

SECTION IV

SHERIFF

William Prummell, Jr.

Independent Auditor's Report

Honorable William Prummell, Jr.
Sheriff
Charlotte County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund, the aggregate remaining fund information, and the fiduciary fund of the Charlotte County, Florida, Sheriff (the "Sheriff"), as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff's special purpose 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 fraud or error.

Auditor's 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 of 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, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, the aggregate remaining fund information, and the fiduciary fund for the Sheriff as of September 30, 2019 and the respective changes in financial position, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, the Sheriff adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, Fiduciary Activities, during the year ended September 30, 2019. Our opinions are not modified with respect to this matter.

Emphasis of Matter

Basis of Presentation

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 (the "Rules"). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major funds, and the aggregate remaining fund information, only for that portion of each major funds and the aggregate remaining fund information, of Charlotte County that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Charlotte County as of September 30, 2019, 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

Accounting principles generally accepted in the United States of America require that the general fund budgetary comparison information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County Agency's financial statements. The non-major governmental funds- balance sheet and statement of revenues, expenditures and changes in fund balance, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The above described supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Other Matters, continued

Supplementary Information, continued

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 to 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 above described supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2020, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters under the heading INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS. 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.

A handwritten signature in blue ink that reads "Ashley, Brown & Co." The signature is written in a cursive, flowing style.

Punta Gorda, Florida
February 21, 2020

CHARLOTTE COUNTY, FLORIDA
SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

Assets	<u>General</u>	<u>Commissary</u>
Cash and cash equivalents	\$ 5,311,071	\$ 1,932,176
Investments at amortized cost	1,890,475	139,896
Accounts receivable	1,230	64,480
Due from other funds	-	2,272
Due from other governmental agencies	359,748	-
Other assets	12,691	-
Total assets	<u>\$ 7,575,215</u>	<u>\$ 2,138,824</u>
Liabilities and Fund Balances		
Liabilities		
Accounts and vouchers payable	\$ 1,054,587	\$ 15,337
Accrued liabilities	1,841,263	-
Due to other funds	2,272	-
Due to other constitutional officers		
Board of County Commissioners	2,868,705	-
Due to individuals	17,036	-
Deposits	15,188	-
Other liabilities	1,776,164	-
Total liabilities	<u>7,575,215</u>	<u>15,337</u>
Fund Balance		
Reserved for:		
Restricted	-	2,123,487
Total fund balances	<u>-</u>	<u>2,123,487</u>
Total liabilities and fund balances	<u>\$ 7,575,215</u>	<u>\$ 2,138,824</u>

See accompanying notes.

<u>Forfeitures</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 226,510	\$ 168,599	\$ 7,638,356
-	-	2,030,371
-	-	65,710
-	-	2,272
-	-	359,748
-	-	12,691
<u>\$ 226,510</u>	<u>\$ 168,599</u>	<u>\$ 10,109,148</u>
\$ 2,047	\$ 585	\$ 1,072,556
-	-	1,841,263
-	-	2,272
-	-	2,868,705
-	-	17,036
-	-	15,188
<u>2,047</u>	<u>585</u>	<u>1,776,164</u>
<u>2,047</u>	<u>585</u>	<u>7,593,184</u>
224,463	168,014	2,515,964
<u>224,463</u>	<u>168,014</u>	<u>2,515,964</u>
<u>\$ 226,510</u>	<u>\$ 168,599</u>	<u>\$ 10,109,148</u>

CHARLOTTE COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2019

	<u>General</u>	<u>Commissary</u>
Revenues:		
Intergovernmental	\$ -	\$ -
Charges for services	2,590,877	635,514
Fines and forfeitures	5,579	-
Miscellaneous	346,602	3,679
Total revenues	<u>2,943,058</u>	<u>639,193</u>
Expenditures:		
Current		
General government		
Personal services	2,894,233	-
Operating expenses	19,707	-
Capital outlay	53,138	-
	<u>2,967,078</u>	<u>-</u>
Public safety		
Personal services	52,660,565	-
Operating expenses	10,284,803	377,922
Capital outlay	4,356,592	108,695
	<u>67,301,960</u>	<u>486,617</u>
Total expenditures	<u>70,269,038</u>	<u>486,617</u>
Excess of revenues over/ (under) expenditures	<u>(67,325,980)</u>	<u>152,576</u>
Other financing sources (uses):		
Transfers in	70,194,685	-
Transfers out	(2,868,705)	-
Total other financing sources (uses)	<u>67,325,980</u>	<u>-</u>
Net changes in fund balances	-	152,576
Fund balances, October 1, 2018	-	1,970,911
Fund balances, September 30, 2019	<u>\$ -</u>	<u>\$ 2,123,487</u>

