

**SHERIFF, BROWARD COUNTY, FLORIDA**

**SPECIAL-PURPOSE FINANCIAL STATEMENTS**

September 30, 2017

SHERIFF, BROWARD COUNTY, FLORIDA  
Fort Lauderdale, Florida

SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2017

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RSM US LLP

## Independent Auditor's Report

Honorable Scott J. Israel  
Broward County, Florida Sheriff  
Fort Lauderdale, Florida

### Report on the Special-Purpose Financial Statements

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

### Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the special-purpose 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 special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose 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 special-purpose 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 special-purpose 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 special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

As discussed in Note 1, the special-purpose financial statements were prepared for the purpose of complying with the financial reporting provisions of Section 218.39, *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General*, and are not intended to be a complete presentation of the financial position of the Sheriff or Broward County, Florida as of September 30, 2017 and the changes in their financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Sheriff's special-purpose financial statements. The combining nonmajor fund financial statements and combining statement of changes in fiduciary assets and liabilities – agency funds are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements.

The combining non-major fund financial statements and combining statement of changes in assets and liabilities – agency funds are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining nonmajor fund financial statements and combining statement of changes in fiduciary assets and liabilities – agency funds are fairly stated, in all material respects, in relation to the special-purpose financial statements as a whole.

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(Continued)

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2018 on our consideration of the Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

*RSM US LLP*

Fort Lauderdale, Florida  
February 1, 2018

SHERIFF, BROWARD COUNTY, FLORIDA  
SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS  
September 30, 2017

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Grants and Special Projects Fund</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>				
Cash	\$ 92,494,685	\$ 6,502,054	\$ 6,403,660	\$ 105,400,399
Due from other funds	5,155,975	-	-	5,155,975
Accounts receivable	19,342	4,162	77,376	100,880
Due from other governmental agencies (net of allowance for uncollectibles)	81,988	2,662,026	-	2,744,014
Due from Board of County Commissioners	327,419	132,189	-	459,608
Prepaid items	221,575	70,202	-	291,777
Inventory	4,149,727	-	-	4,149,727
<b>Total assets</b>	<b>\$ 102,450,711</b>	<b>\$ 9,370,633</b>	<b>\$ 6,481,036</b>	<b>\$ 118,302,380</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Due to Board of County Commissioners	\$ 65,860,713	\$ 36,830	\$ 677,910	\$ 66,575,453
Due to other funds	-	5,155,975	-	5,155,975
Accounts payable and accrued liabilities	31,930,254	11,405,894	271,266	43,607,414
Due to other governmental agencies	256,316	141,923	127,699	525,938
Due to individual depositors	32,126	-	9,180	41,306
Unearned revenue	-	1,105,569	183,358	1,288,927
<b>Total liabilities</b>	<b>98,079,409</b>	<b>17,846,191</b>	<b>1,269,413</b>	<b>117,195,013</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	469,807	-	469,807
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>469,807</b>	<b>-</b>	<b>469,807</b>
<b>Fund balances (deficit)</b>				
Nonspendable	4,371,302	70,202	-	4,441,504
Restricted	-	1,696,263	5,211,623	6,907,886
Unassigned	-	(10,711,830)	-	(10,711,830)
<b>Total fund balances (deficit)</b>	<b>4,371,302</b>	<b>(8,945,365)</b>	<b>5,211,623</b>	<b>637,560</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 102,450,711</b>	<b>\$ 9,370,633</b>	<b>\$ 6,481,036</b>	<b>\$ 118,302,380</b>

See accompanying notes to special-purpose financial statements.

SHERIFF, BROWARD COUNTY, FLORIDA  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
Year ended September 30, 2017

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Grants and Special Projects Fund</u>	<u>Other Governmental Funds</u>	
<b>Revenues and appropriations</b>				
County appropriation	\$ 852,814,584	\$ -	\$ -	\$ 852,814,584
County law enforcement trust revenues	-	-	8,445,752	8,445,752
Operating grants, projects and contributions	-	26,653,096	45,994	26,699,090
Charges for services	-	-	1,296,730	1,296,730
<b>Total revenues and appropriations</b>	<u>852,814,584</u>	<u>26,653,096</u>	<u>9,788,476</u>	<u>889,256,156</u>
<b>Expenditures</b>				
Current				
General – crime prevention	341,067,504	35,535,498	9,220,108	385,823,110
Bailiffs – court services	9,450,932	-	-	9,450,932
Consolidated dispatch	42,253,465	-	-	42,253,465
Corrections and rehabilitation	244,360,125	-	-	244,360,125
Fire rescue and emergency services	123,367,160	-	-	123,367,160
Capital outlay	21,342,479	2,068,422	642,173	24,053,074
Debt services	-	-	-	-
Principal retirement	5,079,338	-	-	5,079,338
Interest and fiscal charges	150,725	-	-	150,725
<b>Total expenditures</b>	<u>787,071,728</u>	<u>37,603,920</u>	<u>9,862,281</u>	<u>834,537,929</u>
Excess (Deficiency) of Revenues and appropriations				
Over Expenditures	<u>65,742,856</u>	<u>(10,950,824)</u>	<u>(73,805)</u>	<u>54,718,227</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out to County/ Excess appropriations	(65,742,856)	-	-	(65,742,856)
Sale of capital assets	-	413,373	-	413,373
<b>Total other financing sources (uses)</b>	<u>(65,742,856)</u>	<u>413,373</u>	<u>-</u>	<u>(65,329,483)</u>
<b>Net change in fund balances (deficit)</b>	<u>-</u>	<u>(10,537,451)</u>	<u>(73,805)</u>	<u>(10,611,256)</u>
<b>Fund balances (deficit) at beginning of year</b>	4,238,473	1,592,086	5,285,428	11,115,987
<b>Changes in nonspendable for prepaids</b>	(236,880)	-	-	(236,880)
<b>Changes in nonspendable for inventory</b>	369,709	-	-	369,709
<b>Fund balances (deficit) at end of year</b>	<u>\$ 4,371,302</u>	<u>\$ (8,945,365)</u>	<u>\$ 5,211,623</u>	<u>\$ 637,560</u>

See accompanying notes to special-purpose financial statements.

SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS  
AND LIABILITIES – AGENCY FUNDS  
September 30, 2017

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**ASSETS**

Cash	\$ 9,451,367
Accounts receivable	1,544,530
Due from Board of County Commissioners	4,102,390
Due from other governmental agencies, net of allowance for uncollectibles	<u>5,731,320</u>
 Total assets	 <u>\$ 20,829,607</u>

**LIABILITIES**

Due to Board of County Commissioners	\$ 11,267,593
Due to other governmental agencies	2,006,611
Due to individuals	156,844
Accounts payable and accrued liabilities	324,022
Inmate escrow	168,111
Evidence seizures	3,810,143
Cash bond liability	<u>3,096,283</u>
 Total liabilities	 <u>\$ 20,829,607</u>

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See accompanying notes to special-purpose financial statements.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The Sheriff, Broward County, Florida (the Sheriff) is a Constitutional Office in Florida and the Chief Law Enforcement Officer in Broward County (the County). The Sheriff is elected by the electors of the County for terms of four (4) years. The Florida Legislature has recognized the independence of the Sheriff in Section 30.53, *Florida Statutes*, which specifically preserves such independence concerning the purchase of supplies and equipment, selection of personnel and the hiring, firing and setting of salaries of such personnel.

The special-purpose financial statements presented include the funds of the Sheriff's Office and were prepared for complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*. The special-purpose financial statements are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* as a result. The special-purpose financial statements are not intended to be a complete presentation of the financial position of the Sheriff or County, or the changes in financial position and, where applicable, cash flows, in conformity with accounting principles generally accepted in the United States. The financial activities of the Sheriff, as a constitutional officer, are included in the County's comprehensive annual financial report.

The Sheriff's Office is funded by appropriations requisitioned monthly from the County's Board of County Commissioners (Board). Section 218.36(2), *Florida Statutes*, provides that unexpended year end balances in the General Fund shall be distributed back to the Board.

Basis of Presentation: These special-purpose financial statements are fund financial statements that have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental and financial reporting principles. The Sheriff's significant accounting policies are described below.

The special-purpose financial statements were prepared in accordance with applicable GASB pronouncements for the financial reporting entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Sheriff, organizations for which the Sheriff is financially accountable and other organizations for which the nature and significance of their relationship with the Sheriff are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Sheriff is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Sheriff. Based upon the application of these criteria, there were no organizations that met the criteria for component units described above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Sheriff considers revenues available if they are collected within 60 days of the end of the current fiscal period except for grants, which are considered collectible if they are collected within six months. Expenditures are generally recorded when a liability is incurred, as under accrual accounting except for accumulated sick and vacation pay, pension and OPEB which are not recorded until paid. The Agency funds which are fiduciary funds report only assets and liabilities have no measurement focus and use the accrual basis of accounting.

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

Substantially all of the Sheriff's funding is appropriated by the Board. In applying the "susceptible to accrual" concept to intergovernmental revenues, there are essentially two types of revenues. In one type, monies must be expended on the specific purpose or project before any amounts will be paid to the Sheriff; therefore, revenues are recognized when the expenditures have been incurred. The majority of grant revenues are recorded in this manner however there are some where the cash is received in advance but the applicable eligibility requirements have not been met, revenue for these grants is not recorded until all eligibility requirements have been met. In the other, monies are generally unrestricted and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if measurable and available to finance expenditures of the current period. Other revenues susceptible to accrual include interest and charges for services.

The Sheriff reports the following major 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 that are allocated to the Sheriff are reported as County Appropriation. Excess revenues over expenditures (surplus) at year end that are due back to the County are reported as Transfers out to County / Excess appropriations.

Grants and Special Projects Fund: The Grants and Special Projects Fund are used to account for all Federal, State and local grant related revenues and expenditures. The grants received in the fund are used to supplement the Sheriff's public safety services overall.

The Sheriff also reports the following fund types:

Special Revenue Funds: Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specific purposes. These include funds received from donations for youth-related programs, funds from the Broward County Law Enforcement Trust Fund and funds from various federal and state grantor agencies to be used for specific law enforcement purposes, and funds to be used for inmate welfare and victim witness purposes. All of the Special Revenue Funds are considered non-major funds for financial reporting purposes except for the Grants and Special Projects Fund, which is considered a major fund.

Agency Funds: Agency Funds are used to account for assets held by the Sheriff in a fiduciary capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Agency Funds are also used to account for charges to municipalities for services provided (contract cities). These assets include amounts held for inmates of the County jail system, surety (appearance) bonds of accused individuals, civil fees for services performed by the Sheriff, such as subpoena or summons, and other miscellaneous items.

Fund equity at the governmental fund financial reporting level is classified as "fund balance."

Fund Balance: Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Sheriff is bound to honor constraints for the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

SHERIFF, BROWARD COUNTY, FLORIDA  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2017

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

Non-spendable: Fund balances are reported as non-spendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact. As of September 30, 2017, there were no amounts that were legally or contractually required to be maintained intact including the non-spendable category. Non-spendable consists of prepaid items and inventory: \$221,575 of prepaid items in the General Fund; \$70,202 of prepaid items in the Grants and Special Projects Fund and \$4,149,727 of inventory in the General Fund.

Restricted: Fund balances are reported as restricted when there are limitations imposed on their use through the enabling legislation adopted either by the Sheriff or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted fund balance of the Grants and Special Projects Fund consists of amounts restricted for various projects funded primarily by federal and state grants. Restricted fund balance of the Nonmajor Governmental Funds consists of \$1,632,384 restricted for inmate welfare, \$3,419,451 restricted for law enforcement and \$159,787 restricted for other purposes.

Committed: Fund balances are reported as committed when they can be used only for specific purposes pursuant to the constraints imposed by formal action of the Sheriff through the adoption of a resolution. The Sheriff also may modify or rescind the commitment.

Assigned: Fund balances are reported as assigned when amounts are constrained by the Sheriff's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Sheriff has authorized the finance committee or the finance director to assign fund balances.

Unassigned: Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Sheriff reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions: When both restricted and unrestricted resources are available for use for expenditures incurred, it is the Sheriff's policy to use restricted amounts first and then unrestricted amounts, as they are needed. For unrestricted amounts of fund balance, it is the Sheriff's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Fund Balance Policy: The Sheriff does not have a minimum fund balance policy.

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

Deposits and Investments: Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments with a maturity date of three months or less when purchased. Certificates of deposit with maturities greater than three months are classified as investments. All investments are stated at fair value. The Sheriff had no such investments as of September 30, 2017.

