current wage rate and the annual leave not taken.

District Five Medical Examiner
Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

Sick leave is accumulated at the rate of one day per month of each full month of continuous employment. There is no limit on the amount of sick leave that can be accumulated.

As more fully described at Note 6, effective October 1, 2000, the Medical Examiner implemented a post-employment health plan, and contributes up to 960 hours (50% of 1,920 accumulated sick hours) into the plan for eligible employees upon termination, retirement or death, to be used for qualified health insurance premiums by the employees.

The Medical Examiner records accumulated leave and the related fringe benefits at year-end based on each employee's unused hours and rate of pay in the government-wide financial statements, as current and long-term, respectively.

Fund Balance/Net Assets

Reserved fund balance represents those portions of fund balance that cannot be appropriated for expenditure or are legally segregated for a specific future use. Invested in capital assets represents that portion of net assets that is associated with capital assets and is, therefore, not available for general operations.

2. Reconciliation Between the Fund Statements and the Government-Wide Statements

The following is reconciliation between the Governmental Funds Balance Sheet and the Statement of Net Assets at September 30, 2005:

Fund balances – Governmental Funds (General Fund) Balance Sheet	\$ 267,107	
Add capital assets, net of accumulated depreciation	169,153	
Less compensated absences, not available for current use as they are not due and payable in the current period and are therefore not reported as liabilities in the funds	(103,872)	
Net assets – Government-wide Statement of Net Assets	\$ 332,388	

District Five Medical Examiner

Notes to Financial Statements (continued)

2. Reconciliation Between the Fund Statements and the Government-Wide Statements (continued)

The following is a reconciliation between the Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances, and the Statement of Activities for the fiscal year ended September 30, 2005:

Excess of revenues over expenditures – Government Funds (General Fund) Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 65,480
Add capital outlay expenditures as the cost of assets is allocated over their useful lives in the Statement of Activities	15,797
Less current year depreciation on capital assets as the Governmental Funds Statements record an expenditure at the time of purchase	(53,965)
The net effect of miscellaneous transactions (donations) involving capital assets is to increase net assets	5,600
Less net change in compensated absences	(32,257)
Adjustments and expenses not requiring the use of current financial resources	<u>25</u>
Change in net assets – Government-wide Statement of Activities	<u><u>\$ 680</u></u>

3. Bank Deposits and Investments

The Medical Examiner’s pooled cash and investments account is combined with the pooled cash and investments of the County. The County is a member of the Local Government Surplus Funds Trust Fund, a 2a7-like pool which has the characteristics of a money market fund, which is administered by the State Board of Administration of Florida (SBA). The County is also authorized to invest in the Florida Local Government Investment Trust (FLGIT).

Funds that have not been transferred to the state investment pool are placed in various types of investments. Authorized investments include insured interest-bearing time deposits, direct obligations of the U.S. government, and obligations of certain government-supported enterprises. Interest earned from investments with pooled cash is allocated to each of the participating County and Medical Examiner funds based on the fund’s average daily equity balance. The County’s basic financial statements contain full disclosure regarding the County’s deposits and investments.

District Five Medical Examiner
Notes to Financial Statements (continued)

4. Capital Assets

A summary of the changes in capital assets follows:

	Balance October 1, 2004	Additions	Deletions	Balance September 30, 2005
Equipment and improvements	\$ 342,244	\$ 21,397	\$ -	\$ 363,641
Less accumulated depreciation	(140,523)	(53,965)	-	(194,488)
Capital assets, net	<u>\$ 201,721</u>	<u>\$ (32,568)</u>	<u>\$ -</u>	<u>\$ 169,153</u>

5. Compensated Absences

A summary of changes in Compensated Absences follows:

Balance at October 1, 2004	\$ 71,615
Additions	80,909
Payments	<u>(48,652)</u>
Balance at September 30, 2005	<u>\$ 103,872</u>

The current and long-term portions of compensated absences at September 30, 2005 were \$30,840 and \$73,032, respectively.

6. Employees' Retirement Plan

Florida Retirement System

Substantially all of the Medical Examiner's full-time employees participate in the State of Florida Retirement System (System), a cost-sharing, multiple-employer public employee retirement system (PERS) administered by the State of Florida, Department of Administration, Division of Retirement. The System offers a choice between a defined benefit plan (Pension Plan) and a defined contribution plan (Investment Plan).

District Five Medical Examiner

Notes to Financial Statements (continued)

6. Employees' Retirement Plan (continued)

The Pension Plan provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six years of more of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit, where average compensation is computed based on an individual's five highest years of earnings. Benefits also include a post-retirement health insurance subsidy as well as disability and survivor's benefits, as established by Florida Statutes.

The Investment plan provides for vesting after one year of creditable service. Under this plan, the employer makes contributions to a participant's account and the participant directs where the contributions are invested among the plan's investment funds. Upon termination, vested participants receive amounts accumulated in their investment accounts.

Participating employer contributions are based upon actuarially determined statewide rates established by the State of Florida, that are expressed as percentages of annual covered payroll, and are adequate to accumulate sufficient assets to pay benefits when due. The rate applied to employee salaries for regular members was 7.39% and 7.83% and for senior management was 9.37% and 10.45% from October 1, 2004 to June 30, 2005 and from July 1, 2005 to September 30, 2005, respectively.