See accompanying notes.

<u>Forfeitures</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 564,657	\$ 564,657
-	-	3,226,391
67,484	22,389	95,452
26,120	-	376,401
<u>93,604</u>	<u>587,046</u>	<u>4,262,901</u>
-	-	2,894,233
-	-	19,707
-	-	53,138
<u>-</u>	<u>-</u>	<u>2,967,078</u>
-	138,689	52,799,254
48,789	180,137	10,891,651
42,739	306,512	4,814,538
<u>91,528</u>	<u>625,338</u>	<u>68,505,443</u>
<u>91,528</u>	<u>625,338</u>	<u>71,472,521</u>
<u>2,076</u>	<u>(38,292)</u>	<u>(67,209,620)</u>
-	-	70,194,685
(40,000)	-	(2,908,705)
<u>(40,000)</u>	<u>-</u>	<u>67,285,980</u>
(37,924)	(38,292)	76,360
262,387	206,306	2,439,604
<u>\$ 224,463</u>	<u>\$ 168,014</u>	<u>\$ 2,515,964</u>

CHARLOTTE COUNTY, FLORIDA
SHERIFF
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

Assets	<u>Custodial Funds</u>
Cash and cash equivalents	\$ 227,737
Total assets	<u>\$ 227,737</u>
Liabilities and Fund Balances	
Liabilities	
Due to other constitutional officers	
Clerk of the Circuit Court	-
Board of County Commissioners	8,895
Due to other funds	-
Due to other governments	-
Due to individuals	\$ 143
Total liabilities	<u>9,038</u>
Net position, held in a custodial capacity to be disbursed	<u>\$ 218,699</u>

See accompanying notes.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

	Custodial Funds
Amounts collected for cash bonds	\$ 459,249
Amounts collected for employee charitable contributions	-
	84,034
Amounts collected for evidence	312,387
Amounts collected for explorer's	8,483
Amounts collected for fines	94,284
Total additions:	\$ 958,437
Amounts collected for cash bonds	\$ 459,547
Amounts collected for employee charitable contributions	80,690
Amounts collected for evidence	286,041
Amounts collected for explorer's	7,602
Amounts collected for fines	94,284
Total deductions:	928,164
Change in Net Position	30,273
Net Position, beginning	188,426
Net Position, ending	\$ 218,699

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Custodial Funds – Custodial Funds are used to account for assets held by public officials in a trustee capacity or as a custodian for individuals, private organizations, other governments and/or other funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefits) trust funds, investment trust funds, or private-purpose trust 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.

Custodial Funds – Custodial funds are accounted for using an economic resource measurement focus require a resource flow statement.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

Custodial Funds are accounted for using the accrual basis of accounting.

(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, 2019

Note 2. Cash and Cash Equivalents

The Sheriff's deposits policy allows for deposits to be held in demand deposit accounts. At September 30, 2019, the Sheriff maintained deposits in checking accounts and Florida PRIME.

In accordance with the Florida Statute Chapter 280 (Public Depository Security Act of the State of Florida), financial institutions qualifying as public depositories place with the State Board of Administration securities which have market value equal to 50 percent of any applicable deposit insurance. The Public Depository Security Trust Fund has a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Chapter 280 defines deposits as time deposit accounts, demand deposit accounts, and certificates of deposit.

At September 30, 2019, cash and cash equivalents had a book balance of deposits of \$7,866,976 and the bank balance was \$9,049,720. The Sheriff held petty cash on hand as of September 30, 2019, in the amount of \$1,738. The Sheriff had a book and bank balance in the Florida PRIME in the amount of \$2,030,371.

