

SPECIAL-PURPOSE FINANCIAL STATEMENTS

Lake County, Florida, Property Appraiser  
Year Ended September 30, 2005

Lake County, Florida,  
Property Appraiser

Special-Purpose Financial Statements

Year Ended September 30, 2005

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## Report of Independent Certified Public Accountants

The Honorable Ed Havill  
Property Appraiser  
Lake County, Florida

We have audited the special-purpose financial statements of the general fund of the Lake County, Florida, Property Appraiser as of and for the year ended September 30, 2005, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Property Appraiser. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

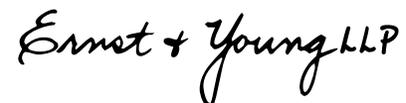
We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. We were not engaged to perform an audit of the Property Appraiser'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 Property Appraiser'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 special-purpose financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Additionally, the special-purpose statements present only the Property Appraiser and are not intended to present fairly the financial position and changes in its financial position, of Lake County, Florida, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Lake County, Florida, Property Appraiser as of September 30, 2005, the respective changes in financial position and the budgetary comparison 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 22, 2005, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Property Appraiser 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.



November 22, 2005

# Special-Purpose Financial Statements

Lake County, Florida,  
Property Appraiser

Special-Purpose Balance Sheet – General Fund

September 30, 2005

**Assets**

Cash and cash equivalents	\$ 129,166
Total assets	<u>\$ 129,166</u>

**Liabilities and fund balance**

Liabilities:

Due to Board of County Commissioners	\$ 116,552
Due to other governmental agencies	<u>12,614</u>
Total liabilities	129,166

Fund balance	–
Total liabilities and fund balance	<u>\$ 129,166</u>

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

Lake County, Florida,  
Property Appraiser

Special-Purpose Statement of Revenues, Expenditures  
and Changes in Fund Balance – General Fund

Year Ended September 30, 2005

Revenues:		
Charges for services	\$	206,039
Interest income		6,636
Total revenues		<u>212,675</u>
Expenditures:		
General government:		
Personal services		1,675,534
Operating		249,858
Capital outlay		35,495
Total expenditures		<u>1,960,887</u>
Excess of revenues under expenditures		(1,748,212)
Other financing sources (uses):		
Transfers in		1,864,764
Transfers out		(116,552)
Total other financing sources (uses)		<u>1,748,212</u>
Net change in fund balance		–
Fund balance, beginning of year		<u>–</u>
Fund balance, end of year	\$	<u><u>–</u></u>

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

Lake County, Florida,  
Property Appraiser

Special-Purpose Statement of Revenues, Expenditures and Changes  
in Fund Balance – Budget and Actual – General Fund

Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for services	\$ 204,110	\$ 204,110	\$ 206,039	\$ 1,929
Interest income	–	–	6,636	6,636
Total revenues	204,110	204,110	212,675	8,565
Expenditures:				
General government:				
Personal services	1,728,044	1,752,019	1,675,534	76,485
Operating	328,830	257,855	249,858	7,997
Capital outlay	12,000	59,000	35,495	23,505
Total expenditures	2,068,874	2,068,874	1,960,887	107,987
Excess of revenues over (under) expenditure	(1,864,764)	(1,864,764)	(1,748,212)	116,552
Other financing sources (uses):				
Transfers in	1,864,764	1,864,764	1,864,764	–
Transfers out	–	–	(116,552)	(116,552)
Total other financing sources (uses)	1,864,764	1,864,764	1,748,212	(116,552)
Net change in fund balance	–	–	–	–
Fund balance, beginning of year	–	–	–	–
Fund balance, end of year	\$ –	\$ –	\$ –	\$ –

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

Lake County, Florida,  
Property Appraiser

Notes to Special-Purpose Financial Statements

September 30, 2005

**1. Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying special-purpose financial statements.

**Reporting Entity** – The Lake County, Florida, Property Appraiser (the Property Appraiser) is a separate constitutional officer as established by Article VIII, Section 1(d), Florida Constitution and for financial reporting purposes by Chapter 218, Florida Statutes. In addition, for financial reporting purposes, the Property Appraiser is deemed to be a part of the primary government of Lake County, Florida (the County), and, therefore, is included as such in the Lake County, Florida, Comprehensive Annual Financial Report.

**Basis of Presentation** – These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by GASB and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the General Fund of the Property Appraiser, were prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Property Appraiser uses the following fund:

- *The General Fund*, a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Property Appraiser.

**Basis of Accounting** – Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special-purpose financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

The Property Appraiser considers receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year.

Lake County, Florida,  
Property Appraiser

Notes to Special-Purpose Financial Statements (continued)

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

**Budgetary Requirement** – Expenditures are controlled by appropriations, in accordance with the budget requirements set forth in the Florida Statutes. The budgeted revenues and expenditures reported in the special-purpose financial statements reflect all approved amendments.

Section 195.087, Florida Statutes, governs the preparation, adoption, and administration of the Property Appraiser’s annual budget. This budget is submitted to the Ad Valorem Tax Division of the Florida State Department of Revenue for approval. A copy of the budget is concurrently furnished to the Board of County Commissioners. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States. Appropriations lapse at year-end.

Budget amendments are defined as line-item changes, which either increase or decrease the total budget. Budget amendments must be approved by the Board of County Commissioners as well as the Florida Department of Revenue. Budget transfers between appropriation categories (personal services, operating, and capital outlay) must be approved in writing by the Florida Department of Revenue. Transfers between expenditure items within the same appropriation category do not need written approval from the Florida Department of Revenue.

