

CHARLOTTE COUNTY, FLORIDA
SHERIFF

September 30, 2015

SPECIAL-PURPOSE FINANCIAL STATEMENTS,
TOGETHER WITH REPORTS OF INDEPENDENT AUDITORS

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Independent Auditor's Report

Honorable William Prummell, Jr.
Charlotte County Sheriff
Punta Gorda, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Charlotte County, Florida, Sheriff, (the "Sheriff") as of and for the fiscal year ended September 30, 2015, as listed in the table of contents. We also have audited the financial statements of each of the Sheriff's agency funds as of and for the fiscal year ended September 30, 2015, presented as other supplementary information in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose 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

Auditor's Responsibility

Our responsibility is to express opinions 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements,

Auditor's Responsibility, continued

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

As discussed in Note 1, the accompanying special-purpose financial statements were prepared for the purpose of complying with Section 218.39(2), *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General - Local Governmental Entity Audits*, and are not intended to be a complete presentation of the financial position and changes in financial position of the Sheriff. Additionally, the special-purpose financial statements present only the Sheriff and are not intended to present the financial position and changes in financial position of Charlotte County, Florida taken as a whole.

Opinions

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each agency fund of the Sheriff as of September 30, 2015 and the respective changes thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 19 be presented to supplement the special-purpose financial statements. Such information, although not a part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special-purpose financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any

Other Matters, continued

Other Information

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements of each major fund and the aggregate remaining fund information. The Combining Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Funds as well as the Combining Statement of Changes in Assets and Liabilities - All Agency Funds are presented for additional analysis and are not a required part of the special purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2016, 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 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 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.

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

Punta Gorda, Florida
April 20, 2016

Ashley Brown + Co.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

Assets	<u>General</u>	<u>Commissary</u>
Cash and cash equivalents	\$ 5,317,750	\$ 1,250,362
Investments at fair value	1,874,423	130,857
Accounts receivable	2,129	84,654
Due from other funds	11,943	1,927
Due from other constitutional officers Board of County Commissioners	136,402	-
Total assets	<u>\$ 7,342,647</u>	<u>\$ 1,467,800</u>
Liabilities and Fund Balances		
Liabilities		
Accounts and vouchers payable	\$ 1,572,233	\$ 18,270
Accrued liabilities	3,952,667	-
Due to other constitutional officers Board of County Commissioners	1,715,816	-
Due to other governmental agencies	71,460	-
Deposits	30,471	-
Total liabilities	<u>7,342,647</u>	<u>18,270</u>
Fund Balance		
Restricted	-	1,449,530
Total fund balances	<u>-</u>	<u>1,449,530</u>
Total liabilities and fund balances	<u>\$ 7,342,647</u>	<u>\$ 1,467,800</u>

See accompanying notes.

<u>Forfeitures</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 501,381	\$ 242,646	\$ 7,312,139
-	-	2,005,280
-	-	86,783
-	-	13,870
-	-	136,402
<u>\$ 501,381</u>	<u>\$ 242,646</u>	<u>\$ 9,554,474</u>
\$ -	\$ -	\$ 1,590,503
-	-	3,952,667
-	-	1,715,816
-	-	71,460
-	-	30,471
<u>-</u>	<u>-</u>	<u>7,360,917</u>
501,381	242,646	2,193,557
<u>501,381</u>	<u>242,646</u>	<u>2,193,557</u>
<u>\$ 501,381</u>	<u>\$ 242,646</u>	<u>\$ 9,554,474</u>

CHARLOTTE COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	<u>General</u>	<u>Commissary</u>
Revenues:		
Intergovernmental	\$ 90,000	\$ -
Charges for services	2,109,738	-
Fines and forfeitures	49,837	-
Miscellaneous	8,062	777,724
Total revenues	<u>2,257,637</u>	<u>777,724</u>
Expenditures:		
Current		
General government		
Personal services	1,879,582	-
Operating expenses	72,892	-
Capital outlay	63,351	-
	<u>2,015,825</u>	<u>-</u>
Public safety		
Personal services	44,853,258	-
Operating expenses	8,200,187	319,506
Capital outlay	3,842,624	1,275
	<u>56,896,069</u>	<u>320,781</u>
Total expenditures	<u>58,911,894</u>	<u>320,781</u>
Excess of revenues over/ (under) expenditures	<u>(56,654,257)</u>	<u>456,943</u>
Other financing sources (uses):		
Transfers in	58,370,073	-
Transfers out	(1,715,816)	-
Total other financing sources (uses)	<u>56,654,257</u>	<u>-</u>
Net changes in fund balances	-	456,943
Fund balances, October 1, 2014	-	992,587
Fund balances, September 30, 2015	<u>\$ -</u>	<u>\$ 1,449,530</u>

See accompanying notes.

