

**SHERIFF
SEMINOLE COUNTY, FLORIDA
FINANCIAL STATEMENTS
Year Ended September 30, 2018**

CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
Statement of Revenues, Expenditures and Other Financing Sources (Uses) – General Fund – Budget and Actual (Budgetary Basis)	5
Statement of Revenues, Expenditures and Other Financing Sources (Uses) – Special Revenue Fund – Budget and Actual	6
Statement of Net Position – Proprietary Fund Type – Internal Service Fund	7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund Type – Internal Service Fund	8
Statement of Cash Flows – Proprietary Fund Type – Internal Service Fund	9
Statement of Fiduciary Net Position and Changes in Assets and Liabilities – Agency Fund	10
Notes to Financial Statements	11
COMPLIANCE SECTION	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	21
INDEPENDENT AUDITOR'S MANAGEMENT LETTER	23
INDEPENDENT ACCOUNTANT'S REPORT	25



INDEPENDENT AUDITOR'S REPORT

To the Honorable Dennis M. Lemma,
Seminole County, Florida Sheriff
Sanford, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Seminole County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic 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 and Chapter 10.550, *Rules of the Auditor General*. 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 Sheriff'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 Sheriff'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.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the Sheriff as of September 30, 2018, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparisons for the general fund and special revenue fund for the fiscal year then ended are in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Dennis M. Lemma,
Seminole County, Florida Sheriff

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Emphasis-of-Matter

As described in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of Seminole County, Florida as of September 30, 2018, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2019, 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.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

Orlando, Florida
February 5, 2019

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2018

	General Fund	Special Revenue Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 3,141,380	\$ 860,611	\$ 4,001,991
Accounts receivable	43,908	161,532	205,440
Prepays	343,016	-	343,016
Due from General Fund	-	447,042	447,042
Due from Special Revenue Fund	721,860	-	721,860
Due from Agency Fund	50,000	-	50,000
Due from Board of County Commissioners	99,027	-	99,027
Due from other governments	426,231	404,594	830,825
TOTAL ASSETS	\$ 4,825,422	\$ 1,873,779	\$ 6,699,201
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 2,161,140	\$ 20,766	\$ 2,181,906
Accrued liabilities	1,773,101	100,160	1,873,261
Unearned revenue	-	160,340	160,340
Due to General Fund	-	721,860	721,860
Due to Special Revenue Fund	447,042	-	447,042
Due to Self-Insurance Fund	122,697	-	122,697
Due to Board of County Commissioners	321,442	208,078	529,520
TOTAL LIABILITIES	4,825,422	1,211,204	6,036,626
FUND BALANCE			
Restricted - Inmate Welfare	-	662,575	662,575
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,825,422	\$ 1,873,779	\$ 6,699,201

The accompanying notes are an integral part of the financial statements.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year Ended September 30, 2018

	General Fund	Special Revenue Fund	Totals
REVENUES			
Charges for services	\$ 193,770	\$ -	\$ 193,770
Intergovernmental revenues	-	8,806,996	8,806,996
Miscellaneous revenues	-	1,006,708	1,006,708
	TOTAL REVENUES	9,813,704	10,007,474
EXPENDITURES			
Public Safety:			
Salaries and benefits	102,087,277	7,140,510	109,227,787
Operating expenditures	12,746,314	2,957,427	15,703,741
Capital outlay	3,931,252	292,077	4,223,329
Debt Service:			
Principal	3,701,607	-	3,701,607
Interest	186,878	-	186,878
	TOTAL EXPENDITURES	10,390,014	133,043,342
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(122,459,558)	(576,310)	(123,035,868)
OTHER FINANCING SOURCES (USES)			
Transfers in from Board of County Commissioners	119,781,000	929,624	120,710,624
Transfers out to Board of County Commissioners	(321,442)	(208,078)	(529,520)
Issuance of debt - capital lease	3,000,000	-	3,000,000
Funds returned to grantor agency	-	(92,844)	(92,844)
	TOTAL OTHER FINANCING SOURCES (USES)	628,702	123,088,260
NET CHANGE IN FUND BALANCE	-	52,392	52,392
FUND BALANCE AT BEGINNING OF YEAR	-	610,183	610,183
FUND BALANCE AT END OF YEAR	\$ -	\$ 662,575	\$ 662,575