Inventory and Prepaid Items: Inventories recorded in the General Fund consist of expendable supplies held in the Sheriff's operations. Inventories are stated at cost, principally on a weighted-average cost basis. This inventory is accounted for under the purchase method and is recorded as expenditures when purchased. Inventory in the Inmate Commissary Trust Fund is stated at the lower of cost or market (first-in, first-out) and consists primarily of snacks and personal sundries held for resale to prisoners. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets: Capital assets, which include vehicles, software, equipment, and building improvements, are recorded as capital outlay expenditures in the governmental funds at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the statement of net position as part of the basic government-wide financial statements of the County. The capitalization threshold set by the Sheriff is \$1,000.

Capital assets are depreciated using the straight-line method over five to seven years for motor vehicles; five years for communications equipment; three to ten years for furniture and other equipment; and 40 years for building improvements. The depreciation expense is recorded in the statement of activities as part of the basic government-wide financial statements of the County.

Compensated Absences: Employees of the Sheriff accumulate vacation and sick leave based on the number of years of continuous service in addition to unused holiday and overtime pay. Upon termination of employment, employees can receive payment for accumulated unused leave, if they meet certain criteria. The long-term liability for accumulated leave is recorded in the governmental activities column of the statement of net position as part of the basic financial statements of the County.

Unearned Revenue: Unearned revenue includes amounts collected before revenue recognition criteria are met. The unearned items consist primarily of grant revenues.

Use of Estimates: The special-purpose financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the special-purpose financial statements and revenue and expenditures during the period reported. These estimates include assessing collectability of accounts receivable, pension obligations, other postemployment benefit obligations, useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the special-purpose financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

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

New Accounting Standards: The Government Accounting Standards Board (GASB) has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity. In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, the OPEB plan administrator and the plan members.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2017. Management has determined that implementation of this statement will result in a significant increase in the government-wide liability for OPEB and increased footnote disclosures.

In December 2015, the GASB issued Statement 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. Management has determined that implementation of this statement will result no modifications to the special-purpose financial statements and the applicable footnotes.

In March 2016, the GASB issued Statement 81, *Irrevocable Split-Interest Agreements*. This Statement provides accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged. Management has determined that implementation of this statement will result no modifications to the special-purpose financial statements and the applicable footnotes.

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

In March 2016, the GASB issued Statement 82, *Pension Issues – An Amendment of GASB Statements 67, 68 and 73*. This Statement addresses issues regarding: (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. Management has determined that implementation of this statement will result no modifications to the special-purpose financial statements and the applicable footnotes.

In November 2016, the GASB issued statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. Management has determined that implementation of this statement will result no modifications to the special-purpose financial statements and the applicable footnotes.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should and establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 financial statements. Management has determined that implementation of this statement will result no modifications to the special-purpose financial statements and the applicable footnotes.

In March 2017, GASB Statement No. 85, *Omnibus 2017*. This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 financial statements. Management has determined that implementation of this statement will result no modifications to the special-purpose financial statements and the applicable footnotes.

In May 2017, GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 financial statements. Management has determined that implementation of this statement will result no modifications to the special-purpose financial statements and the applicable footnotes.

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

In June 2017, GASB Statement No. 87, *Leases*. This Statement outlines new guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The goal is to better align reporting these leases with their particular situations, as well as provide greater transparency and usefulness of financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 financial statements. Management is currently evaluating the impact of the adoption of this statement on the special-purpose financial statements.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents: In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Chief Financial Officer to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

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**NOTE 3 – CAPITAL ASSETS**

The following summarizes capital asset activity for the fiscal year ended September 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Write-offs</u>	<u>Transfers In (Out)</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Construction in progress	\$ 255,281	\$ 1,940,714	\$ -	\$ (245,281)	\$ 1,950,714
Total capital assets, not being depreciated	<u>255,281</u>	<u>1,940,714</u>	<u>-</u>	<u>(245,281)</u>	<u>1,950,714</u>
Capital assets, being depreciated:					
Lease – Motor vehicles	15,722,119	102,787	96,625	-	15,728,281
Lease – Communications equipment	936,302	-	-	-	936,302
Lease – Furniture and other equipment	472,764	-	-	-	472,764
Motor vehicles	94,078,998	7,875,484	8,915,639	-	93,038,843
Communications equipment	13,936,315	622,228	713,596	-	13,844,947
Furniture and other equipment	69,312,142	6,876,325	5,044,320	70,961	71,215,108
Software	22,821,928	508,259	-	174,320	23,504,507
Building improvements	<u>26,718,393</u>	<u>5,813,147</u>	<u>-</u>	<u>-</u>	<u>32,531,540</u>
Total capital assets, being depreciated	<u>243,998,961</u>	<u>21,798,230</u>	<u>14,770,180</u>	<u>245,281</u>	<u>251,272,292</u>
Less accumulated depreciation for:					
Lease – Motor vehicles	2,538,736	2,980,180	26,218	-	5,492,698
Lease – Communications equipment	514,966	187,260	-	-	702,226
Lease – Furniture and other equipment	94,553	94,553	-	-	189,106
Motor vehicles	71,661,755	7,430,375	8,814,209	-	70,277,921
Communications equipment	12,574,680	617,811	712,085	-	12,480,406
Furniture and other equipment	56,853,736	5,784,180	5,018,357	-	57,619,559
Software	19,816,784	1,886,525	-	-	21,703,309
Building improvements	<u>5,087,412</u>	<u>824,469</u>	<u>-</u>	<u>-</u>	<u>5,911,881</u>
Total accumulated depreciation	<u>169,142,622</u>	<u>19,805,353</u>	<u>14,570,869</u>	<u>-</u>	<u>174,377,106</u>
Total capital assets, being depreciated, net	<u>74,856,339</u>	<u>1,992,877</u>	<u>199,311</u>	<u>245,281</u>	<u>76,895,186</u>
Capital assets (net)	<u>\$ 75,111,620</u>	<u>\$ 3,933,591</u>	<u>\$ 199,311</u>	<u>\$ -</u>	<u>\$ 78,845,900</u>

These assets are capitalized at cost in the statement of net position and the related depreciation expense is recorded on the statement of activities as part of the government activities in the basic financial statements of the County.