<u>Forfeitures</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 60,000	\$ 74,861	\$ 224,861
-	-	2,109,738
189,480	26,002	265,319
-	-	785,786
<u>249,480</u>	<u>100,863</u>	<u>3,385,704</u>
-	-	1,879,582
-	-	72,892
-	-	63,351
<u>-</u>	<u>-</u>	<u>2,015,825</u>
-	19,275	44,872,533
132,831	1,541	8,654,065
12,064	66,915	3,922,878
<u>144,895</u>	<u>87,731</u>	<u>57,449,476</u>
<u>144,895</u>	<u>87,731</u>	<u>59,465,301</u>
<u>104,585</u>	<u>13,132</u>	<u>(56,079,597)</u>
-	23,000	58,393,073
-	-	(1,715,816)
<u>-</u>	<u>23,000</u>	<u>56,677,257</u>
104,585	36,132	597,660
396,796	206,514	1,595,897
<u>\$ 501,381</u>	<u>\$ 242,646</u>	<u>\$ 2,193,557</u>

CHARLOTTE COUNTY, FLORIDA
SHERIFF
STATEMENT OF FIDUCIARY ASSETS AND LIABILITES - AGENCY FUNDS
AGENCY FUNDS
SEPTEMBER 30, 2015

Assets	<u>Prisoners</u>	<u>Individual Depositors</u>	<u>Cash Bond</u>
Cash and cash equivalents	\$ 45,311	\$ 21,798	\$ 2,127
Total assets	<u>\$ 45,311</u>	<u>\$ 21,798</u>	<u>\$ 2,127</u>
Liabilities and Fund Balances			
Liabilities			
Due to other constitutional officers	\$ -	\$ -	\$ 2,127
Clerk of the Circuit Court	-	-	-
Board of County Commissioners	-	21,798	-
Due to other funds	8,737	-	-
Due to individuals	36,574	-	-
Total liabilities	<u>\$ 45,311</u>	<u>\$ 21,798</u>	<u>\$ 2,127</u>

See accompanying notes.

<u>Evidence</u>	<u>Concession</u>	<u>Explorers</u>	<u>Total Fiduciary Funds</u>
\$ 38,637	\$ 17,708	\$ 33,013	\$ 158,594
<u>\$ 38,637</u>	<u>\$ 17,708</u>	<u>\$ 33,013</u>	<u>\$ 158,594</u>
-	-	-	2,127
-	-	-	21,798
5,133	-	-	13,870
33,504	17,708	33,013	120,799
<u>\$ 38,637</u>	<u>\$ 17,708</u>	<u>\$ 33,013</u>	<u>\$ 158,594</u>

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 1. Summary of Significant Accounting Policies

The following is a summary of the more significant accounting principles and policies:

(a) Defining the Governmental Reporting Entity

The Sheriff, as an elected constitutional officer, was established by the Constitution of the State of Florida, Article VIII, Section 1(d). As such, the Sheriff's financial statements are included in basic financial statements of Charlotte County, the primary government. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established by Statement of Governmental Accounting Standards Board Number 14, "Financial Reporting Entity", there are no component units included in the Sheriff's financial statements.

(b) Fund Accounting

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

The following funds are used by the Sheriff:

Governmental Funds

General Fund – The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Sheriff, which are not properly accounted for in another fund. All operating revenues, which are not specifically restricted or designated as to use, are recorded in the General Fund. General property taxes levied by the Board of County Commissioners for the Sheriff are reported as operating transfers in. Excess revenues at the end of the year, due back to the Board of County Commissioners, are shown as operating transfers out.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held by public officials in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

(c) Measurement Focus

Governmental Funds – The General and Special Revenue Funds are accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Accordingly, the reported undesignated fund balances (net current assets) are considered a measure of available, spendable or appropriable resources. Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Fiduciary Funds – Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Governmental Funds, Continued

(d) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed by the General, Special Revenue and Agency Funds. The modification in such method from the accrual basis is that revenues are recorded when they become measurable and available to finance operations of the current year.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt, if any, which is recognized when due; (2) expenditures are not divided between years by the recording of prepaid expenses; and (3) accrued compensated absences are not recorded until paid.