The accompanying notes are an integral part of the financial statements.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) -
GENERAL FUND - BUDGET AND ACTUAL (BUDGETARY BASIS)**

Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ -	\$ 193,770	\$ 193,770	\$ -
TOTAL REVENUES	<u>-</u>	<u>193,770</u>	<u>193,770</u>	<u>-</u>
EXPENDITURES				
Public Safety:				
Salaries and benefits	101,479,000	102,412,699	102,087,277	325,422
Operating expenditures	14,932,000	14,476,726	12,746,314	1,730,412
Capital outlay	1,262,118	967,087	931,252	35,835
Contingency	160,000	320,000	-	320,000
Debt Service:				
Principal	1,656,058	1,657,380	3,701,607	(2,044,227)
Interest	131,824	140,878	186,878	(46,000)
TOTAL EXPENDITURES	<u>119,621,000</u>	<u>119,974,770</u>	<u>119,653,328</u>	<u>321,442</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(119,621,000)</u>	<u>(119,781,000)</u>	<u>(119,459,558)</u>	<u>321,442</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from Board of County Commissioners	119,621,000	119,781,000	119,781,000	-
Transfers out to Board of County Commissioners	-	-	(321,442)	(321,442)
TOTAL OTHER FINANCING SOURCES (USES)	<u>119,621,000</u>	<u>119,781,000</u>	<u>119,459,558</u>	<u>(321,442)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) -
SPECIAL REVENUE FUND - BUDGET AND ACTUAL**

Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental revenues:				
Grants and other revenues	\$ 7,067,064	\$ 8,915,485	\$ 8,806,996	\$ (108,489)
Miscellaneous revenues	664,480	664,480	1,006,708	342,228
TOTAL REVENUES	<u>7,731,544</u>	<u>9,579,965</u>	<u>9,813,704</u>	<u>233,739</u>
EXPENDITURES				
Public Safety:				
Salaries and benefits	5,751,896	6,657,468	7,140,510	(483,042)
Operating expenditures	2,517,948	3,117,834	2,957,427	160,407
Capital outlay	55,000	316,072	292,077	23,995
Contingency	336,324	418,215	-	418,215
TOTAL EXPENDITURES	<u>8,661,168</u>	<u>10,509,589</u>	<u>10,390,014</u>	<u>119,575</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(929,624)</u>	<u>(929,624)</u>	<u>(576,310)</u>	<u>353,314</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from Board of County Commissioners	929,624	929,624	929,624	-
Transfers out to Board of County Commissioners	-	-	(208,078)	(208,078)
Funds returned to grantor agencies	-	-	(92,844)	(92,844)
TOTAL OTHER FINANCING SOURCES (USES)	<u>929,624</u>	<u>929,624</u>	<u>628,702</u>	<u>(300,922)</u>
NET CHANGE IN FUND BALANCE	-	-	52,392	52,392
FUND BALANCE AT BEGINNING OF YEAR	<u>610,183</u>	<u>610,183</u>	<u>610,183</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 610,183</u></u>	<u><u>\$ 610,183</u></u>	<u><u>\$ 662,575</u></u>	<u><u>\$ 52,392</u></u>

The accompanying notes are an integral part of the financial statements.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

**STATEMENT OF NET POSITION –
PROPRIETARY FUND TYPE – INTERNAL SERVICE FUND**

September 30, 2018

ASSETS

Cash	\$ 8,932,410
Accounts receivable	432,739
Prepaid expense	451,000
Due from General Fund	<u>122,697</u>
TOTAL CURRENT ASSETS	<u><u>9,938,846</u></u>

LIABILITIES

Claims payable	275,039
Reserved for Incurred But Not Reported	<u>1,310,024</u>
TOTAL CURRENT LIABILITIES	<u><u>1,585,063</u></u>

NET POSITION

Unrestricted	<u>8,353,783</u>
TOTAL NET POSITION	<u><u>\$ 8,353,783</u></u>

The accompanying notes are an integral part of the financial statements.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
PROPRIETARY FUND TYPE – INTERNAL SERVICE FUND**