**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.

**Capital Assets** – The tangible personal property used by the Property Appraiser is reported as capital assets in the statement of net assets as part of the basic financial statements of the County. Upon acquisition, such assets are recorded as expenditures in the General Fund of the Property Appraiser and capitalized at cost in the capital asset accounts of the County. The Property Appraiser maintains custodial responsibility for the capital assets used by its office.

**Compensated Absences** – The Property Appraiser’s policy is to grant all permanent full-time employees annual and sick leave based on length of employment. Annual leave can be accumulated; however, it is limited to 60 days. Upon termination of employment, the employee can receive a cash benefit, based upon the employee’s current wage rate and the annual leave not

Lake County, Florida,  
Property Appraiser

Notes to Special-Purpose Financial Statements (continued)

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

taken. Sick leave is accumulated at the rate of one day for each full calendar month of continuous employment. There is no limit on the amount of sick leave that can be accumulated. No sick leave benefits are granted upon termination of employment.

The Property Appraiser records accumulated leave and the related fringe benefits at each year-end based on each employee's accumulated unused hours and rate of pay. Accumulated compensated absences are recorded and reported by the County in its basic financial statements.

**Refund of "Excess Fees"** – Florida Statutes provide that the excess of the Property Appraiser's fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by the governmental agency bear to total fee income of the Property Appraiser.

The County funds a major portion of the operating budget of the Property Appraiser. The payments by the County to fund the operations of the Property Appraiser are recorded as transfers out on the basic financial statements of the County and as transfers in from the Board on the special-purpose financial statements of the Property Appraiser. Repayments to the County are recorded as transfers out on the special-purpose financial statements of the Property Appraiser and as transfers in on the basic financial statements of the County.

**2. Cash and Cash Equivalents**

The Property Appraiser's cash and cash equivalents consisted of interest and noninterest-bearing demand accounts. All bank balances at September 30, 2005, are covered by federal depository insurance or by a multiple financial institution collateral pool pursuant to the Public Depository Security Act of the State of Florida.

Lake County, Florida,  
Property Appraiser

Notes to Special-Purpose Financial Statements (continued)

**3. Long-Term Debt**

The amount of vested accumulated compensated absences payable based upon the Property Appraiser's annual leave and sick leave policy is reported as a liability in the statement of net assets in the County's basic financial statements. The change in accumulated compensated absences during the year ended September 30, 2005, follows:

Beginning balance	\$ 118,496
Additions	92,476
Deletions	(61,359)
Ending balance	<u>\$ 149,613</u>

**4. Retirement Plan**

Substantially all full-time Property Appraiser employees are participants in the Florida Retirement System (the System), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 874,000 full-time employees of various governmental units within the state of Florida. The System offers a choice between a defined benefit plan (the Pension Plan) and a defined contribution plan (the Investment Plan).

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 or more years' 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 as the average of an individual's five highest years of earnings. Employees are not required to contribute to this retirement system.

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.

Lake County, Florida,  
Property Appraiser

Notes to Special-Purpose Financial Statements (continued)

**4. Retirement Plan (continued)**

Participating employer contributions are based on statewide rates established by the State of Florida. These rates are applied to employee salaries as follows: regular employees, 7.39% and 7.83%; senior management, 9.37% and 10.45%; elected officials, 15.23% from October 1, 2004 to June 30, 2005, and from July 1, 2005 to September 30, 2005, respectively. The Property Appraiser's contributions made during the years ended September 30, 2005, 2004, and 2003 were \$105,458, \$102,692 and \$77,727, respectively, and are equal to the actuarially determined contribution requirements for each year.

The Property Appraiser has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, Florida 32399-1560.

**5. Risk Management**

The Property Appraiser 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. All insurance coverage is held by commercial carriers, and no settlements in excess of claims have been incurred in the past three fiscal years.

**6. Contingencies**

Various suits and claims arising in the ordinary course of operations are pending against the Property Appraiser. These primarily relate to property assessments within the County. The ultimate effect of such litigation cannot be ascertained at this time. In the opinion of management for the Property Appraiser, the liabilities that may arise from such action would not result in losses that would materially affect the financial position of the Property Appraiser or its changes in financial position.

# 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 Special-Purpose Financial Statements Performed  
in Accordance with *Government Auditing Standards*

The Honorable Ed Havill  
Property Appraiser  
Lake County, Florida

We have audited the special-purpose financial statements of the Lake County, Florida, Property Appraiser as of and for the year ended September 30, 2005, and have issued our report thereon dated November 22, 2005, in order to show compliance with the requirements of the Rules of the Auditor General, State of Florida. 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 Property Appraiser's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Property Appraiser's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose 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 Property Appraiser 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 22, 2005

## Management Letter

The Honorable Ed Havill  
Property Appraiser  
Lake County, Florida

We have audited the accompanying special-purpose financial statements of the Property Appraiser of Lake County, Florida (the Property Appraiser) as of and for the year ended September 30, 2005, and have issued our report thereon dated November 22, 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 Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, dated November 22, 2005.

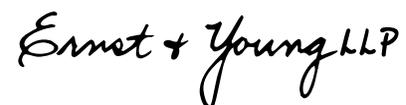
We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance 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 is a required disclosure:

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

This report is intended solely for the information and use of the Property Appraiser, Lake County, Florida, management 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 Property Appraiser and his staff for the courtesy and cooperation shown during the audit. We look forward to a continued good relationship.



November 22, 2005