(e) Budgetary Process

Chapter 30, of the Florida Statutes, governs the preparation, adoption and administration process of the Sheriff's annual budget. A budget is only required to be prepared for the General Fund. The budget and amendments, if any, for the General Fund are required to be submitted to and approved by the Board of County Commissioners. The budget is prepared on the modified accrual basis.

The level of control for appropriations is exercised at the functional level.

Budgets for the Special Revenue Funds are not required to be adopted.

(f) Fixed Assets

Acquisitions of tangible personal property are recorded as expenditures at the time of purchase. These assets are reported to the Board of County Commissioners and are recorded in the Board's basic financial statements.

(g) Compensated Absences

The Sheriff's employees accumulate annual leave based on the number of years of continuous service. Upon termination of employment, employees generally receive payment for accumulated leave. Estimated long-term accrued compensated absences are recorded in the basic financial statements of the Charlotte County Board of County Commissioners.

Statement of Governmental Accounting Standards Board Number 16, "Accounting for Compensated Absences", requires the compensated absences liability to be measured using the salary rate in effect at the balance sheet date and requires additional amounts to be accrued for certain salary related payments associated with the payment of compensated absences.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 2. Deposits and Investments

Deposits

The Sheriff's deposits policy allows for deposits to be held in demand deposit accounts. At September 30, 2015, the Sheriff maintained deposits in checking accounts. These deposits were entirely covered during the year and at year-end by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute Chapter 280). All Sheriff Depositories are banks designated as qualified depositories by the State Treasurer. At September 30, 2015, the carrying amount of the Sheriff's deposits was \$7,470,733 and the bank balance was \$9,634,990. The Sheriff held petty cash on hand as of September 30, 2015, in the amount of \$3,984.

Investments

Florida Statutes authorize investments in certificates of deposits, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, and obligations of the U.S. Government and government agencies. Certificates of deposit, savings accounts and bank balances whose value exceeds the amount of federal depository insurance are collateralized pursuant to the Public Depository Security Act of the State of Florida (Florida Statute Chapter 280).

The Sheriff invests funds in Florida PRIME throughout the year with the Local Government Surplus Funds Trust Fund (SBA), under the regulatory oversight of the State of Florida.

The Florida PRIME has met the criteria as a "2a7-like" pool; this pool was assigned a rating of "AAAm" by the Standard and Poor's Rating Service. This pool's fair value is valued the same as the pool shares.

Note 3. Interfund Receivables and Payables

Interfund receivable and payable balances at September 30, 2015 were:

Fund	Due From Other Funds	Due to Other Funds
General Fund	\$ 11,943	\$ -
Commissary	1,927	
Agency		
Prisoners	-	8,737
Evidence	-	5,133
	\$ 13,870	\$ 13,870

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 4. Retirement Plan

Plan Description and Provisions

The Sheriff's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Service, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration.

As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested regular class members with less than 30 years of service may retire before age 62 and are entitled to a retirement benefit payable monthly also equal to 1.6% of their final average compensation for each year of credited service based on the five highest years of salary, with a 5% reduction for each year under age 62. Substantial changes were made to the Pension Plan during fiscal year 2011, affecting new members enrolled on or after July 1, 2011 by extending the vesting requirement to eight years of credited service and increasing normal retirement to age 65 or 33 years of service regardless of age. Also, the final average compensation for these members is based on the eight highest years of salary.

Funding Policy

All enrolled members of the FRS Pension Plan are required to contribute 3.0% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on statewide contribution rates. The employer contribution rates by job class for the periods from October 1, 2015 through June 30, 2015 and July 1, 2015 through September 30, 2015, respectively, were as follows: regular 7.37% and 7.26%; county elected officers 43.24% and 42.27%; senior management 21.14% and 21.43%; and DROP participants 12.28% and 12.88%. During the fiscal year ended September 30, 2015, the Sheriff contributed to the plan an amount equal to 17.4% of covered payroll.

