

**SARASOTA COUNTY, FLORIDA
SHERIFF**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2017

**SARASOTA COUNTY, FLORIDA
SHERIFF
Year Ended September 30, 2017**

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INDEPENDENT AUDITORS' REPORT

Honorable Thomas M. Knight
Sheriff
Sarasota County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Sarasota County, Florida, Sheriff ("Sheriff") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Thomas M. Knight
Sheriff
Sarasota County, Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2017, and the changes in financial position and budgetary comparison for the general fund thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information of Sarasota County, Florida, that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Sarasota County, Florida, as of September 30, 2017 and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated in all material respects in relation to the financial statements as a whole.

Honorable Thomas M. Knight
Sheriff
Sarasota County, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 2, 2018, on our consideration of the Sheriff'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 solely 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 effectiveness of the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.



Shinn & Company LLC
Bradenton, Florida



CliftonLarsonAllen LLP
Tampa, Florida

March 2, 2018

Financial Statements

SARASOTA COUNTY, FLORIDA
SHERIFF
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2017

	Major Funds					Total
	General	Inmate Welfare	Federal Forfeiture	Training		
ASSETS						
Cash and cash equivalents	\$ 7,358,129	\$ 325,355	\$ 503,447	\$ 76,173	\$ 8,263,104	
Investments	3,238	-	-	-	3,238	
Due from other governments	472,825	-	-	-	472,825	
Due from other funds	109,833	-	-	-	109,833	
Prepaid	4,207	-	-	-	4,207	
Total assets	\$ 7,948,232	\$ 325,355	\$ 503,447	\$ 76,173	\$ 8,853,207	
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 2,599,515	\$ 106,146	\$ -	\$ 4,404	\$ 2,710,065	
Accrued expenses	4,962,325	-	-	-	4,962,325	
Due to other governments	114,757	-	-	-	114,757	
Due to other funds	-	21,249	-	-	21,249	
Due to Sarasota County, Florida Board of County Commissioners	271,635	-	-	-	271,635	
Total liabilities	7,948,232	127,395	-	4,404	8,080,031	
Fund balances:						
Nonspendable	4,207	-	-	-	4,207	
Restricted	-	197,960	503,447	71,769	773,176	
Unassigned	(4,207)	-	-	-	(4,207)	
Total fund balance	-	197,960	503,447	71,769	773,176	
Total liabilities and fund balances	\$ 7,948,232	\$ 325,355	\$ 503,447	\$ 76,173	\$ 8,853,207	

See notes to financial statements.

SARASOTA COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended September 30, 2017

	Major Funds				
	General	Inmate Welfare	Federal Forfeiture	Training	Total
Revenues:					
Charges for services	-	2,408,841	-	-	2,408,841
Judgements, fines, and forfeits	-	-	9,015	98,992	108,007
Grant revenue	-	-	-	-	-
Interest and other earnings income	-	-	-	-	-
Total revenues	-	2,408,841	9,015	98,992	2,516,848
Expenditures:					
Personnel services	88,762,606	825,231	-	-	89,587,837
Operating expenditures	15,072,808	1,568,247	21,810	94,102	16,756,967
Capital outlay	4,046,367	-	-	-	4,046,367
Grants and aids	64,027	-	-	-	64,027
Total expenditures	107,945,808	2,393,478	21,810	94,102	110,455,198
Excess (deficiency) of revenues over (under) expenditures	(107,945,808)	15,363	(12,795)	4,890	(107,938,350)
Other financing sources (uses):					
Transfers in: Sarasota County, Florida					
Board of County Commissioners appropriations	108,217,443	-	-	-	108,217,443
Transfers out: Sarasota County, Florida					
Board of County Commissioners appropriations	(271,635)	-	-	-	(271,635)
Net change in fund balance	-	15,363	(12,795)	4,890	7,458
Fund balances, beginning of year	-	182,597	516,242	66,879	765,718
Fund balances, end of year	\$ -	\$ 197,960	\$ 503,447	\$ 71,769	\$ 773,176

See notes to financial statements.