Year Ended September 30, 2018

OPERATING REVENUES	
Insurance contributions	<u>\$ 21,280,797</u>
	TOTAL OPERATING REVENUES
	21,280,797
OPERATING EXPENSES	
Administrative costs	989,752
Insurance premiums	1,970,651
Benefit payments and claims	<u>16,769,228</u>
	TOTAL OPERATING EXPENSES
	<u>19,729,631</u>
	OPERATING INCOME
	1,551,166
NONOPERATING REVENUES/(EXPENSES)	
Interest revenue	<u>53,248</u>
	TOTAL NONOPERATING REVENUES/(EXPENSES)
	<u>53,248</u>
	CHANGES IN NET POSITION
	1,604,414
NET POSITION AT BEGINNING OF YEAR	<u>6,749,369</u>
NET POSITION AT END OF YEAR	<u><u>\$ 8,353,783</u></u>

The accompanying notes are an integral part of the financial statements.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUND TYPE – INTERNAL SERVICE FUND**

Year Ended September 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received for insurance contributions	\$ 24,063,381
Payments to suppliers and for claims	<u>(19,603,198)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 4,460,183

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>53,248</u>
-------------------	---------------

NET CASH PROVIDED BY INVESTING ACTIVITIES 53,248

NET CHANGE IN CASH AND CASH EQUIVALENTS 4,513,431

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,418,979</u>
---	------------------

CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 8,932,410</u></u>
---	----------------------------

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 1,551,166
Increase in accounts receivable	(129,719)
Decrease in amounts due from other funds	2,927,303
Increase in prepaid expenses	(15,000)
Increase in claims payable	<u>126,433</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 4,460,183

The accompanying notes are an integral part of the financial statements.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

**STATEMENT OF FIDUCIARY NET POSITION AND
CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND**

Year Ended September 30, 2018

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
ASSETS				
Cash	\$ 781,578	\$ 15,464,174	\$ 15,439,271	\$ 806,481
Due from Special Revenue Fund	820	-	820	-
Other assets	15,148	-	15,148	-
TOTAL ASSETS	797,546	\$ 15,464,174	\$ 15,455,239	806,481
 LIABILITIES				
Due to individuals				
Suspense account	134,105	\$ 11,403,963	\$ 11,457,713	80,355
Inmate trust account	105,093	2,411,486	2,388,720	127,859
Individual depository account	21,305	411,548	403,217	29,636
Evidence account	482,047	275,879	239,295	518,631
Due to General Fund				
Cash bond account	25,000	961,298	936,298	50,000
Due to Special Revenue Fund				
Inmate trust account	29,996	-	29,996	-
TOTAL LIABILITIES	797,546	\$ 15,464,174	\$ 15,455,239	806,481
 NET ASSETS	 \$ -			 \$ -

The accompanying notes are an integral part of the financial statements.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies used in the preparation of these financial statements.

Reporting Entity

The Seminole County, Florida Sheriff (the “Sheriff”) is a separately elected county official established pursuant to the Constitution of the State of Florida. These financial statements are not intended to be a complete presentation of the financial position of Seminole County, Florida (the “County”) as of September 30, 2018, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are presented to comply with the requirements of Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. The Sheriff’s General Fund is combined with the Board of County Commissioners’ (the “Board”) and other constitutional officers’ general funds in the Seminole County, Florida Comprehensive Annual Financial Report (“CAFR”) to properly reflect the county-wide General Fund. The Special Revenue, Internal Service, and Fiduciary Funds are shown separately in the appropriate sections of the CAFR.

Description of Funds

The accounting records are organized on the basis of funds and classified for reporting purposes into four basic fund types:

General Fund – The General Fund is a governmental fund used to account for all revenues and expenditures applicable to the general operations of the Sheriff. The General Fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources, rather than upon net income determination).

Special Revenue Fund – The Special Revenue Fund is a governmental fund used to account for all revenues and expenditures applicable to the grants, federal and state forfeiture, training funds and inmate welfare of the Sheriff. The Special Revenue Fund measurement focus is the same as the General Fund.