The HIS Plan provides a monthly benefit to assist retirees in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement. Eligible retirees and beneficiaries receive a monthly health insurance subsidy payment of \$5 for each year of creditable service, with a minimum payment of \$30 and a maximum payment of \$150 per month. The HIS Plan is funded by required contributions from FRS participating employees as set forth by Florida Legislature, based on a percentage of gross compensation for all active FRS members.

Note 4. Retirement System, continued

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 4. Retirement System, continued

Funding Policy, continued

For those members who elect participation in the Investment Plan, rather than the Pension Plan, vesting occurs at one year of service. These participants receive a contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration. 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 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.

The Sheriff recognizes pension expenditures in an amount equal to amounts paid to the Pension Plan, the HIS Plan and the defined contribution plan, amounting to \$3,789,630, \$436,309, and \$1,307,833, respectively, for the fiscal year ended September 30, 2015. The Sheriff's payments after June 30, 2015, the measurement date used to determine the net pension liability associated with the Pension Plan and HIS Plan, amounted to \$1,097,708, and \$145,827, respectively. The Sheriff is not legally required to and does not accumulate expendable available resources to liquidate the retirement obligation related to its employees. Accordingly, the net pension liability and associated deferred outflows and deferred inflows are presented on the government-wide financial statements of the County, following requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - and amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - and amendment of GASB Statement No. 68, effective October 1, 2015*.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site www.ams.myflorida.com/retirement.

Note 5. General Fixed Assets

The following changes in general fixed assets occurred during the year ended September 30, 2015:

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Machinery & Equipment	\$ 20,818,030	\$ 4,547,047	\$ (1,513,513)	\$ 23,851,564
Accumulated Depreciation	(15,170,069)	(2,360,062)	1,365,489	(16,164,642)
Net Book Value	<u>\$ 5,647,961</u>	<u>\$ 2,186,985</u>	<u>\$ (148,024)</u>	<u>\$ 7,686,922</u>

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 6. General Long-Term Debt

The following changes in compensated absences occurred during the year ended September 30, 2015:

Long-term debt payable at October 1, 2014	\$	6,547,380
Increase in accrued compensated absences		3,937,381
Decrease in accrued compensated absences		<u>(3,248,948)</u>
Long-term debt payable at September 30, 2015		<u>\$ 7,235,813</u>
Short-term portion	\$	2,865,003
Long-term portion		<u>4,370,810</u>
Total compensated absences		<u>\$ 7,235,813</u>

Note 7. Self-Insurance Program

The Sheriff participates in the Statewide Florida Sheriff's Self-Insurance Fund. The fund is managed by representatives of the participating Florida Sheriff's offices and provides professional and automobile liability insurance to participating offices. The Florida Sheriff's Self-Insurance Fund provides liability insurance coverage subject to the following limitations: \$5,000,000 per occurrence and an aggregate of \$10,000,000 ultimate net loss per sheriff during any policy period.

Premiums charged to participating sheriffs are based upon amounts believed by management of the fund to meet the required annual payout during the fiscal year and to pay for the estimated operating costs of the program. For fiscal year ended September 30, 2015, the Sheriff was charged \$624,765 for the self-insurance program.

The Sheriff participates in the countywide self-insurance program for property insurance.

The Sheriff participates in the Florida Sheriff's Workers' Compensation Self-Insurance Fund. The fund is managed by representatives of participating Florida Sheriff's offices. The total cost for fiscal year ended September 30, 2015 was \$618,461.

The Sheriff is self insured for health insurance. The plan is administered by an independent third party that processes the claims. The Sheriff pays the administrator for actual claims and their administrative fee. During the fiscal year, the Sheriff incurred expenses totaling \$7,459,992. In addition to the Self-Insured Plan, the Sheriff and the Charlotte County Board of County Commissioners, share expenses in an Employee Health Center Program. This program was developed in hopes to lower healthcare claims for medical services, reduce prescription cost and identify in hopes to mitigate future high cost claims risk. Effectively redirecting claims cost from our medical plan to the clinic will result in a two year net savings after operating cost. The Sheriff and Board of County Commissioners have contracted with CareHere to operate this facility.

The Sheriff purchases commercial stop loss insurance for claims in excess of \$125,000 per person. Total premiums paid during the fiscal year for stop loss coverage totaled \$658,959.

