

SPECIAL-PURPOSE FINANCIAL STATEMENTS
Lake County, Florida, Supervisor of Elections
Year Ended September 30, 2005
with Report of Independent Certified Public Accountants

Lake County, Florida,
Supervisor of Elections

Special-Purpose Financial Statements

Year Ended September 30, 2005

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Report of Independent Certified Public Accountants

The Honorable Emogene Stegall
Supervisor of Elections
Lake County, Florida

We have audited the special-purpose financial statements of the general fund of the Lake County, Florida, Supervisor of Elections (the Supervisor of Elections) 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 Supervisor of Elections. 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 Supervisor of Elections' 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 Supervisor of Elections' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 Supervisor of Elections and are not intended to present fairly the financial position and changes in 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, Supervisor of Elections as of September 30, 2005, the changes in its 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 7, 2005, on our consideration of the Supervisor of Election's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Supervisor of Elections 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 7, 2005

Special-Purpose Financial Statements

Lake County, Florida,
Supervisor of Elections

Special-Purpose Balance Sheet – General Fund

September 30, 2005

Assets

Cash	\$ 100
Pooled cash and investments	23,889
Inventory	<u>2,758</u>
Total assets	<u>\$ 26,747</u>

Liabilities and fund balance

Liabilities:

Accounts payable	\$ 2,655
Accrued liabilities	<u>24,092</u>
Total liabilities	26,747

Fund balance

Total liabilities and fund balance	<u> -</u>
	<u>\$ 26,747</u>

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

Lake County, Florida,
Supervisor of Elections

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

Year Ended September 30, 2005

Revenues:	
Intergovernmental	\$ 44,929
Charges for services	1,587
Total revenues	<u>46,516</u>
Expenditures:	
General government:	
Personal services	907,681
Operating	322,436
Capital outlay	8,031
Total expenditures	<u>1,238,148</u>
Excess of revenues under expenditures before other financing sources (uses)	(1,191,632)
Other financing sources (uses):	
Transfers in	1,229,686
Transfers out	(38,054)
Total other financing sources (uses)	<u>1,191,632</u>
Net change in fund balance	–
Fund balance, beginning of year	–
Fund balance, end of year	<u>\$ –</u>

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

Lake County, Florida,
Supervisor of Elections

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

Year Ended September 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ –	\$ 44,929	\$ 44,929	\$ –
Charges for services	2,500	2,500	1,587	(913)
Total revenues	<u>2,500</u>	<u>47,429</u>	<u>46,516</u>	<u>(913)</u>
Expenditures:				
General government:				
Personal services	856,590	921,483	907,681	13,802
Operating	356,923	347,024	322,436	24,588
Capital outlay	3,000	8,608	8,031	577
Total expenditures	<u>1,216,513</u>	<u>1,277,115</u>	<u>1,238,148</u>	<u>38,967</u>
Excess of revenues under expenditures before other financing sources (uses)	(1,214,013)	(1,229,686)	(1,191,632)	38,054
Other financing sources (uses):				
Transfers in	1,214,013	1,229,686	1,229,686	–
Transfers out	–	–	(38,054)	(38,054)
Total other financing sources (uses)	<u>1,214,013</u>	<u>1,229,686</u>	<u>1,191,632</u>	<u>(38,054)</u>
Net change in fund balance	–	–	–	–
Fund balance, beginning of year	–	–	–	–
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>

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

Lake County, Florida,
Supervisor of Elections

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, Supervisor of Elections (the Supervisor) is an elected 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 Supervisor 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 include the funds of the Supervisor, were prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Supervisor utilizes 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 Supervisor.

Measurement Focus and Basis of Accounting – The General Fund is reported using the current financial resources measurement focus and the modified accrual 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.

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.

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

Lake County, Florida,
Supervisor of Elections

Notes to Special-Purpose Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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.

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.

Chapter 129, Florida Statutes, governs the preparation, adoption and administration of the annual budget. On or before June 1, the Supervisor must submit to the Board of County Commissioners (the Board) a tentative budget for the ensuing year for inclusion in the County’s annual budget. After adoption, any amendments to the amount of the Board transfer must be approved by the Board. The budget is prepared on the modified accrual basis of accounting. Expenditures may not exceed appropriations at the major object code level within a department. A legally adopted budget is prepared for the General Fund. Appropriations lapse at year-end.

Pooled Cash and Investments – Pooled cash and investments are stated at fair value.

Inventory – Inventory is comprised of postage on hand at September 30. Inventory is stated at cost, using the first-in, first-out (FIFO) method. Using the consumption method of accounting for inventory, the cost of an item is recorded as an expenditure at the time the item is used.