SARASOTA COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended September 30, 2017

	<u>Budget</u>		Actual	Variance With Budget Positive (Negative)
	Original	Final		
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Personnel services	87,213,829	88,762,606	88,762,606	-
Operating expenditures	15,997,924	15,322,165	15,072,808	249,357
Capital outlay	3,940,142	4,068,645	4,046,367	22,278
Grants and aids	<u>114,000</u>	<u>114,027</u>	<u>64,027</u>	<u>50,000</u>
Total expenditures	<u>107,265,895</u>	<u>108,267,443</u>	<u>107,945,808</u>	<u>321,635</u>
Excess of revenues over expenditures	(107,265,895)	(108,267,443)	(107,945,808)	321,635
Other financing sources (uses):				
Transfers in: Sarasota County, Florida				
Board of County Commissioners appropriations	107,265,895	108,267,443	108,217,443	(50,000)
Transfers out: Sarasota County, Florida				
Board of County Commissioners appropriations	- -	- -	<u>(271,635)</u>	<u>(271,635)</u>
Net change in fund balance	- -	- -	- -	- -
Fund balance, beginning of year	- -	- -	- -	- -

See notes to financial statements.

SARASOTA COUNTY, FLORIDA
SHERIFF
STATEMENT OF FIDUCIARY NET POSITION –
ALL AGENCY FUNDS
September 30, 2017

ASSETS

Cash and cash equivalents	\$ 511,214
Due from individuals and businesses	<u>1,529,945</u>
 Total assets	 <u>\$ 2,041,159</u>

LIABILITIES

Accounts payable	\$ 6,235
Due to other governments	4,476
Due to other funds	88,584
Due to individuals and businesses	<u>1,941,864</u>
 Total liabilities	 <u>\$ 2,041,159</u>

See notes to financial statements.

SARASOTA COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Sarasota County, Florida Sheriff (Sheriff) is an elected constitutional officer established pursuant to the Constitution of the State of Florida and the Home Rule Charter of Sarasota County, Florida (the "County"). Pursuant to the Home Rule Charter, the Sheriff's budget is submitted to the Sarasota County Florida Board of County Commissioners (the "Board") for approval.

For financial reporting purposes, the Sheriff is deemed to be a part of the primary government of the County and, therefore, is included as such in the Sarasota County, Florida Comprehensive Annual Financial Report. However, the Sheriff's financial statements do not purport to reflect the financial position for the results of operations of the County taken as a whole.

Basis of Presentation, Basis of Accounting, and Measurement Focus - The Sheriff's financial statements have been prepared in accordance with Section 218.39(2), Florida Statutes and Chapter 10.550, *Rules of the Auditor General - Local Governmental Entity Audits*, which allows the Sheriff to only present fund financial statements. These financial statements present only the portion of the funds of Sarasota County, Florida that are attributable to the Sheriff. They are not intended to present fairly the financial position and results of operations of Sarasota County, Florida in conformity with accounting principles generally accepted in the United States of America.

The general fund and special revenue funds are governmental funds which use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payments are due.

The agency funds are accounted for using the accrual basis of accounting.

The Sheriff reports the general fund and each special revenue fund as major governmental funds and agency funds as a fiduciary fund type. Agency funds are custodial in nature and do not involve measurement of results of operations.

Description of Funds - The accounting records are organized on the basis of funds classified for reporting purposes into two basic fund types:

Governmental Funds:

- *General Fund* - is used to account for all general operations of the Sheriff and all transactions that are not accounted for in another fund.
- *Inmate Welfare Fund* - is a special revenue fund used to account for the purchase and sale of items to inmates, such as snack and toiletry articles, at the jail's commissary. The revenue generated by inmate sales and jail telephone commissions are used to fund the purchase of goods and services for the benefit of the inmates.

**SARASOTA COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- *Federal Forfeiture Fund* - is a special revenue fund used to account for cash and other assets obtained through the arrest and prosecution of individuals for violation of federal laws. Expenditures are made in accordance with guidelines established by the Department of Justice and the Department of Treasury.
- *Training Fund* - is a special revenue fund used to account for the receipt of certain fees levied on traffic citations, and their expenditure for law enforcement training.

Fiduciary Funds:

- *Agency Funds* - are used to account for assets received and held by the Sheriff in the capacity of a trustee or as an agent for individuals, governmental agencies and other public organizations. Agency funds are custodial in nature and do not involve measurement of changes in financial position, and, therefore, do not carry fund balances.

The County funds the majority of the operating budget of the Sheriff. The payments by the County to fund the operations of the Sheriff are recorded as expenditures for personal services, operating expenditures, capital outlay, and debt service in governmental fund types in the financial statements of the County, and as appropriations revenues in the basic financial statements of the Sheriff.