The Sheriff purchases canine liability, aircraft and marine, life, and disability, independently of the aforementioned self-insurance programs, through third party insurance carriers.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 8. Other Post-Employment Benefits

Plan Description

In addition to providing the pension benefits described, the Sheriff's office provides post-employment health, dental and vision benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Sheriff's office and can be amended through the Sheriff's personnel manual. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan.

Benefits Provided

The Charlotte County Sheriff's Office contributes 100% of the active health premiums up to age 65 for retirees participating in the group health plan who completed at least 25 years of service with the Sheriff's office. Retirees are then required to reimburse the Sheriff a \$125 monthly subsidy provided by the Florida Retirement System.

Retirees who worked less than 25 years with the Sheriff's office and are participating in the group health plan are required to contribute 100% of active premiums. An employer-provided implicit subsidy for the health plan will still exist for these participants.

All retirees may elect coverage in the dental and/or vision plans offered by the Sheriff's office. However, they must contribute 100% of the active premium rates. Spouse coverage is available, as well, at the active premium rates.

Membership

At September 30, 2015, membership consisted of:

Active Employees	598
Inactive Participants	32
Retiree Covered Spouses	4
TOTAL	<u><u>634</u></u>

Funding Policy

The Sheriff negotiates the contribution percentages between the Sheriff and the employees through the union contracts and personnel policy. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

The Sheriff had an actuarial valuation performed for the plan as of October 1, 2014 to determine the funded status of the plan as of that date, as well as the employer's annual required contribution (ARC) for the fiscal year ended September 30, 2015. The Sheriff's annual OPEB cost (expense) for the fiscal year was \$5,063,473. The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows:

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 8. Other Post-Employment Benefits, Continued

Annual OPEB Costs and Net OPEB Obligation, Continued

The funded status of the plan as of September 30, 2015, was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	% of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2015	\$ 5,063,473	\$ 738,496	14.58%	\$ 27,796,447
September 30, 2014	5,085,583	734,816	14.45%	23,471,469
September 30, 2013	4,769,683	685,926	14.40%	19,120,702

The funded status of the plan as of September 30, 2015, was as follows:

Actuarial Accrued Liability (AAL)	\$ 36,240,903
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 36,240,903</u>
 Covered Payroll	 <u>\$ 29,646,586</u>
Ratio of UAAL to Covered Payroll	122.24%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that indicates whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent
Actuarial Value of Assets	Market Value
Interest Rate	4.0%
Healthcare Cost Trend Rates	8.0%

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 9. Commitments and Contingencies

The Sheriff was a defendant in several lawsuits as of September 30, 2015. In the opinion of the Sheriff's legal counsel, the resolution of pending cases is not expected to result in losses, which would materially affect the financial position of the Sheriff.

The Sheriff is currently receiving, and has received in the past, grants which are subject to special compliance audits by the grantor agency and which may result in disallowed expense amounts. These amounts, if any, constitute a contingent liability of the Sheriff. Accordingly, such liabilities are not reflected within the financial statements. The Sheriff does not believe any contingent liabilities are material.

SUPPLEMENTAL INFORMATION

CHARLOTTE COUNTY, FLORIDA
SHERIFF
GENERAL FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 90,000	\$ 90,000	\$ -
Charges for services	935,000	935,000	2,109,738	1,174,738
Fines and forfeitures	-	-	49,837	49,837
Miscellaneous	-	-	8,062	8,062
Total revenues	<u>935,000</u>	<u>1,025,000</u>	<u>2,257,637</u>	<u>1,232,637</u>
Expenditures:				
Current				
General government				
Non-court related				
Personal services	2,062,587	2,028,145	1,879,582	148,563
Operating expenses	81,475	78,563	72,892	5,671
Capital outlay	41,500	78,854	63,351	15,503
Total general government	<u>2,185,562</u>	<u>2,185,562</u>	<u>2,015,825</u>	<u>169,737</u>
Public safety				
Personal services	47,041,145	45,087,412	44,853,258	234,154
Operating expenses	8,691,758	8,189,475	8,200,187	(10,712)
Capital expenditures	1,386,608	3,842,624	3,842,624	-
Total public safety	<u>57,119,511</u>	<u>57,119,511</u>	<u>56,896,069</u>	<u>223,442</u>
Total expenditures	<u>59,305,073</u>	<u>59,305,073</u>	<u>58,911,894</u>	<u>393,179</u>
Excess of revenues over (under) expenditures	<u>(58,370,073)</u>	<u>(58,280,073)</u>	<u>(56,654,257)</u>	<u>1,625,816</u>
Other financing sources (uses):				
Transfers in	58,370,073	58,370,073	58,370,073	-
Transfers out	-	-	(1,715,816)	(1,715,816)
Total other financing sources (uses)	<u>58,370,073</u>	<u>58,370,073</u>	<u>56,654,257</u>	<u>(1,715,816)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 90,000</u>	<u>-</u>	<u>\$ (90,000)</u>
Fund balance, October 1, 2014			-	
Fund balance, September 30, 2015			<u>\$ -</u>	