SHERIFF, BROWARD COUNTY, FLORIDA  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
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**NOTE 4 – FLORIDA RETIREMENT SYSTEM**

Funding Policy: Substantially, all full-time employees of the Sheriff are eligible to participate in the State of Florida Retirement System (System or FRS), a cost-sharing, multiple-employer defined benefit plan administered by the State of Florida, Division of Retirement. The system is a defined benefit plan for all state, and participating county, district school board, community college, and university employees (Pension Plan). The System also offers eligible employees participation in an alternative defined contribution plan (Investment Plan). The Sheriff participates in the Elected State Officers' Class investment plan. The plan is administered by the State of Florida. Contribution rates are established statewide for all participating governmental units. The System publishes an annual report that provides information about how progress is being made to accumulate sufficient assets to pay benefits when due. This report may be obtained by writing to Division of Retirement, Research, Education, and Policy Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1266, or accessing their Internet site at:

[http://dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://dms.myflorida.com/workforce_operations/retirement/publications/annual_reports).

The Sheriff is required to contribute an actuarially determined rate. The contribution requirements of the Sheriff are established and may be amended by the State of Florida. The required contribution rates by job class were as follows: special-risk employees 22.57%, county elected officials 42.47%, regular 7.52% and Deferred Retirement Option Program (DROP) employees 12.99% from October 1, 2016 through June 30, 2017; special-risk employees 23.27%, County elected officials 45.50%, regular 7.92%, and DROP employees 13.26% from July 1, 2017 through September 30, 2017. Effective July 1, 2011, employees participating in the System were required to contribute 3% of their eligible salaries to the Pension Plan. The Sheriff's contributions to the plan for the year ended September 30, 2017, was \$86,808,158, equal to the actuarially determined contributions for the year. The Sheriff's portion of the net pension liability and deferred inflows/outflows of resources and the associated footnotes are not reported in the special-purpose financial statements of the Sheriff, however are reported in the Sheriff's Comprehensive Annual Financial Report and the basic financial statements of the County.

Pension Plan: For members first enrolled in FRS prior to July 1, 2011, the system provides for vesting of benefits after six years of creditable service. Regular risk employees are eligible for normal retirement at age 62. Special risk employees are eligible for normal retirement at age 55. Early retirement may be taken any time after six years of service. If an eligible employee elects to take early retirement, there is a 5% benefit reduction for each year prior to normal retirement.

For members first enrolled in FRS on or after July 1, 2011, the system provides for vesting of benefits after 8 years of creditable service. Regular risk employees are eligible for normal retirement at age 65. Special risk employees are eligible for normal retirement at age 60. Early retirement may be taken any time after eight years of service. If an eligible employee elects to take early retirement, there is a 5% benefit reduction for each year prior to normal retirement.

Plan Benefits: Benefits are computed on an employee's years of creditable service with FRS, a percentage value (1.6% for regular risk and 3.0% for special risk) and the employee's average final compensation. Average final compensation is the average of the five highest fiscal years of earnings for members first enrolled in FRS prior to July 1, 2011. Average final compensation for members enrolled after July 1, 2011, is the average of the eight highest fiscal years of earnings. The system also provides for death and disability benefits.

**NOTE 4 – FLORIDA RETIREMENT SYSTEM (Continued)**

The DROP is available under the Pension Plan when a member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in DROP, the member's retirement benefits accumulate in the FRS Trust Fund (increased by a cost of living adjustment each July) and earn monthly interest equivalent to an annual rate of 1.30% if the effective DROP commencement date is on or after July 1, 2011, or an annual rate of 6.50% if the DROP commencement date is before July 1, 2011.

Investment Plan: In 2000, the Florida Legislature created the FRS Investment Plan, a defined contribution program available to FRS members beginning in 2002. The FRS Investment Plan is available as an option for current and future FRS members. The FRS Investment Plan is a defined contribution plan, in which employer and employee contributions are defined by law, but benefit depends in part on the performance of the investment funds.

The FRS Investment Plan is funded by employer and employee contributions that are based on the salary and FRS membership class (Regular Class, Special Risk Class, etc.) of each employee. An employee is vested upon completion of one year of service in the FRS Investment Plan. The Investment Plan directs contributions to individual member accounts, and allocates contributions and account balance among various investment funds.

Plan Benefits: Employee contributions are immediately vested. If employment is terminated prior to meeting the vesting requirements of the Investment Plan, the employee will be entitled to a refund of contributions. The Investment Plan retirement benefit is the value of the account at termination.

Other Plans: Employees acquired through inter-local agreements with cities in the County had the option of staying with their city's retirement plan, to which the Sheriff contributes the same actuarially determined rate as FRS, or electing to go with FRS. The contribution requirements for employees covered by the cities for the year ended September 30, 2017, was \$9,434,179, which is equal to the required contribution for each year. The liability for pension benefits related to employees who stay in their City's retirement plan is recorded in the City's financial statements.

**NOTE 5 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Plan Description: The Sheriff's plan (a single employer plan) provides postemployment health insurance benefits for employees and sworn officers upon retirement and subsidizes a portion of the premiums. The provisions of the plan for the Sheriff may be amended through negotiations between the Sheriff and its employee bargaining units. The plan has no assets and does not issue separate financial reports.

Funding Policy and Annual OPEB Cost: Retirees of the Sheriff's plan and their beneficiaries pay the same blended rates as active employees. However, the Sheriff provides a discount of 2% for each year of service, prorated on a monthly basis, with the Sheriff up to 50% of the blended rates to retirees and their beneficiaries who meet certain qualifications. The Sheriff also pays 100% of the premiums for line-of-duty disabled retirees in accordance with Florida Statutes. Employees hired on or after October 1, 2007 are not eligible for these discounts. The Sheriff makes no advance funding contributions to the plan; rather, it pays the discounts for retirees and their beneficiaries when due. In addition, the Sheriff's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits that it includes in the Employer Contributions. This offset equals the total age-adjusted costs paid by the Sheriff or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

**NOTE 5 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

The Sheriff’s annual other postemployment benefit (OPEB) cost for the plan is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost for the Sheriff for the current year and the related information are as follows:

Required contribution rates:	Pay-as-you-go
Employer	N/A
Plan members	N/A
Annual required contribution	\$ 19,870,000
Interest on Net OPEB obligation	4,033,000
Adjustment to annual required contribution	<u>(3,985,000)</u>
Annual OPEB cost	19,918,000
Contributions made	<u>(13,969,000)</u>
Increase in net OPEB obligation	5,949,000
Net OPEB obligation – beginning of year	<u>107,539,000</u>
Net OPEB obligation – end of year	<u><u>\$ 113,488,000</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

Fiscal year ended	9/30/2017	9/30/2016	9/30/2015
Annual OPEB cost	\$ 19,918,000	\$ 19,661,000	\$ 20,056,000
Percentage of OPEB cost contributed	70.1%	67.6%	52.5%
Net OPEB obligation	113,488,000	107,539,000	101,177,000

Funded Status and Funding Progress: The funded status of the plan as of October 1, 2015, the most recent information was as follow:

Actuarial accrued liability	\$ 276,874,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	276,874,000
Funded ratio	0.00%
Covered payroll	322,333,000
Unfunded actuarial accrued liability as a percentage of covered payroll	85.9%

**NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Sheriff and plan members to that point.

Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows.