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, obligations of the U.S. Government and government agencies.

The Sheriff invests in Florida PRIME funds throughout the year with the Local Government Surplus Funds Trust Fund (SBA), under the regulatory oversight of the State of Florida. Florida PRIME is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate as a qualifying external investment pool. Thus, this pool operates essentially as a money market fund. Florida PRIME has a Standard & Poor's rating of "AAA_m" at September 30, 2019, and is measured at amortized cost. There are currently no limitations as to the frequency of redemptions; however, Florida PRIME has the ability to impose restrictions on withdrawals should a material event occur. Detailed information on the withdrawal restrictions that may be imposed and Florida PRIME's responsibilities should such an event occur is described in Section 218.409(8)(a), Florida Statutes.

Note 3. Interfund Receivables and Payables

Interfund receivable and payable balances at September 30, 2019 were:

Fund	Due From Other Funds	Due to Other Funds
General Fund	\$ -	\$ 2,272
Commissary Fund	2,272	-
Total	\$ 2,272	\$ 2,272

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2017 through June 30, 2019 and July 1, 2019 through September 30, 2019, respectively, were as follows: regular 8.26% and 8.47%; county elected officers 48.70% and 48.82%; senior management 24.06% and 25.41%; DROP participants 14.03% and 14.60%; and special risk regular 24.50% and 25.48%. During the fiscal year ended September 30, 2019, the Sheriff contributed to the plan an amount equal to 18.84% 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.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 0.06 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 \$5,644,586, \$606,220, and \$1,675,439, respectively, for the fiscal year ended September 30, 2019. The Sheriff's payments after June 30, 2019, the measurement date used to determine the net pension liability associated with the Pension Plan and HIS Plan, amounted to \$1,732,573, and \$167,992, 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, 2019:

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Machinery & Equipment	\$ 26,363,150	\$ 5,256,452	\$ (1,375,050)	\$ 30,244,552
Accumulated Depreciation	(18,504,713)	(3,527,657)	1,334,944	(20,697,426)
Net Book Value	<u>\$ 7,858,437</u>	<u>\$ 1,728,795</u>	<u>\$ (40,106)</u>	<u>\$ 9,547,126</u>

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 6. General Long-Term Debt

The following changes in compensated absences occurred during the year ended September 30, 2019:

Long-term debt payable at October 1, 2018	\$ 7,920,010
Increase in accrued compensated absences	5,146,778
Decrease in accrued compensated absences	<u>(4,663,167)</u>
Long-term debt payable at September 30, 2019	<u>\$ 8,403,621</u>
Short-term portion	\$ 4,033,078
Long-term portion	<u>4,370,543</u>
Total compensated absences	<u>\$ 8,403,621</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, 2019, the Sheriff was charged \$764,270 for the self-insurance program.

The Sheriff participates in the countywide self-insurance program for property liability. For fiscal year ended September 30, 2019, the Sheriff's portion for the self-insurance program, paid by the Board of County Commissioners, was \$386,596.

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, 2019 was \$1,260,549.

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 \$9,554,017. 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.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 7. Self-Insurance Program, continued

	Sheriff Health Insurance
Balance at October 1, 2017	\$ 1,438,629
Current Year Claims and Changes in Estimates *	9,093,397
Claim Payments	(8,947,582)
Balance at September 30, 2018	1,584,444
Current Year Claims and Changes in Estimates	9,646,826
Claim Payments	(9,882,270)
Balance at September 30, 2019	\$ 1,349,000

* Adjusted to reflect \$181,509 in excess fees returned to the Board of County Commissioners after year-end.

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 \$996,612.

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, 2019

Note 8. Other Post-Employment Benefits

The Charlotte County Sheriff’s Office’s Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the Charlotte County Sheriff’s Office.

The Plan, which is administered by the Charlotte County Sheriff’s Office, allows employees who retire and meet retirement eligibility requirements under one of the Charlotte County Sheriff’s Office’s retirement plans to continue medical, dental and/or vision insurance coverage as a participant in the Charlotte County Sheriff’s Office’s plan. For purposes of applying Paragraph 4 under Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Plan does not meet the requirements for an OPEB plan administered through a trust, as no assets are accumulated. The contributions made to the program are assumed to be the benefits paid to retirees and administrative expenses.