CHARLOTTE COUNTY, FLORIDA
SHERIFF
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	Special	
	Second Dollar	DOJ-JAGC Laser Forensic Grant
Assets		
Cash and cash equivalents	\$ 242,646	\$ -
Total assets	\$ 242,646	\$ -
Liabilities and Fund Balances		
Fund Equity		
Fund Balance		
Reserved for special purpose	242,646	-
Total fund equity	242,646	-
Total liabilities and fund equity	\$ 242,646	\$ -

Revenue Funds			Total Non-Major Governmental Funds
FDLE-JAGC Comp Forensic Grant	FDLE-JAGC Laser Forensic Grant	Federal SCAAP	
\$ -	\$ -	\$ -	\$ 242,646
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,646</u>
-	-	-	242,646
-	-	-	242,646
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,646</u>

CHARLOTTE COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	Special	
	Second Dollar	DOJ-JAGC Laser Forensic Grant
Revenues:		
Intergovernmental	\$ -	\$ 18,866
Fines and forfeitures	26,002	-
Total revenues	26,002	18,866
Expenditures:		
Current		
Public safety	-	-
Personal services	1,541	-
Operating expenses	-	18,866
Capital outlay	-	-
Total expenditures	1,541	18,866
Excess of revenues over expenditures	24,461	-
Other financing sources (uses):		
Transfers in	23,000	-
Total other financing sources (uses)	23,000	-
Net change in fund balances	47,461	-
Fund balances, October 1, 2014	195,185	-
Fund balances, September 30, 2015	\$ 242,646	\$ -

Revenue Funds			Total Non-Major Governmental Funds
FDLE-JACC Comp Forensic Grant	FDLE-JACC Laser Forensic Grant	Federal SCAAP	
\$ 11,570	\$ 38,279	\$ 6,146	\$ 74,861
-	-	-	26,002
<u>11,570</u>	<u>38,279</u>	<u>6,146</u>	<u>100,863</u>
1,800	-	17,475	19,275
-	-	-	1,541
9,770	38,279	-	66,915
<u>11,570</u>	<u>38,279</u>	<u>17,475</u>	<u>87,731</u>
-	-	(11,329)	13,132
-	-	-	23,000
-	-	-	<u>23,000</u>
-	-	(11,329)	36,132
-	-	11,329	206,514
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,646</u>

CHARLOTTE COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
For the Fiscal Year Ended September 30, 2015

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
PRISONERS' FUND				
ASSETS				
Cash	\$ 33,049	\$ 894,854	\$ 882,592	\$ 45,311
LIABILITIES				
Due to other funds	\$ 7,599	\$ 128,627	\$ 127,489	\$ 8,737
Due to individuals	25,450	780,030	768,906	36,574
	<u>\$ 33,049</u>	<u>\$ 908,657</u>	<u>\$ 896,395</u>	<u>\$ 45,311</u>
INDIVIDUAL DEPOSITORS' FUND				
ASSETS				
Cash	\$ 15,760	\$ 175,631	\$ 169,593	\$ 21,798
	<u>\$ 15,760</u>	<u>\$ 175,631</u>	<u>\$ 169,593</u>	<u>\$ 21,798</u>
LIABILITIES				
Due to other constitutional officers	\$ 13,260	\$ 107,515	\$ 98,977	\$ 21,798
Due to individuals	2,500	68,116	70,616	-
	<u>\$ 15,760</u>	<u>\$ 175,631</u>	<u>\$ 169,593</u>	<u>\$ 21,798</u>
CASH BOND FUND				
ASSETS				
Cash	\$ 4,551	\$ 386,766	\$ 389,190	\$ 2,127
LIABILITIES				
Due to other constitutional officers	\$ 4,000	\$ 385,766	\$ 387,639	\$ 2,127
Due to individuals	551	1,000	1,551	-
	<u>\$ 4,551</u>	<u>\$ 386,766</u>	<u>\$ 389,190</u>	<u>\$ 2,127</u>