Actuarial valuation date	10/1/2015
Actuarial cost method	Entry age
Amortization method	Level percent open
Remaining amortization period	30 years
Asset valuation method	Unfunded
 Actuarial assumptions:	
Investment rate of return	3.75%
Projected salary increases	3.70-7.80%
Healthcare inflation rate	7.0% initial, 4.4% ultimate
Post retirement benefit Increases	5.0%
Healthcare cost trend rate	7.0%

**NOTE 6 – COMPENSATED ABSENCES**

The following changes in compensated absences occurred during the year ended September 30, 2017:

Balance at October 1, 2016		\$ 63,396,830
Additions		60,681,232
Payments		(55,405,209)
		68,672,853
Balance at September 30, 2017		68,672,853
Less current portion		(38,215,597)
		30,457,256
Long-term portion		\$ 30,457,256

Compensated absences is generally liquidated by the General Fund. The liability for compensated absences is recorded in the governmental activities of the statement of net position as part of the basic financial statements of the County. The current portion of compensated absences is calculated based upon a three year average amount as it represents the average one year payout based on a three year history.

SHERIFF, BROWARD COUNTY, FLORIDA  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
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**NOTE 7 - RELATED PARTY TRANSACTIONS**

The Board of County Commissioners charges the Sheriff includes an allocation of certain costs for motor pool, communications, legal fees, printing, subpoenas, warehouse use, maintenance, and printing. Expenditures for these services for the year ended September 30, 2017, were \$370,739. The Sheriff also utilizes the self-insurance program of the Board for coverage against Workers' Compensation claims. Additionally, certain other insurance coverage is purchased by the Board from an insurance carrier on behalf of the Sheriff. For the year ended September 30, 2017, self-insurance costs and other insurance coverage charged to the Sheriff were \$4,182,000 and \$1,495,122, respectively. The County also provides certain office space to the Sheriff at no charge.

In addition, the Sheriff provided police services to certain County agencies in the amount of \$48,547,158 for the year ended September 30, 2017. Contract services revenues and related expenditures are recorded as a special revenue fund in the County financials.

**NOTE 8 – CONTRACT SERVICES**

The Sheriff provides police services along with fire rescue and emergency services to various municipalities and other governmental agencies throughout Broward County. These services are performed in accordance with mutually agreed-upon contracts. The Sheriff's annual budget includes an appropriation for these contract agreements. Payments received by the Sheriff in accordance with their respective contracts are remitted to the Board. During the year ended September 30, 2017, these services amounted to \$263,645,053. The Sheriff has recorded receivables from several municipalities for services rendered which are reported in the Sheriff's Agency funds. Due to contract disputes and delays in payments, \$4,502,745 of this receivable that is recorded in the Sheriff's Civil/Detail Division Fund is considered uncollectible. Management has recorded an allowance for doubtful accounts for these receivables. Contract services revenues and related expenditures are recorded as a special revenue fund in the County financials.

**NOTE 9 – INTER-FUND RECEIVABLES AND PAYABLES**

Inter-fund receivables and payables balances at September 30, 2017, are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 5,155,975	\$ -
Grants and Special Projects Fund	-	5,155,975
	\$ 5,155,975	\$ 5,155,975

These inter-fund balances relate primarily to payroll costs that are paid through the General Fund and subsequently reimbursed by the other funds as well as other general inter-fund-operating transactions.

SHERIFF, BROWARD COUNTY, FLORIDA  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2017

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**NOTE 10 – RISK MANAGEMENT**

The Sheriff is self-insured for its workers' compensation program up to \$2,500,000 per claim. Excess Insurance is purchased for any amount paid above the retention level on a per claim basis. The County, through an independent actuary, evaluates the Sheriff's workers' compensation claim portfolio at the end of each year to determine the workers' compensation self-insured allocation. The administration of the workers' compensation program was transferred in its entirety to the Sheriff, effective 10/1/2012. The Sheriff is responsible for all claims, including the amounts needed to pay claims incurred while the workers' compensation program was under the responsibility of the County's Risk Management Program, with the exception of all Firefighters claims incurred prior to October 1, 2003, which remain the sole and exclusive responsibility of the County. The Fire Rescue services were transferred from the County to the Sheriff on October 1, 2003, pursuant to an agreement. Reserves are established for all losses and a claims liability is recorded in the self-insurance internal service fund in the basic financial statements of the County.

The Sheriff's Self-Insurance Program is responsible for general, professional and auto liability claims, within the Self-Insured Retention (SIR) Limit of \$500,000 per occurrence and will be funded through the County's annual budgetary process. Excess coverage for losses above the SIR, up to \$2,500,000 per occurrence, is provided through commercial excess insurance coverage. This insurance coverage is purchased primarily due to the fact that there is no immunity in federal courts from cases involving 1983 civil rights violations. The state statutory sovereign immunity limits do not apply to civil rights claims, which are primarily filed in the federal courts. Claims and settlements have not exceeded coverage limits in each of the last three years.

**NOTE 11 – LITIGATION AND CONTINGENCIES**

The Sheriff is involved in numerous litigation matters and claims arising from the ordinary course of operations. The results of litigation proceedings cannot be predicted with certainty and the Sheriff has instructed legal counsel to defend its position vigorously. In the unforeseen circumstance that judgments, if any, against the Sheriff are in excess of funds budgeted or insurance coverage, additional appropriations will be provided by the County. In the opinion of management, the outcome of these matters will not materially affect the financial position of the Sheriff and amounts of any potential obligations that are probable have been included in the claims liability amounts reported in the County's self-insurance fund.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Sheriff expects such amounts, if any, to be immaterial.

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**NOTE 12 – CONFISCATED PROPERTY**

Property confiscated by the Sheriff is retained until a court decree is received. At that time, the goods are 1) put up for auction and the net proceeds remitted to the County's Law Enforcement Trust Fund, 2) traded at their estimated values for usable goods which are recorded as capital assets at their estimated values, 3) recorded as capital assets at an estimated value, or 4) destroyed if there is no value. Confiscated property is inventoried only when it is recorded as a capital asset.