Budgetary Requirement - The preparation, adoption, and administration of the Sheriff's annual budget is governed by Florida Statutes. The budget and amendments, if any, are adopted in the same manner as the budget for the Board. A budget is only required to be prepared for the General Fund and it is prepared on a basis consistent with accounting principles generally accepted in the United States. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Sheriff.

Budgets are not required to be legally adopted for the Sheriff's Special Revenue Funds.

Distribution of "Excess Fees" - The Board requires that the excess of the County appropriations (and other revenues) over expenditures be returned to the Board at the end of the fiscal year. Repayments to the County are recorded as other financing uses in the basic financial statements of the Sheriff and as a reduction in personal services, operating expenditures, capital outlay, and debt service in the basic financial statements of the County. The amount of undistributed excess appropriations at the end of the fiscal year is reported as amounts due to the Board.

Fund Balance – Governmental funds report fund balances are classified either as nonspendable, or as spendable. Spendable fund balances are further classified based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable Fund Balance – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The prepaid balance in the General Fund is reported as nonspendable fund balance.

SARASOTA COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Restricted Fund Balance – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by laws through constitutional provisions or enabling legislation. The Sheriff is reporting restricted fund balances in the Inmate Welfare, Federal Forfeiture and Training funds.

Committed Fund Balance – Amounts that are constrained for specific purposes imposed by the Sheriff's formal action of highest level of decision making authority.

Assigned Fund Balance – Includes spendable fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

Unassigned Fund Balance – Represents the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

It is the Sheriff's intent to first spend restricted amounts when both restricted and unrestricted fund balances are available.

Use of Estimates - The preparation of financial statements in conformity with accounting principles, as applicable to governmental units, requires management to make use of estimates that effect the reported amounts in the financial statements. Actual results could differ from estimates.

NOTE 2 – DEPOSITS

At September 30, 2017, the book balance of deposits, including fiduciary funds, was \$8,771,442 and the bank balances were \$9,210,440. The Sheriff's bank balances include insured deposits under Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances are collateralized pursuant to Chapter 280, Florida Statutes.

Florida Statutes authorize the Sheriff to invest in the State Board of Administration Local Government Surplus Funds Trust Funds Investments Pool (the "Surplus Funds Investment Pool's"), certain obligations of the U.S. Treasury and U.S., Agencies, repurchase agreements, and interest-bearing time deposits and savings accounts held in banks and savings and loans. At September 30, 2017, the Sheriff had \$3,238 invested with the Surplus Funds Trust Funds Investments Pool. This is included in cash and cash equivalents on the balance sheet.

The Surplus Funds Investment Pool is administered by the State Board of Administration, under regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code. The Prime pool was rated AAA principal stability fund rating by Standard and Poor's rating agency.

SARASOTA COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Summary of interfund receivables and payables:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 109,833	\$ -
Inmate Welfare Fund	-	21,249
Agency Funds	-	88,584
	<u>\$ 109,833</u>	<u>\$ 109,833</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 4 – CAPITAL ASSETS

Tangible personal property used in the Sheriff's operations is recorded as an expenditure in the governmental fund types of the Sheriff at the time of purchase. Purchased assets are capitalized at historical cost in the government-wide financial statements of the County. The Sheriff maintains custodial responsibility for the capital assets.

Detailed information concerning capital assets is recorded and reported in the government-wide financial statements of the County.

The following is a summary of the changes in capital assets for which the Sheriff is custodian during fiscal year 2017:

	October 1, 2016	Increases	Decreases	September 30, 2017
Vehicles and equipment	\$ 37,030,834	\$ 4,597,786	\$ (2,556,462)	\$ 39,072,158
Accumulated depreciation	<u>(25,728,303)</u>	<u>(4,312,545)</u>	<u>2,513,082</u>	<u>(27,527,766)</u>
Total capital assets, net	<u>\$ 11,302,531</u>	<u>\$ 285,241</u>	<u>\$ (43,380)</u>	<u>\$ 11,544,392</u>

The Board provides the Sheriff's administration and operations buildings, the fleet facility and the jail to the Sheriff at no cost. Of the \$4,597,786 of total additions in the summary above, \$570,257 represents vehicles and equipment purchased by the Board for which the Sheriff maintains custodial responsibility.