Internal Service Fund – The Insurance Fund is a proprietary fund, used to account for the revenues and expenses of the Sheriff’s self-insurance benefits program. The Sheriff is self-insured for medical claims covering all employees, retirees who have elected coverage, and their eligible dependents.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Description of Funds *(Continued)*

Fiduciary Fund – The Sheriff maintains an Agency Fund, which is used to account for assets held by the Sheriff as agent. Agency funds are custodial in nature and do not involve measurement of results of operations. A statement of fiduciary net position is presented for the Agency Fund. However, a statement of changes in fiduciary net position is not presented, since there are no operations in the Agency Fund, only assets and liabilities.

Basis of Accounting and Presentation

The accounts of the Governmental Funds are maintained on the modified accrual basis. Under the modified accrual basis of accounting, expenditures are recorded at the time liabilities are incurred and revenues are recorded when received in cash or when they are considered both measurable and available and, as such, susceptible to accrual. All unexpended General Fund balances at the end of the fiscal year are refunded to the Board of County Commissioners, and deposited into the County fund, or funds, from which the payment was originally made.

The Internal Service Fund is reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Operating revenues and expenses consist of contributions for insurance purposes and the payments for claims and related expenses. Nonoperating revenue consists of investment income.

Agency Funds are accounted for under the economic resources method and accrual basis of accounting. However, a statement of changes in net position is not presented, since there are no operations in the Agency Funds, only assets and liabilities.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Requirements and Basis

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in Section 30.49(2)(a), Florida Statutes, and Board policy. The budgeted revenues and expenditures in these financial statements reflect all amendments approved by the Sheriff and the Board. Budgetary control is required at the fund level. Total budgeted expenditures may not exceed related actual expenditures at the fund level. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (“GAAP”), except for capital outlay expenditures and other financing sources related to the acquisition of assets through capital leases. A reconciliation of General Fund budgeted and actual expenditures and other financing sources for the fiscal year ended September 30, 2018 is as follows:

	General Fund
EXPENDITURES	
Budgetary basis	\$ 119,653,328
<u>Adjustments:</u>	
Capital lease – expenditures	3,000,000
GAAP Basis	\$ 122,653,328
 OTHER FINANCING SOURCES	
Budgetary basis	\$ 119,459,558
<u>Adjustments:</u>	
Issuance of debt – capital lease	3,000,000
GAAP Basis	\$ 122,459,558

Capital Assets

Capital assets consist of equipment used in the Sheriff’s operations and are recorded as expenditures in the General Fund at the time assets are received and a liability is incurred. These assets are capitalized at cost. Depreciation is computed using the straight-line method. Useful lives of assets ranges from 3-12 years. The Sheriff follows the Board’s capitalization policy for reporting, which requires that all capital assets acquired greater than \$5,000 will be capitalized and depreciated. Donated and confiscated capital assets are recorded at fair value at the time received.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Compensated Absences

The Sheriff accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Sheriff is not legally required to and does not accumulate expendable, available financial resources to liquidate this obligation. The maximum accruable hours for compensated absences is 960.

Fund Balances

Fund balances in the Governmental Funds are reported in the following categories as of September 30, 2018:

Restricted – Includes fund balance amounts in the Special Revenue Fund that are constrained for specific purposes, which are externally imposed by third parties (grantors, contributors) or amounts constrained due to constitutional provisions or enabling legislation.

Unassigned – Includes fund balance that is spendable and that has not been restricted, committed, or assigned to a specific purpose. Excess resources of an unassigned nature are returned to the Board at year-end and, therefore, this category should always be zero.

When both restricted and unrestricted (assigned and unassigned) fund resources are available for use, it is the Sheriff's policy to generally use restricted resources first and then unrestricted resources.

Transfers

In accordance with Florida Statutes, all unexpended General Fund balances at year-end are owed to the Board. These excess fees are reported as transfers (out). Appropriations from the Board are presented as transfers in.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

NOTE 2 - CASH AND INVESTMENTS

Cash

Cash consists of various demand deposit accounts, which are insured by the Federal Deposit Insurance Corporation or are covered by the State of Florida collateral pool, a multiple financial institution pool. The Sheriff's financial institution is a qualified public depository under Chapter 280 of the Florida Statutes.