Proceeds from confiscated property that are remitted to the County's Law Enforcement Trust Fund are held by the County and are available to the Sheriff only for law enforcement purposes. The Sheriff must request and obtain the County's approval before funds are released for such purposes. In some cases, proceeds from confiscated property are remitted to a contract city's Law Enforcement Trust Fund if required by the contract between the city and the Sheriff and the confiscation is derived from the efforts of personnel permanently assigned to the city.

**NOTE 13 – CAPITAL LEASES**

The Sheriff has entered into several long-term capital leases for the acquisition of capital equipment. A summary of the long-term debt is as follows:

	Balance as of October 1, 2016	Additions	Deletions	Balance as of September 30, 2017	Balance Due Within One Year
2014 Vehicles	\$ 640,655	\$ -	\$ 153,981	\$ 486,674	\$ 158,032
2014 Radios	325,235	-	325,235	-	-
2014 Hazmat Vehicle	282,784	-	100,323	182,461	105,530
2015 DLE Vehicles	9,051,932	-	4,499,799	4,552,133	4,552,132
Capital assets (net)	<u>\$ 10,300,606</u>	<u>\$ -</u>	<u>\$ 5,079,338</u>	<u>\$ 5,221,268</u>	<u>\$ 4,815,694</u>

The 2014 Vehicles lease represents the purchase of three vehicles, for which a yearly payment is spread over 7-years based on an annual compounding interest rate of 2.6303%. As of September 30, 2017, the outstanding balance was \$486,674. The assets acquired under the lease are reported at a cost of \$1,105,290 less accumulated depreciation of \$442,116. Debt service requirements to maturity were as follows:

Payment schedule:	<u>Beginning Balance</u>	<u>Interest</u>	<u>Principal</u>	<u>Ending Balance</u>
FY 09/30/18	\$486,674	\$12,801	\$158,032	\$328,642
FY 09/30/19	328,642	8,644	162,188	166,454
FY 09/30/20	166,454	4,378	166,454	-

(Continued)

SHERIFF, BROWARD COUNTY, FLORIDA  
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**NOTE 13 – CAPITAL LEASES (Continued)**

The 2014 Hazmat Vehicle lease represents the purchase of a vehicle, for which a yearly payment is spread over 5-years based on an annual compounding interest rate of 5.19%. As of September 30, 2017, the outstanding balance was \$182,461. The assets acquired under the lease are reported at a cost of \$698,485 less accumulated depreciation of \$240,275. Debt service requirements to maturity were as follows:

	<u>Beginning Balance</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
Payment schedule:				
FY 09/30/18	\$ 4,552,133	\$ 52,941	\$ 4,552,133	\$ -

The 2015 DLE lease represents the purchase of 468 vehicles, for which a yearly payment is spread over 3-years based on an annual compounding interest rate of 1.16%. As of September 30, 2017, the outstanding balance was \$4,552,133. The assets are valued on the financial statements with a historical cost of \$14,397,270 (\$13,500,000 financed through the lease and \$993,895 paid by the Sheriff and less the historical cost of three vehicles totaling \$96,625 that were disposed of in fiscal year 2017) and depreciation of \$2,779,487 that was taken as expense (accumulated depreciation totaling \$4,999,414). The 2017 expenditure concludes the purchase obligation of all DLE vehicles and upgrades (improvement/accessories) according to the executed lease contract/agreement. Debt service requirements to maturity were as follows:

	<u>Beginning Balance</u>	<u>Interest</u>	<u>Principal</u>	<u>Ending Balance</u>
Payment schedule:				
FY 09/30/18	\$4,552,133	\$52,941	\$4,552,133	\$-

The debt service payments will be funded through the Sheriff's General Fund are paid out of the General Fund. A summary of the debt service payments follows:

Fiscal Year Ended September 30, 2017	
2018	\$ 4,890,907
2019	251,756
2020	170,832
Total minimum lease payments	<u>5,313,495</u>
Less amount representing interest	<u>(92,227)</u>
Present value of minimum lease payments	<u>\$ 5,221,268</u>

(Continued)



**NOTE 14 – FUND BALANCE DEFICIT**

As of September 30, 2017 the Grants and Special Project Fund had a fund balance deficit of \$8,945,365. The deficit is due to expenditures relating to prior years storms that have not been fully reimbursed by FEMA and the related revenue is not measurable and available at year end to be recorded in accordance with the Sheriff's revenue recognition policies. The Sheriff's Office is a sub-grantee of FEMA funds, pursuant to an agreement between the Sheriff's Office and the State of Florida (State.) The reimbursement process is a lengthy one; upon an examination administered by FEMA, the project worksheets are approved and the funds are released to the Sheriff's Office.

**REQUIRED SUPPLEMENTARY INFORMATION**

SHERIFF, BROWARD COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – GENERAL FUND  
Year ended September 30, 2017