NOTE 5 – OPERATING LEASE OBLIGATIONS

The Sheriff leases office space and office equipment under operating leases. These leases expire or are cancelable within the next fiscal year. In most cases the Sheriff expects that in the normal course of operations, these leases will be renewed or replaced by other leases. Total rental expenditures for all operating leases for the year ended September 30, 2017, were \$353,458.

SARASOTA COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 6 – ACCUMULATED COMPENSATED ABSENCES

The amount of vested accumulated compensated absences payable based upon the Sheriff's paid-time-off (PTO) policy is reported as a liability in the government-wide financial statements of the County. That liability is based on length of employment, and includes earned but unused PTO and sick time, as well as FICA taxes related thereto. It consists of the following components:

- 100% of earned, but unused vacation leave
- 25% of earned, but unused sick leave, for employees with greater than ten years of service
- 50% of earned, but unused sick leave, for employees with greater than twenty years of service
- 100% of earned, but unused compensatory leave

The following is a summary of changes in the compensated absences liability during fiscal year 2017.

October 1, 2016	Increases	Decreases	September 30, 2017
<u>\$ 12,045,656</u>	<u>\$ 13,640,180</u>	<u>\$ 9,803,036</u>	<u>\$ 15,882,800</u>

The current portion of the above liability at September 30, 2017, is \$9,881,944.

NOTE 7 – PENSION PLANS

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Sheriff are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

SARASOTA COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 7 – PENSION PLANS – CONTINUED

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**SARASOTA COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 7 – PENSION PLANS – CONTINUED

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

**SARASOTA COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 7 – PENSION PLANS – CONTINUED

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Sheriff employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Sheriff.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Sheriff's contributions made to the plans applicable to the years ended September 30, 2017, 2016, and 2015 were \$11,142,679, \$10,523,570, and \$9,628,738, respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's comprehensive annual financial report.

**SARASOTA COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 8 – DEFERRED COMPENSATION PLAN

The Sheriff's employees can voluntarily participate in Sarasota County's Deferred Compensation Plan. The County offers a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all County and elected official employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Sheriff provides postemployment health care benefits in accordance with Section 112.0801, *Florida Statutes*, to all employees who retire from the Sheriff. The Sheriff is required to provide health care coverage at cost to all retirees but does not have to pay any portion of the premium for the retiree to participate in the Sheriff's group health care plan. The liability and expense for other postemployment benefits, calculated in accordance with Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postretirement Benefits Other Than Pensions*, are reported in the financial statements of the County.

NOTE 10 – RISK MANAGEMENT

The County has established various self-insurance funds, in which the Sheriff participates. These funds include risk management of general and automotive liability, employee group health insurance activities, and workers' compensation. The County is self-insured under sovereign immunity up to a maximum of \$200,000 per person/\$300,000 per occurrence for claims against the County involving negligence, including automobile and general liability. Negligence claims in excess of the statutory limits set in Section 768.28, Florida Statutes, can only be recovered through an act of the State of Florida Legislature. The County carries specific workers' compensation excess insurance for claims exceeding \$500,000. Employee medical benefit claims exceeding \$400,000 per covered participant are covered with unlimited excess insurance. The Sheriff paid \$10,919,274 to the Board for insurance coverage applicable to the year ended September 30, 2017. Of this amount, \$8,844,085, \$352,339, and \$1,722,850 were paid for health, dental, and worker's compensation, respectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Litigation – From time to time, the Sheriff is involved as a defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. It is reasonably possible that the liability for known and unknown claims existing at the balance sheet date may be material. However, the responsibility for such claims is with the County's Risk Management Program. Since the Sheriff only presents governmental fund financial statements on a modified accrual basis of accounting, contingent liabilities associated with pending or threatened litigation involving the Sheriff have been accrued in the financial statements of the County.

Grants – The Sheriff is the recipient of grants that are subject to special compliance requirements and audits by the grantor agencies that may result in disallowed expense amounts. These amounts constitute a contingent liability of the Sheriff. The Sheriff does not believe any contingent liabilities, if any, to be material to the financial statements.