During fiscal year 2018, the Charlotte County Sheriff’s Office implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their net expense in financial statement’s prepared using the economic resources measurement focus and accrual basis of accounting. For the Sheriff, this information, including OPEB expense of \$3,064,222, is included in the government-wide financial statements of the County. OPEB expenditures recognized in the financial statements of the Sheriff under the modified accrual method equals the total amount paid by the Sheriff, amounting to \$651,490 for the year ended September 30, 2019.

Employees Covered by Benefit Terms – At October 1, 2017, the following employees were covered by the benefit terms:

Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	76
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	556
TOTAL	632

Benefits Provided:

The Charlotte County Sheriff’s Office (CCSO) 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 CCSO. Retirees are then required to reimburse CCSO the monthly subsidy provided by the Florida Retirement System. On average, this subsidy was \$131 monthly.

Retirees who worked less than 25 years with CCSO and are participating in the group health plan are required to contribute 100% of the 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 CCSO. However, they must contribute 100% of the active premium rates. Spouse coverage is available as well at the active premium rates.

Total OPEB Liability

The measurement date is September 30, 2019.

The measurement period for the OPEB expense was October 1, 2018 to September 30, 2019.

The reporting period is October 1, 2018 through September 30, 2019.

The Sponsor’s Total OPEB Liability was measured as of September 30, 2019.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 8. Other Post-Employment Benefits, continued

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2018, using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	6.00%
Discount Rate	3.58%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

Mortality:

All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2016 Florida Retirement System (FRS) valuation report.

Active Lives

For female lives, 100% of the Combined Healthy White-Collar table was used. For male (non-special risk) lives, a 50% Combined Healthy White-Collar table, 50% Combined Healthy Blue-Collar table blend was used. For male special risk lives, a 10% Combined Healthy White-Collar table, 90% Combined Healthy Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Inactive Health Lives

For female lives, 100% of the Annuitant White-Collar table was used. For male (non-special risk) lives, a 50% Annuitant White-Collar table, 50% Annuitant Blue-Collar table blend was used. For male special risk lives, a 10% Annuitant White-Collar table, 90% Annuitant Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Disabled Lives

For female (non-special risk) lives, 100% of the Disabled Female table was used, set forward two years. For female special risk lives, a 60% Disabled Female table, 40% Annuitant White Collar table with no setback blend was used. For male (non-special risk) lives, a 100% of the Disabled Male table was used, set back four years. For Male special risk lives, a 60% Disabled Male table, 40% Annuitant White Collar table with no setback blend was used. Disabled mortality has not been adjusted for mortality improvements.

Discount Rate:

Given the Charlotte County Sheriff's Office's decision not to fund the program, all future benefits were discounted using a high-quality municipal bond rate of 3.58%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 8. Other Post-Employment Benefits, continued

Total OPEB Liability, continued

Retirement Rates and Eligibility:

Creditable Service – Total completed years of employment as defined under the Florida Retirement System (FRS).

Tier 1

Regular Class – 100% are assumed to retire at age 62 and 6 years of service or upon completion of 30 years of service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service.

Special Risk Class – 100% are assumed to retire at age 55 and 6 years of service or upon completion of 25 years of special risk service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service.

Tier 2

Regular Class – 100% are assumed to retire at age 65 and 8 years of service or upon completion of 33 years of service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service.

Special Risk Class – 100% are assumed to retire at age 60 and 8 years of service or upon completion of 30 years of special risk service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service.