The Medical Examiner's contributions to the plan were \$85,885, \$68,886, and \$72,211 for the years ended September 30, 2005, 2004 and 2003 respectively, which is equal to the required contribution for the period. There are no employee contributions to the plan.

The Medical Examiner has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560, or by calling (850) 488-5541.

District Five Medical Examiner

Notes to Financial Statements (continued)

6. Employees' Retirement Plan (continued)

Post-Employment Health Plan

The Medical Examiner provides post-employment health care benefits under a County plan established through Nationwide Retirement Solutions, Inc. (Nationwide). The Medical Examiner contributes 1% of annual salary for all employees with more than one year of service to a trust administered by Nationwide (25% of accrued sick pay for employees with less than 10 years of service and 50% for employees with 10 years or more of service, is paid into the trust upon termination, retirement, or death). The maximum contribution is limited to 960 hours (50% of 1,920 accumulated sick hours). Contributions are invested according to instructions given by the employee and earnings accumulate tax exempt under section 501(c)(9) of the Internal Revenue Code. Upon separation of service, the account can be used to reimburse any qualified health insurance premiums paid by the employee.

7. Risk Management

The Medical Examiner is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Medical Examiner is covered for general liability, automobile, workers' compensation, property, and health liabilities under the County's self-insured fund; amounts paid to Lake County for the year ended September 30, 2005 were \$167,168. No settlements in excess of claims have been incurred during the current or prior period.

Required Supplementary Information

District Five Medical Examiner

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund

September 30, 2005

	Original Budget	Final Budget	Actual	Variance- Positive/ (Negative)
Revenues:				
Contributions from member counties	\$ 2,046,872	\$ 2,046,872	\$ 2,046,872	\$ –
Charges for services	226,000	226,000	212,858	(13,142)
Investment income	3,000	3,000	14,137	11,137
Total revenues	<u>2,275,872</u>	<u>2,275,872</u>	<u>2,273,867</u>	<u>(2,005)</u>
Expenditures:				
Personal services	1,602,939	1,602,939	1,444,490	158,449
Operating	694,900	733,944	642,937	91,007
Capital outlay	29,500	24,224	15,797	8,427
Administrative fee	116,367	116,367	105,163	11,204
Total expenditures	<u>2,443,706</u>	<u>2,477,474</u>	<u>2,208,387</u>	<u>269,087</u>
Excess of revenues over (under) expenditures	(167,834)	(201,602)	65,480	267,082
Fund balance at beginning of year	167,834	201,602	201,602	–
Change in reserve for inventory	–	–	25	25
Fund balance at end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 267,107</u>	<u>\$ 267,107</u>

District Five Medical Examiner

Notes to Required Supplementary Information

September 30, 2005

1. Summary of Significant Accounting Policies

Budgetary Process

The Committee adopts an annual budget for the Medical Examiner using the same procedures applicable to counties. The budget is prepared on the modified accrual basis of accounting and on a basis consistent with accounting principles generally accepted in the United States.

Budget amendments are defined as major object code changes which either increase or decrease the total budget. Budget amendments must be approved by the Committee. Expenditures may not exceed appropriations at the major object code level. A legally adopted budget is prepared for the General Fund.

Other Reports

**Report of Independent Certified Public Accountants on
Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in Accordance with
*Government Auditing Standards***

District Five Medical Examiner

We have audited the accompanying financial statements of the District Five Medical Examiner (Medical Examiner) as of and for the year ended September 30, 2005, and have issued our report thereon dated November 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medical Examiner'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 herein under *Government Auditing Standards*.

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

Ernst & Young LLP

November 11, 2005

Management Letter

District Five Medical Examiner

We have audited the accompanying financial statements of the District Five Medical Examiner (Medical Examiner) as of and for the year ended September 30, 2005, and have issued our report thereon dated November 11, 2005.

We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, dated November 11, 2005.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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.

We noted no internal control or compliance matters that required disclosure during the current or prior year's audit. The following are required disclosures:

We noted no instances of noncompliance with Section 218.415, Florida Statutes, related to the investment of public funds.

During the course of our audit of the Medical Examiner, nothing came to our attention that would cause us to believe that the Medical Examiner is in a state of financial emergency as defined by Section 218.503(1), Florida Statutes.

The Medical Examiner filed its annual financial report for the year ended September 30, 2005, as required by Section 218.32, Florida Statutes, with the Department of Financial Services. Based on our review of the financial information contained in this report, no material differences were found in comparing this information to that of the financial statements.

In accordance with Sections 10.554(h)(6)c and 10.556 Rules of the Auditor General, State of Florida, we applied financial condition assessment procedures for the Medical Examiner as of September 30, 2005. It is management's responsibility to monitor for the Medical Examiner's financial condition, and our financial condition assessment was based in part on representations made by management and the review of information provided by management.

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

We wish to thank the Medical Examiner's staff for the courtesy and cooperation given to us during our examination. We look forward to a continued, good relationship.

Ernst & Young LLP

November 11, 2005