Capital Assets – The tangible personal property used by the Supervisor 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 Supervisor and capitalized at cost in the capital asset accounts of the County. The Supervisor maintains custodial responsibility for the capital assets used by the office.

Compensated Absences – Employees accrue vacation leave based on their employment date or length of employment. They may accumulate from 10 to 15 days of vacation per year. Annual leave not taken during the year is forfeited on December 31. The Supervisor records accumulated vacation leave at year-end based on each employee’s accumulated unused hours and rate of pay, plus salary-related fringe benefits.

Lake County, Florida,
Supervisor of Elections

Notes to Special-Purpose Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Employees earn one day of sick leave for each month of employment. Sick leave can be carried forward from year to year, not to exceed a maximum of 1920 hours. Effective October 1, 2000, the Supervisor implemented a post-employment health plan (see Note 7). Accrued sick leave is paid into the plan upon termination, retirement or death, based on length of employment.

Accumulated compensated absences are recorded and reported by the County in its basic financial statements.

Revenues – The County substantially funds the operating budget of the Supervisor. The payments by the County to fund the operations of the Supervisor are recorded as transfers out by the County and as transfers in by the Supervisor. Any excess of revenues over expenditures of the Supervisor is recorded as an operating transfer out by the Supervisor and as an operating transfer in by the County.

2. Cash and Investments

The Supervisor does not maintain its own cash accounts. The Supervisor's cash and investments are included within the County's pooled cash and investment accounts. As allowed by Section 129.202, Florida Statutes, the Board performs all cash receipts and cash disbursement functions on behalf of the Supervisor.

Accordingly, as of September 30, 2005, cash held by the Board totaling \$23,889 represents cash available for use by the Supervisor as of that date.

3. Accounts Payable

Accounts payable balances in the General Fund are primarily payable to third-party vendors for election expenditures, including rent, printing and supplies.

Lake County, Florida,
Supervisor of Elections

Notes to Special-Purpose Financial Statements (continued)

4. Accumulated Compensated Absences

The amount of vested accumulated compensated absences payable 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	\$ 44,121
Additions	37,079
Deletions	(37,536)
Ending balance	<u>\$ 43,664</u>

5. Retirement Plan

Substantially all full-time Supervisor 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 (Pension Plan) and a defined contribution plan (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 on 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.

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 on statewide rates established by the state of Florida. These rates are applied to employee salaries as follows: regular employees, 7.83% and 7.39%; senior management, 10.45% and 9.37%; elected officials, 15.23% and 15.23%; and deferred retirement option program, 9.33% and 9.11%; from July 1, 2005 to September 30, 2005

Lake County, Florida,
Supervisor of Elections

Notes to Special-Purpose Financial Statements (continued)

5. Retirement Plan (continued)

and from October 1, 2004 to June 30, 2005, respectively. The Supervisor of Elections' contributions for fiscal 2005, 2004 and 2003, were \$49,389, \$40,177 and \$32,008, respectively, and are equal to the actuarially determined contribution requirements for each year. There are no employee contributions to the plan.

The Supervisor 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.

6. Risk Management

The Supervisor 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 Supervisor is covered for general liability, automobile, workers' compensation and property liabilities under the Board's self-insured fund. Other coverage is held by commercial carriers and no settlements in excess of claims have been incurred in the past three fiscal years.

7. Post-Employment Health Plan

In addition to the retirement plan described in Note 5, the Supervisor provides post-employment health care benefits under a plan established through Nationwide Retirement Solutions, Inc. (Nationwide). The Supervisor contributes 1% of annual salary for all employees with more than one year of service to a trust administered by Nationwide. In addition, 25% of accrued sick pay for employees with less than ten years of service and 50% for employees with ten 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 from service, the account can be used to reimburse any qualified health insurance premiums paid by the employee.

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 Emogene Stegall
Supervisor of Elections
Lake County, Florida

We have audited the special-purpose financial statements of the general fund of the Lake County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the year ended September 30, 2005, and have issued our report thereon dated November 7, 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 Supervisor of Elections' 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 Supervisor of Elections' special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 Supervisor of Elections 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 7, 2005

Management Letter

The Honorable Emogene Stegall
Supervisor of Elections
Lake County, Florida

We have audited the accompanying special-purpose financial statements of the general fund of the Supervisor of Elections of Lake County, Florida (the Supervisor of Elections) as of and for the year ended September 30, 2005, and have issued our report thereon dated November 7, 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 7, 2005.

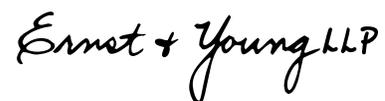
We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance 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 Supervisor of Elections, 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 Supervisor and her staff for the courtesy and cooperation shown during the audit. We look forward to a continued, good relationship.



November 7, 2005