Supplementary Financial Information

SARASOTA COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
September 30, 2017

	<u>Cash</u> <u>Bond</u>	<u>Individual</u> <u>Depositors</u>	<u>Suspense</u>	<u>Prisoner</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 3,440	\$ 12,904	\$ 406,860	\$ 88,010	\$ 511,214
Due from individuals and businesses	-	-	-	1,529,945	1,529,945
Total assets	\$ 3,440	\$ 12,904	\$ 406,860	\$ 1,617,955	\$ 2,041,159
Liabilities					
Accounts payable	\$ 3,440	\$ 993	\$ 1,802	\$ -	\$ 6,235
Due to other governments		-	4,476	-	4,476
Due to other funds	-	11,911	76,673	-	88,584
Due to individuals and businesses	-	-	323,909	1,617,955	1,941,864
Total liabilities	\$ 3,440	\$ 12,904	\$ 406,860	\$ 1,617,955	\$ 2,041,159

SARASOTA COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - ALL AGENCY FUNDS
Year Ended September 30, 2017

	October 1, 2016	Additions	Deductions	September 30, 2017
Cash Bond Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 1,244,726	\$ 1,241,286	\$ 3,440
Liabilities:				
Accounts payable	\$ -	1,213,458	1,210,018	\$ 3,440
Due to Sarasota County, Florida Board of County Commissioners	\$ -	1,208,048	1,208,048	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 2,421,506</u>	<u>\$ 2,418,066</u>	<u>\$ 3,440</u>
Individual Depositors Fund				
Assets:				
Cash and cash equivalents	\$ 15,698	\$ 183,258	\$ 186,052	\$ 12,904
Liabilities:				
Accounts payable	\$ 15,698	\$ 164,966	\$ 179,671	\$ 993
Due to other funds	\$ -	11,911	\$ -	11,911
Total liabilities	<u>\$ 15,698</u>	<u>\$ 176,877</u>	<u>\$ 179,671</u>	<u>\$ 12,904</u>
Suspense Fund				
Assets:				
Cash and cash equivalents	\$ 207,585	\$ 1,571,576	\$ 1,372,301	\$ 406,860
Total assets	<u>\$ 207,585</u>	<u>\$ 1,571,576</u>	<u>\$ 1,372,301</u>	<u>\$ 406,860</u>
Liabilities:				
Accounts payable	\$ 24,517	\$ 1,338,512	\$ 1,361,227	\$ 1,802
Due to other governments	141	1,029,698	1,025,363	4,476
Due to other funds	557	178,480	102,364	76,673
Due to individuals and businesses	182,370	639,703	498,164	323,909
Total liabilities	<u>\$ 207,585</u>	<u>\$ 3,186,393</u>	<u>\$ 2,987,118</u>	<u>\$ 406,860</u>

SARASOTA COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - ALL AGENCY FUNDS – CONTINUED
Year Ended September 30, 2017

	October 1, 2016	Additions	Deductions	September 30, 2017
Prisoner Fund				
Assets:				
Cash and cash equivalents	\$ 60,009	\$ 28,001	\$ -	\$ 88,010
Due from individuals and businesses	<u>1,414,336</u>	<u>115,609</u>	<u>-</u>	<u>1,529,945</u>
Total assets	<u><u>\$ 1,474,345</u></u>	<u><u>\$ 143,610</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,617,955</u></u>
Liabilities:				
Due to individuals and businesses	<u>\$ 1,474,345</u>	<u>\$ 143,610</u>	<u>\$ -</u>	<u>\$ 1,617,955</u>
Total Agency Funds				
Assets:				
Cash and cash equivalents	\$ 283,292	\$ 3,027,561	\$ 2,799,639	\$ 511,214
Due from individual and businesses	<u>1,414,336</u>	<u>115,609</u>	<u>-</u>	<u>1,529,945</u>
Total assets	<u><u>\$ 1,697,628</u></u>	<u><u>\$ 3,143,170</u></u>	<u><u>\$ 2,799,639</u></u>	<u><u>\$ 2,041,159</u></u>
Liabilities:				
Accounts payable	\$ 40,215	\$ 2,716,936	\$ 2,750,916	\$ 6,235
Due to other governments	141	1,029,698	1,025,363	4,476
Due to other funds	557	190,391	102,364	88,584
Due to individuals and businesses	1,656,715	783,313	498,164	1,941,864
Due to Sarasota County, Florida Board of County Commissioners	-	<u>1,208,048</u>	<u>1,208,048</u>	-
Total liabilities	<u><u>\$ 1,697,628</u></u>	<u><u>\$ 5,928,386</u></u>	<u><u>\$ 5,584,855</u></u>	<u><u>\$ 2,041,159</u></u>