Early Retirement Rates:

Tier 1

Regular Class – Members may retire early at age 43 and 6 years of service. Members are assumed to retire early at the rates shown below:

<u>Age</u>	<u>Rate</u>
43 – 54	5%
55 – 56	10%
57 – 59	15%
60 – 61	20%
62	100%

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 8. Other Post-Employment Benefits, continued

Total OPEB Liability, continued

Early Retirement Rates, continued

Special Risk Class – Members may retire early at age 36 and 6 years of service. Members are assumed to retire early at the rates shown below:

<u>Age</u>	<u>Rate</u>
36 – 49	5%
50 – 51	10%
52 – 53	15%
54	20%
55	100%

Tier 2

Regular Class – Members may retire early at age 43 and 8 years of service. Members are assumed to retire early at the rates shown below:

<u>Age</u>	<u>Rate</u>
43 – 54	5%
55 – 56	10%
57 – 59	15%
60 – 64	20%
65	100%

Special Risk Class – Members may retire early at age 36 and 6 years of service. Members are assumed to retire early at the rates shown below:

<u>Age</u>	<u>Rate</u>
36 - 49	5%
50 - 51	10%
52 - 53	15%
54 - 59	20%
60	100%

Termination Rates – See table of sample rates below:

<u>Age</u>	<u>Rate</u>
20	6.0%
30	5.0%
40	2.6%
50	0.8%
60	0.2%

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 8. Other Post-Employment Benefits, continued

Total OPEB Liability, continued

Early Retirement Rates, continued

Disability Rates – See table of sample rate below. Twenty-five percent (25%) of disabilities are assumed to be in line of duty.

<u>Age</u>	<u>Rate</u>
20	0.051%
30	0.058%
40	0.121%
50	0.429%
60	1.611%

Marital Status – Eighty percent (80%) assumed married with male spouse three years older than female spouses.

Health Care Participation – One Hundred percent (100%) participation assumed for explicit benefits, 30% for implicit benefits. Ten percent (10%) are assumed to elect spouse coverage.

Health Care Inflation – Initial rate of 8.50% in fiscal 2018, grading down to the ultimate trend rate of 4.00% in fiscal 2073. The rates reflect recent healthcare trend rate surveys, blended with the long-term rates from the Getzen Model published by the Society of Actuaries.

Medical Aging Factors – 4.0% per year prior to age 65; 3.0% per year between ages 65 and 75; 2.0% per year between ages 75 and 85; and 0.0% per year thereafter.

Health Claims – Developed using a blend of manual and active fully insured rates. 100% are assumed to enroll in the PPO offered. It is also assumed that even though this plan's benefits coordinate with Medicare, the premium is the same as the active rate for Post-Medicare retirees.

Funding Method – Entry Age Cost Method (Level Percentage of Pay).

Discussion of Census Data and Assumptions – All census information, non-prescribed assumptions, and methods are the same as those used in the prior valuation as of October 1, 2017.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 8. Other Post-Employment Benefits, continued

Change in Total OPEB Liability

	<u>Increases & (Decreases) in Liability Total OPEB</u>
Reporting Period Ending September 30, 2018	\$ 24,909,211
Changes for the Year:	
Service Cost	1,917,287
Interest	1,107,871
Changes of Assumptions	1,607,225
Benefit Payments	<u>(651,490)</u>
Total Net Changes	<u>3,980,893</u>
Reporting Period Ending September 30, 2019	<u>\$ 28,890,104</u>

Changes in assumptions reflect a change in the discount rate from 4.18% for the reporting period ended September 30, 2018, to 3.58% for the reporting period ended September 30, 2019.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate:

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	<u>1% Decrease 2.58%</u>	<u>Current Discount Rate 3.58%</u>	<u>1% Increase 4.58%</u>
Total OPEB Liability	\$ 31,831,927	\$ 28,890,104	\$ 26,262,600

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease 3.00% - 7.00%</u>	<u>Healthcare Cost Trend Rates 4.00% - 8.50%</u>	<u>1% Increase 5.00% - 9.50%</u>
Total OPEB Liability	\$ 24,754,386	\$ 28,890,104	\$ 33,879,748

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 8. Other Post-Employment Benefits, continued

OPEB Expense & Deferred Outflows of Resources & Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the Sponsor will recognize OPEB Expense of \$3,064,222.

On September 30, 2019, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,406,322	\$ 995,037

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

Year Ended September 30:

2020	\$ 35,064
2021	35,064
2022	35,064
2023	35,064
2034	35,064
Thereafter	235,965

Note 9. Commitments and Contingencies

The Sheriff was a defendant in several lawsuits as of September 30, 2019. 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.

CHARLOTTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 10. Change in Accounting Principle

For the fiscal year-ended September 30, 2019, the Sheriff implemented Statement No. 84 of the Governmental Accounting Standards Board (GASB), *Fiduciary Activities*. The implementation of the statement establishes criteria for identifying fiduciary activities for all local governments. The requirements of this Statement will enhance consistency and comparability and enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship.

Fiduciary activities are reported in the fiduciary fund financial statements of the basic financial statements, and include the Fiduciary Statement of Net Position and the Statement of Changes in Fiduciary Net Position. For the Sheriff, custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The statement of fiduciary net position is used to report the assets, liabilities, and fiduciary net position of custodial funds. The statement of changes in fiduciary net position is used to report additions to and deductions from custodial funds.

The Sheriff reports aggregated totals for additions and aggregated totals for deductions of custodial funds in which resources, upon receipt, are normally expected to be held for three months or less. The descriptions of the aggregated totals of additions and deductions indicates the nature of the resource flows.

Liabilities, under GASB Statement 84, are recognized differently for custodial funds. Liabilities are recognized when an event has occurred that compels the government to disburse the resources held in a fiduciary capacity in the custodial funds. If further action, authorization, or condition is required to compel the Sheriff to disburse the funds at year-end, the amounts are reported as net position. GASB 84 requires that changes adopted to conform to the provisions of the statement be applied retroactively by restating the financial statements. The Sheriff has restated the beginning net position in the Statement of Fiduciary Net Position as a result in the change in recognition of liabilities as follows:

Agency funds, net position, as of October 1, 2018	\$ -
Restatement, due to the implementation of GASB 84	<u>188,426</u>
Custodial funds, net position, as restated, as of October 1, 2018	<u><u>188,426</u></u>

SUPPLEMENTAL INFORMATION

CHARLOTTE COUNTY, FLORIDA
SHERIFF
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 108,150	\$ -	\$ (108,150)
Charges for services	1,750,000	1,750,000	2,590,877	840,877
Fines and forfeitures	-	-	5,579	5,579
Miscellaneous	-	-	346,602	346,602
Total revenues	<u>1,750,000</u>	<u>1,858,150</u>	<u>2,943,058</u>	<u>1,084,908</u>
Expenditures:				
Current				
General government				
Non-court related				
Personal services	2,710,371	2,877,171	2,894,233	(17,062)
Operating expenses	279,125	220,205	19,707	200,498
Capital outlay	77,436	69,556	53,138	16,418
Total general government	<u>3,066,932</u>	<u>3,166,932</u>	<u>2,967,078</u>	<u>199,854</u>
Public safety				
Personal services	55,112,018	54,120,027	52,660,565	1,459,462
Operating expenses	11,255,332	10,421,032	10,284,803	136,229
Capital expenditures	2,578,553	4,304,844	4,356,592	(51,748)
Total public safety	<u>68,945,903</u>	<u>68,845,903</u>	<u>67,301,960</u>	<u>1,543,943</u>
Total expenditures	<u>72,012,835</u>	<u>72,012,835</u>	<u>70,269,038</u>	<u>1,743,797</u>
Excess of revenues over (under) expenditures	<u>(70,262,835)</u>	<u>(70,154,685)</u>	<u>(67,325,980)</u>	<u>2,828,705</u>
Other financing sources (uses):				
Transfers in	70,262,835	70,154,685	70,194,685	40,000
Transfers out	-	-	(2,868,705)	(2,868,705)
Total other financing sources (uses)	<u>70,262,835</u>	<u>70,154,685</u>	<u>67,325,980</u>	<u>(2,828,705)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, October 1, 2018			-	
Fund balance, September 30, 2019			<u>\$ -</u>	

CHARLOTTE COUNTY, FLORIDA
SHERIFF
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	<u>Second Dollar</u>	<u>DOJ-US Border Patrol Stonegarden</u>	<u>DOJ-JAGC Byrne Grant</u>
Assets			
Cash and cash equivalents	\$ 168,599	\$ -	\$ -
Total assets	<u>\$ 168,599</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances			
Liabilities			
Due to other constitutional officers	\$ 585	\$ -	\$ -
Total liabilities	<u>585</u>	<u>-</u>	<u>-</u>
Fund Equity			
Fund Balance			
Reserved for special purpose	168,014	-	-
Total fund equity	<u>168,014</u>	<u>-</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 168,599</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds

Local- MAC Grant	FDLE-JAGC Byrne Highway Safety Grant	Firehouse Subs Grant	Federal FCASV Domestic Violence Grant	Federal SCAAP Grant	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,599
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,599
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 585
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 585
\$ -	\$ -	\$ -	\$ -	\$ -	168,014
\$ -	\$ -	\$ -	\$ -	\$ -	168,014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,599

CHARLOTTE COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2019

	Second Dollar	DOJ-US Border Patrol Stonegarden	DOJ-JAGC Byrne Grant
Revenues:			
Intergovernmental	\$ 128,450	\$ 83,992	\$ 17,849
Fines and forfeitures	22,389	-	-
Total revenues	<u>150,839</u>	<u>83,992</u>	<u>17,849</u>
Expenditures:			
Current			
Public safety			
Personal services	15,318	48,315	-
Operating expenses	172,436	-	3,102
Capital outlay	1,377	35,677	14,747
Total expenditures	<u>189,131</u>	<u>83,992</u>	<u>17,849</u>
Excess of revenues over expenditures	<u>(38,292)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(38,292)	-	-
Fund balances, October 1, 2018	206,306	-	-
Fund balances, September 30, 2019	<u>\$ 168,014</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds

<u>Local- MAC Grant</u>	<u>FDLE-JAGC Byrne Highway Safety Grant</u>	<u>Firehouse Subs Grant</u>	<u>Federal FCASV Domestic Violence Grant</u>	<u>Federal SCAAP Grant</u>	<u>Total Non-Major Governmental Funds</u>
\$ 187,711	\$ 54,500	\$ 14,960	\$ 73,199	\$ 3,996	\$ 564,657
-	-	-	-	-	22,389
<u>187,711</u>	<u>54,500</u>	<u>14,960</u>	<u>73,199</u>	<u>3,996</u>	<u>587,046</u>
-	-	-	71,060	3,996	138,689
-	-	2,460	2,139	-	180,137
187,711	54,500	12,500	-	-	306,512
<u>187,711</u>	<u>54,500</u>	<u>14,960</u>	<u>73,199</u>	<u>3,996</u>	<u>625,338</u>
-	-	-	-	-	(38,292)
-	-	-	-	-	(38,292)
-	-	-	-	-	206,306
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,014</u>

**Independent Auditor's 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 William Prummell, Jr.
Sheriff
Charlotte County, 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 financial statements of each major fund, the aggregate remaining fund information, and the fiduciary fund of the Charlotte County, Florida, Sheriff (the "Sheriff"), as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff's special purpose financial statements, and have issued our report thereon dated February 21, 2020.

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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, rules, 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.

Handwritten signature in blue ink that reads "Ashley, Brown & Co.".

Punta Gorda, Florida
February 21, 2020

Independent Auditor's Management Letter

Honorable William Prummell, Jr.
Sheriff
Charlotte County, Florida

Report on the Financial Statements

We have audited the financial statements of the Charlotte County, Florida, Sheriff (the "Sheriff"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 21 2020.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 21, 2020, 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.

Financial Management

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.

Additional Matters

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 such findings.

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 of Circuit Court, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in blue ink that reads "Ashley, Brown & Co." in a cursive script.

Punta Gorda, Florida
February 21, 2020

**Report of Independent Accountant on Compliance With
Local Government Investment Policies, Article V Requirements and Depository
Requirements of Sections 218.415, 28.35, 28.36 and 61.181, Florida Statutes**

Honorable William Prummell, Jr.
Sheriff
Charlotte County, Florida

Report on Compliance

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, 2019. 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.

Scope

Our examination was conducted in accordance with AICPA Professional Standards, AT-C Section 315, promulgated 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 considered 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.

Opinion

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.



Punta Gorda, Florida
February 21, 2020