	Budgeted Amount		Actuals	Variance with
	Adopted	Revised		Final Budget
				Actual Positive (Negative)
<b>Revenues:</b>				
<b>County appropriation</b>	<b>\$ 824,780,620</b>	<b>\$ 887,622,759</b>	<b>\$ 852,814,584</b>	<b>\$ (34,808,175)</b>
<b>Expenditures:</b>				
General – crime prevention:				
Personal services	310,068,660	315,242,520	302,260,101	12,982,419
Operations	54,930,300	50,114,134	38,807,403	11,306,731
Capital outlay	8,879,576	35,346,051	15,952,238	19,393,813
Contingencies/Reserves/Transfers	7,725,414	24,022,684	-	24,022,684
Total general – crime prevention	381,603,950	424,725,389	357,019,742	67,705,647
Bailiffs - Court Services				
Personal services	9,955,360	9,955,360	9,401,422	553,938
Operations	69,510	69,510	49,510	20,000
Capital outlay	-	-	-	-
Total Bailiff's – Court Services	10,024,870	10,024,870	9,450,932	573,938
Consolidate Dispatch				
Personal services	40,865,470	41,947,082	41,928,752	18,330
Operations	506,680	346,680	324,713	21,967
Capital outlay	-	-	-	-
Transfers/reserves	-	-	-	-
Total Consolidated Dispatch	41,372,150	42,293,762	42,253,465	40,297
Corrections and Rehabilitation				
Personal services	196,448,000	197,308,735	192,729,604	4,579,131
Operations	52,227,060	52,689,777	51,630,522	1,059,255
Capital outlay	3,150,000	4,375,429	3,394,717	980,712
Transfers/reserves	-	-	-	-
Total Corrections and Rehabilitation	251,825,060	254,373,941	247,754,843	6,619,098
Fire Rescue/Emergency Services				
Personal services	115,219,730	116,128,307	110,290,741	5,837,566
Operations	15,339,490	15,228,769	13,076,419	2,152,350
Capital outlay	5,008,850	8,832,167	1,995,523	6,836,644
Transfers/reserves	4,386,520	10,785,491	-	10,785,491
Total Fire Rescue/Emergency Services	139,954,590	150,974,734	125,362,683	25,612,051
Debt Service				
Principal retirement	-	5,079,338	5,079,338	-
Interest and fiscal charges	-	150,725	150,725	-
Total debt services	\$ -	\$ 5,230,063	\$ 5,230,063	\$ -
<b>Total expenditures</b>	<b>824,780,620</b>	<b>887,622,759</b>	<b>787,071,728</b>	<b>100,551,031</b>
<b>Excess of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>\$ 65,742,856</b>	<b>\$ 65,742,856</b>
<b>Unexpended County appropriations, net of advance for prepaid items</b>	<b>-</b>	<b>-</b>	<b>(65,742,856)</b>	<b>(65,742,856)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at beginning of year</b>			4,238,473	
<b>Changes in reserves for prepaid</b>			369,709	
<b>Changes in reserves for inventory</b>			(236,880)	
<b>Fund balance at end of year</b>			<b>\$ 4,371,302</b>	

See accompanying notes to special-purpose financial statements.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year ended September 30, 2017

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BUDGETARY PROCESS**

The Sheriff's budget is submitted annually to the Board pursuant to Section 30.49, *Florida Statutes*. Sections 30 and 129.03(2), *Florida Statutes*, which govern the preparation, adoption and administration process of the Sheriff's annual budget. A budget is prepared annually by the Sheriff for the General Fund and is submitted to the Board for approval. Any subsequent amendments to the budget must also be approved by the Board. The budget is prepared on the modified accrual basis of accounting. Budgetary control is maintained at the major object expenditure level and expenditures may not legally exceed appropriations at the department level. Budgetary changes at the department level within the major object expenditure classification are made at the discretion of the Sheriff. Supplemental appropriations of \$62,842,139 were approved by the Board during the year. Appropriations lapse at year end. Budgets prepared for the Grants and Special Projects Fund and the other non-major governmental funds are not submitted to the Board for approval.

SHERIFF, BROWARD COUNTY, FLORIDA  
 SCHEDULE OF FUNDING PROGRESS OTHER  
 POSTEMPLOYMENT BENEFITS PLAN REQUIRED  
 SUPPLEMENTARY INFORMATION  
 UNAUDITED

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2015	\$ -	\$ 276,874,000	\$ 276,874,000	0.00%	\$ 322,333,000	85.9%
10/1/2013	-	252,946,000	252,946,000	0.00%	315,753,000	80.1%
10/1/2011	-	249,287,000	249,287,000	0.00%	313,042,000	79.6%

**COMBINING NONMAJOR FUND FINANCIAL STATEMENTS**

**NON MAJOR GOVERNMENTAL FUNDS**

SHERIFF, BROWARD COUNTY, FLORIDA  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2017

	Community Programs Fund	Law Enforcement Trust Fund	Inmate Commissary Trust Fund	Victim Witness	Total
<b>ASSETS</b>					
Cash	\$ 173,517	\$ 4,396,106	\$ 1,751,655	\$ 82,382	\$ 6,403,660
Accounts receivables	37	9,664	67,675	-	77,376
<b>Total assets</b>	<b>\$ 173,554</b>	<b>\$ 4,405,770</b>	<b>\$ 1,819,330</b>	<b>\$ 82,382</b>	<b>\$ 6,481,036</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Due to Board of County Commissioners	\$ 13,501	\$ 590,340	\$ -	\$ 74,069	\$ 677,910
Accounts payable and accrued liabilities	266	79,541	186,946	4,513	271,266
Due to other governmental agencies	-	123,899	-	3,800	127,699
Due to individual depositors	-	9,180	-	-	9,180
Unearned Revenue	-	183,358	-	-	183,358
<b>Total liabilities</b>	<b>13,767</b>	<b>986,318</b>	<b>186,946</b>	<b>82,382</b>	<b>1,269,413</b>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	159,787	3,419,452	1,632,384	-	5,211,623
<b>Total fund balances</b>	<b>159,787</b>	<b>3,419,452</b>	<b>1,632,384</b>	<b>-</b>	<b>5,211,623</b>
<b>Total liabilities and fund balances</b>	<b>\$ 173,554</b>	<b>\$ 4,405,770</b>	<b>\$ 1,819,330</b>	<b>\$ 82,382</b>	<b>\$ 6,481,036</b>



SHERIFF, BROWARD COUNTY, FLORIDA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
Year ended September 30, 2017

	Community Programs Fund	Law Enforcement Trust Fund	Inmate Commissary Trust Fund	Victim Witness Fund	Total
<b>Revenues</b>					
County law enforcement trust revenues	\$ -	\$ 8,445,752	\$ -	\$ -	\$ 8,445,752
Operating grants, projects and contributions	45,994	-	-	-	45,994
Charges for services	-	-	1,071,440	225,290	1,296,730
<b>Total revenues</b>	<u>45,994</u>	<u>8,445,752</u>	<u>1,071,440</u>	<u>225,290</u>	<u>9,788,476</u>
<b>Expenditures</b>					
Current:					
General – crime prevention	80,332	7,485,015	1,439,148	215,613	9,220,108
Capital outlay	43,720	473,553	115,223	9,677	642,173
<b>Total expenditures</b>	<u>124,052</u>	<u>7,958,568</u>	<u>1,554,371</u>	<u>225,290</u>	<u>9,862,281</u>
<b>Net change in fund balances</b>	<u>(78,058)</u>	<u>487,184</u>	<u>(482,931)</u>	<u>-</u>	<u>(73,805)</u>
<b>Fund balance at beginning of year</b>	237,845	2,932,268	2,115,315	-	5,285,428
Changes in fund balance for prepaids	-	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ 159,787</u>	<u>\$ 3,419,452</u>	<u>\$ 1,632,384</u>	<u>\$ -</u>	<u>\$ 5,211,623</u>