CHARLOTTE COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
For the Fiscal Year Ended September 30, 2015

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
EVIDENCE FUND				
ASSETS				
Cash	\$ 24,835	\$ 102,024	\$ 88,222	\$ 38,637
LIABILITIES				
Due to other funds	\$ -	\$ 55,016	\$ 49,883	\$ 5,133
Due to individuals	24,835	33,205	24,536	33,504
	<u>\$ 24,835</u>	<u>\$ 88,221</u>	<u>\$ 74,419</u>	<u>\$ 38,637</u>
CONCESSION				
ASSETS				
Cash	\$ 31,572	\$ 17,708	\$ 31,572	\$ 17,708
LIABILITIES				
Due to individuals	\$ 31,572	\$ 17,708	\$ 31,572	\$ 17,708
EXPLORERS				
ASSETS				
Cash	\$ 35,517	\$ 8,692	\$ 11,196	\$ 33,013
LIABILITIES				
Due to individuals	\$ 35,517	\$ 8,692	\$ 11,196	\$ 33,013
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 145,284	\$ 1,585,675	\$ 1,572,365	\$ 158,594
	<u>\$ 145,284</u>	<u>\$ 1,585,675</u>	<u>\$ 1,572,365</u>	<u>\$ 158,594</u>
LIABILITIES				
Due to other funds	\$ 7,599	\$ 183,643	\$ 177,372	\$ 13,870
Due to other constitutional officers	17,260	493,281	486,616	23,925
Due to individuals	120,425	908,751	908,377	120,799
	<u>\$ 145,284</u>	<u>\$ 1,585,675</u>	<u>\$ 1,572,365</u>	<u>\$ 158,594</u>

**Independent Auditor's Report 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***

Honorable William Prummell, Jr.
Charlotte County Sheriff
Punta Gorda, Florida

We have audited, 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, the special-purpose financial statements of each major fund and the aggregate remaining fund information of the Charlotte County, Florida, Sheriff, (the "Sheriff") as of and for the fiscal year ended September 30, 2015, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's special-purpose financial statements, and have issued our report thereon dated April 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose 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 special-purpose 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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's special-purpose 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

Internal Control Over Financial Reporting, continued

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's special-purpose 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 results 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.

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

Punta Gorda, Florida
April 20, 2016

Ashley Brown & Co.

366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

Management Letter

Honorable William Prummell, Jr.
Charlotte County Sheriff
Punta Gorda, Florida

Report on the Financial Statements

We have audited the financial statements of the Charlotte County, Florida, Sheriff (the “Sheriff”), Florida, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated April 20, 2016.

Auditor's 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 Reports and Schedule

We have issued our Independent Auditor’s 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 Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 20, 2016, 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. There were no findings and recommendations made in the preceding annual financial audit report.

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 this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 have any

Purpose of the 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 Charlotte County, Florida, Sheriff, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Punta Gorda, Florida
April 20, 2016

Ashley, Brown & Co.

366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

Independent Accountant's Examination Report

Honorable William Prummell, Jr.
Charlotte County Sheriff
Punta Gorda, Florida

We have examined the Charlotte County, Florida, Sheriff's (the "Sheriff") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2015. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our examination provides 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 Charlotte County, Florida, Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Punta Gorda, Florida
April 20, 2016



Office of the Sheriff

SHERIFF OF CHARLOTTE COUNTY



7474 UTILITIES ROAD
PUNTA GORDA, FLORIDA 33982
(941) 639-2101

April 20, 2016

Jeff Brown, CPA
Ashley & Brown, CPAs
366 East Olympia Ave
Punta Gorda, Florida 33950

Mr. Brown,

I am very pleased with the result of your audit of the Charlotte County Sheriff's Office for the fiscal year ending September 30, 2015.

I appreciate the efforts of your staff and look forward to working with you in the future. Thanks and appreciation also goes to the employees of the Sheriff's Office for their professionalism and dedication in serving the Sheriff's Office and the general public.

I would also like to thank the citizens of Charlotte County for giving me the privilege to serve them and help make the county a safer place for everybody to live and enjoy.

Sincerely yours,

William Prummell, Jr.
Sheriff