Supplemental Reports

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

Honorable Thomas M. Knight
Sheriff
Sarasota County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Sarasota County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, and have issued our report thereon dated March 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Thomas M. Knight
Sheriff
Sarasota County, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Shinn & Company, LLC

Shinn & Company LLC
Bradenton, Florida

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Tampa, Florida

March 2, 2018

MANAGEMENT LETTER

Honorable Thomas M. Knight
Sheriff
Sarasota County, Florida

Report on the Financial Statements

We have audited the financial statements of the Sarasota County, Florida, Sheriff ("Sheriff"), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 2, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 2, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, we did not have any such findings.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. See Note 1 in notes to financial statements.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. Our current year findings and recommendations are listed in Appendix A to this Management Letter.

Honorable Thomas M. Knight
Sheriff
Sarasota County, Florida

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Sheriff and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Shinn & Company, LLC

Shinn & Company LLC
Bradenton, Florida

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Tampa, Florida

March 2, 2018

**SARASOTA COUNTY, FLORIDA
SHERIFF**
Appendix A – Current Year Findings and Recommendations
Year Ended September 30, 2017

2017-001 – Financial Closing Process

Criteria

Management is responsible for performing complete fiscal year-end accounting and financial reporting processes, including fiscal year-end closing.

Condition

Several transactions were improperly recorded at or near year-end. Specifically, misstatements were identified during audit procedures that included the following:

- A receivable and related reduction in personnel services expenditures totaling \$472,825 was recorded in the general fund in fiscal year 2017; however, the eligibility requirements had not been met in order to recognize a receivable for this non-exchange transaction.
- Certain amounts were recorded as expenditures in the general fund totaling \$248,998 when paid in fiscal year 2017. However, these payments should have been recognized as a prepaid asset since they related to professional services to be performed in fiscal year 2018.
- A liability was recorded for \$93,835 in the general fund for services to be provided in fiscal year 2018. Thus, this liability and related expenditure should not have been recorded in fiscal year 2017.
- A reduction to the Sheriff's cash balance in the general fund was recorded as of September 30, 2017 for \$883,948. This amount was presented as a reconciling item on the Sheriff's September 2017 bank reconciliation. However, the cash payment was not initiated until fiscal year 2018; hence, a liability should have been recorded instead of a reduction to cash. This was subsequently corrected after audit inquiry.
- Personnel services expenditures were reported in the Inmate Welfare Fund; however, no accrued payroll liability was reported in this fund as of September 30, 2017. The amount of wages and benefits that should have been accrued was estimated to be approximately \$38,000.

Cause

During the performance of our audit procedures, we noted that the Sheriff had not carefully analyzed certain transactions at or near year-end to reflect proper accounting treatment in the correct period. This is a necessary step to ensure that the financial statements are fairly stated.

Effect

Certain accounts were misstated as of September 30, 2017. However, these misstatements were determined to be immaterial to the financial statements as a whole.

Recommendation

We recommend that the Sheriff modify its year-end closing process to include an additional degree of scrutiny over transactions occurring at or near year-end to verify that the accounting treatment is proper based on the nature and timing of the revenues or expenditures occurring during this time period.

**SARASOTA COUNTY, FLORIDA
SHERIFF**

Appendix A – Current Year Findings and Recommendations
Year Ended September 30, 2017

Management's Response

The Sheriff's Office does not agree completely with a few of the conditions noted, and all of the requested adjustments would have been made if they had been communicated in a timely manner. We do agree on the importance of proper year end closing procedures and also agree that an additional level of scrutiny would be advantageous. To implement this recommendation, the chief financial officer will review all year-end entries for proper treatment. The Sheriff's Office is committed to being good fiscal stewards and safeguarding the assets entrusted to us.

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Thomas M. Knight
Sheriff
Sarasota County, Florida

We have examined Sarasota County, Florida, Sheriff's (the "Sheriff") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2017. Management of the Sheriff is responsible for the Sheriff's compliance with the specified requirements. Our responsibility is to express an opinion on the Sheriff's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017.

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



Shinn & Company LLC
Bradenton, Florida



CliftonLarsonAllen LLP
Tampa, Florida

March 2, 2018