Investments

Florida Statutes 218.415, 219.075, and the Sheriff's investment policy, authorize investments in certificates of deposit, 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 unconditionally guaranteed by the U.S. Government. The Sheriff had no investments at September 30, 2018.

NOTE 3 - CAPITAL ASSETS

The Sheriff's capital assets consist of vehicles, helicopters and equipment. Capital assets acquired with a value of \$1,000 or greater are recorded as capital outlay expenditures. The following is a summary of the changes related to capital assets, that had a value of \$5,000 or greater at the time of acquisition, for the year ended September 30, 2018:

	Vehicles and Equipment	
	Cost	Accumulated Depreciation
Balance – October 1, 2017	\$ 32,630,064	\$ 20,949,749
Additions	5,014,598	3,055,935
Retirements	(3,637,291)	(3,571,599)
Balance – September 30, 2018	<u>\$ 34,007,371</u>	<u>\$ 20,434,085</u>

Capital assets and related accumulated depreciation are recorded on the government-wide financial statements of the County. For the fiscal year ended September 30, 2018, depreciation expense of \$3,055,935 is reflected in the County's CAFR in the statement of activities under public safety expenses.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

NOTE 4 - PENSION PLAN

Plan Description

The Sheriff's employees participate in the Florida Retirement System ("FRS"), a multiple-employer, cost-sharing, retirement system, administered by the Florida Department of Management Services. The Sheriff's employees have the option of choosing between either a Defined Contribution plan or a Defined Benefit plan. 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.

For financial reporting purposes, the Sheriff is deemed to be part of the primary government of the County. A liability, if any, related to the Sheriff's proportionate share of FRS retirement benefits, along with a detailed plan description, is reported in the financial statements of the County for the fiscal year ended September 30, 2018.

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

Funding Policy

The Sheriff's contributions to the FRS for fiscal years ended September 30, 2016, 2017, and 2018 were approximately \$10,560,307, \$11,364,927, and \$12,503,552, respectively, which were equal to the required contribution for each fiscal year.

Effective July 1, 2011, employees are required to contribute 3% towards the FRS. Employee withholdings for this purpose amounted to \$1,848,617, \$1,906,163, and \$1,999,548 for the fiscal years ended September 30, 2016, 2017, and 2018, respectively, which were equal to the required contribution for each fiscal year.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

NOTE 5 - INSURANCE COVERAGE

The Sheriff is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and inmates; and natural disasters. To mitigate these risks, the Sheriff participates in the Florida Sheriff's Self-Insurance Fund Program, the Sheriff's Automobile Risk Program, and the Florida Sheriff's Workers' Compensation Self-Insurance Fund. The Florida Sheriff's Risk Management Fund LLC administers these programs. These programs are considered public-entity risk pools, which purchase insurance policies on behalf of their members. The pools' members are not obligated for risk associated with such coverage. Coverage under these programs includes general liability, automobiles, watercraft, business property, confiscated/impounded equipment, flash roll money, broad form money and securities, program participant coverage and public employee dishonesty bonds. The Sheriff carries separate insurance policies with commercial carriers for aircraft insurance, statutory in line-of-duty death benefits, and for medical malpractice at the John E. Polk Correctional Facility.

NOTE 6 - LONG-TERM LIABILITIES

The Sheriff entered into a capital lease agreement for a public safety helicopter. Annual debt service requirements to amortize the capital lease outstanding as of September 30, 2018 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 278,185	\$ 71,484	\$ 349,669
2020	286,253	63,416	349,669
2021	294,554	55,115	349,669
2022	303,096	46,573	349,669
2023	311,886	37,783	349,669
Thereafter	995,168	53,839	1,049,007
	<u>\$ 2,469,142</u>	<u>\$ 328,210</u>	<u>\$ 2,797,352</u>

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

NOTE 6 - LONG-TERM LIABILITIES (Continued)

A summary of changes in long-term liabilities for the fiscal year ended September 30, 2018 is as follows:

	<u>Balance October 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2018</u>	<u>Due Within One Year</u>
Compensated absences	\$ 17,125,678	\$ 10,397,818	\$ 9,759,282	\$ 17,764,214	\$ 1,023,073
Capital leases	3,170,749	3,000,000	3,701,607	2,469,142	278,185
	<u>\$ 20,296,427</u>	<u>\$ 13,397,818</u>	<u>\$ 13,460,889</u>	<u>\$ 20,233,356</u>	<u>\$ 1,301,258</u>

The obligation for compensated absences is accrued in the government-wide financial statements of the County.

NOTE 7 - OPERATING LEASES

The Sheriff has various noncancelable operating lease commitments for facilities, vehicles and equipment. The following are the future minimum lease payments under these operating lease commitments by fiscal year:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 1,724,860
2020	1,377,204
2021	1,224,909
2022	923,767
2023	414,018
Thereafter	<u>1,318,080</u>
	<u>\$ 6,982,838</u>

Facility, vehicle and equipment operating lease expense for the fiscal year ended September 30, 2018 was \$1,568,670.

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

All eligible employees of the Sheriff participate in the County's plan. For a detailed plan description and any liability for employees of the Sheriff, see the County's CAFR for the fiscal year ended September 30, 2018.

During fiscal year 2018, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement requires the recognition of the total OPEB liability on the face of the financial statements. In addition to the note disclosures that were previously required for OPEB under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, the standard requires extensive disclosures and required supplementary information related to the OPEB liability. For financial statement purposes, the Sheriff is deemed to be part of the primary government of the County. As such, for the fiscal year ended September 30, 2018, the Sheriff's OPEB liability and related OPEB disclosures are included in the County's CAFR.

NOTE 9 - INSURANCE PROGRAMS

On January 1, 2016, the Sheriff implemented a self-insurance program for health insurance. The program is administered by an outside third party, and uses a combination of self-insurance and specific and aggregate stop-loss coverage to minimize risk exposure. The Sheriff purchased a reinsurance policy for employee claims in excess of \$225,000 per occurrence.

The schedule below presents the changes in the liability for accrued claims for the past year:

<u>Year</u>	<u>Balance October 1,</u>	<u>Claims Incurred</u>	<u>Claims Paid</u>	<u>Balance September 30,</u>
2018	<u>\$1,458,630</u>	<u>\$16,769,228</u>	<u>\$16,642,795</u>	<u>\$1,585,063</u>

**SHERIFF
SEMINOLE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

NOTE 10 - CONTINGENCIES

Various lawsuits and claims arising in the ordinary course of operations are pending against the Sheriff. These primarily relate to motor vehicle accidents. The ultimate effect of such litigation cannot be ascertained at this time. In the opinion of management of the Sheriff, the liabilities that may arise from such action would not result in losses that would materially affect the financial position of the Sheriff or its changes in financial position.

COMPLIANCE SECTION



**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***

To the Honorable Dennis M. Lemma,
Seminole County, Florida Sheriff
Sanford, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Seminole County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated February 5, 2019.

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 opinion 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 over financial reporting 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.

To the Honorable Dennis M. Lemma,
Seminole County, Florida Sheriff

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, 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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the Sheriff in a separate management letter and Independent Accountant's Report dated February 5, 2019.

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.

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 5, 2019



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Dennis M. Lemma,
Seminole County, Florida Sheriff
Sanford, Florida

We have audited the basic financial statements of the Seminole County, Florida Sheriff (the "Sheriff") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated February 5, 2019.

Auditor's Responsibility

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 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 on Compliance and Other Matters Based on an Audit of 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, which are dated February 5, 2019 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with the preceding audit, there were no findings or recommendations.

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. The legal authority 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.

To the Honorable Dennis M. Lemma,
Seminole County, Florida Sheriff

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 this Letter

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

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A." The signature is written in a cursive, flowing style.

MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

Orlando, Florida
February 5, 2019



Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Dennis M. Lemma,
Seminole County, Florida Sheriff
Sanford, Florida

We have examined the Seminole County, Florida Sheriff's (the "Sheriff") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2018. 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 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.

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2018.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

Orlando, Florida
February 5, 2019