**AGENCY FUNDS**

SHERIFF, BROWARD COUNTY, FLORIDA  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS  
September 30, 2017

	<u>Civil/Detail Division</u>	<u>Cash Bonds Division</u>	<u>Inmate Welfare Fund</u>	<u>Evidence</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ 2,167,493	\$ 3,087,868	\$ 369,938	\$ 3,826,068	\$ 9,451,367
Accounts receivable	1,465,850	8,415	67,007	3,258	1,544,530
Due from Board of County Commissioners	4,102,390	-	-	-	4,102,390
Due from other governmental agencies (net of allowance for uncollectibles)	5,731,320	-	-	-	5,731,320
<b>Total assets</b>	<b>\$ 13,467,053</b>	<b>\$ 3,096,283</b>	<b>\$ 436,945</b>	<b>\$ 3,829,326</b>	<b>\$ 20,829,607</b>
<b>LIABILITIES</b>					
Due to Board of County Commissioners	\$ 11,267,593	\$ -	\$ -	\$ -	\$ 11,267,593
Due to other governmental agencies	2,006,611	-	-	-	2,006,611
Due to individuals	156,844	-	-	-	156,844
Accounts payable and accrued liabilities	36,005	-	268,834	19,183	324,022
Inmate escrow	-	-	168,111	-	168,111
Evidence seizures	-	-	-	3,810,143	3,810,143
Cash bond liability	-	3,096,283	-	-	3,096,283
<b>Total liabilities</b>	<b>\$ 13,467,053</b>	<b>\$ 3,096,283</b>	<b>\$ 436,945</b>	<b>\$ 3,829,326</b>	<b>\$ 20,829,607</b>



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**Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of the Special-Purpose Financial Statements Performed  
in Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

Honorable Scott J. Israel  
Broward County, Florida Sheriff  
Fort Lauderdale, 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 special purpose financial statements of each major fund, and the aggregate remaining fund information of the Broward County, Florida Sheriff (the Sheriff), as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's special-purpose financial statements, and have issued our report thereon dated February 1, 2018. Our report was modified to reflect that these financial statements were prepared to comply with Section 218.39(2), Florida Statutes and Section 10.557(3), Rules of the Auditor General for Local Government Entity Audits.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying *schedule of findings and questioned costs* as item 2017-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*RSM US LLP*

Fort Lauderdale, Florida  
February 1, 2018

**Sheriff, Broward County, Florida  
Schedule of Findings and Questioned Costs**

**For the Year Ended September 30, 2017**

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**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditors’ report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

**Section II – Current Year Findings and Recommendations**

**IC 2017-001 Unearned revenue**

**Criteria:** In accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*, recipients should recognize revenues when all applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should be reported by the recipient as unearned revenue. Resources received with purpose restrictions, which specify the purpose for which the resources are required to be used, do not affect the timing of recognition for any class of nonexchange transactions.

**Condition:** It was noted that three out of the nine transactions recorded in unearned revenue which were selected for testing met the eligibility requirements which allowed revenue recognition in the current year and the amounts should not have been recorded as unearned revenue. This recording error was not captured in the review process.

**Context:** This condition is considered to be isolated in nature.

**Effect:** Failure to review the unearned revenue at year-end may result in improper revenue recognition of certain nonexchange type transactions.

**Cause:** The Finance department did not sufficiently review the balance to determine that all items noted as unearned revenue did not meet the criteria for revenue recognition under GASB 33.

**Recommendation:** We recommend that the Finance department review its current process for review and approval of the recording of nonexchange transactions.

**Views of Responsible Officials and Planned Corrective Action:** The Broward Sheriff’s Office concurs with the findings. All related transactions have been properly recorded in current fiscal year.

Going forward the Finance Department will review its process of recording nonexchange transactions and will recognize revenue according to GASB Statement 33.

**Sheriff, Broward County, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**

**For the Year Ended September 30, 2017**

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**Section III – Prior Year Findings and Recommendations**

The prior year audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from the prior audit's *Summary of Prior Audit Findings*.

## **Broward County, Florida Sheriff**

Management Letter in Accordance  
With Chapter 10.550, *Rules of the Auditor General*  
of the State of Florida  
Year Ended September 30, 2017



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## **Management Letter in Accordance with the Rules of the Auditor General of the State of Florida**

The Honorable Scott J. Israel  
Broward County, Florida Sheriff  
Fort Lauderdale, Florida

### **Report on the Special-Purpose Financial Statements**

We have audited the special-purpose financial statements of each major fund and the aggregate remaining fund information of the Broward County, Florida Sheriff (the Sheriff), as of and for the year ended September 30, 2017, and have issued our report thereon dated February 1, 2018, which was prepared to comply with State of Florida reporting requirements.

### **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.

### **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 Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, if any, which are dated February 1, 2018, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of recommendations made in the preceding annual financial audit report have been noted in Appendix B to this 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 Special-Purpose Financial Statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Sheriff did not include any component units.

### **Financial Management**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, the recommendations have been addressed in "Current Year's Recommendations to Improve Financial Management", in Appendix A to this report. We did not audit the Sheriff's response, and accordingly, we express no opinion on it.

**THE POWER OF BEING UNDERSTOOD**  
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**Additional Matters**

Section 10.554(1)(i)3. Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the Special-Purpose 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, and applicable management of the Sheriff's Office and is not intended to be and should not be used by anyone other than these specified parties.

*RSM US LLP*

Fort Lauderdale, Florida  
February 1, 2018

## **Broward County, Florida Sheriff**

### **Appendix A – Current Year’s Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls**

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#### **2017-002 – Administrative ID Access**

**Criteria:** Administrative ID access is restricted to appropriate personnel.

**Condition:** Employees with super user access do not have a separate user ID for their elevated privileges. Although super user access (e.g., access to PeopleSoft administrative and network tasks) is limited to a small group of employees and their use is monitored through network security logs, the employees use their regular ID to perform administrative tasks. They do not have a separate privileged ID to perform administrative tasks.

**Cause:** Due to the small number of employees with super user access, having separate privileged ID’s was not deemed necessary.

**Effect:** Risks include unauthorized or inappropriate use of elevated privileges from a phishing attack resulting in the disclosure of proprietary information, modification, damage, or loss of data.

**Recommendation:** All users with super user privileges should have a normal ID for accessing email and Office products (Word, Excel, etc.) and a separate privileged account for their elevated administrative privileges.

#### **Views of responsible officials and planned corrective actions:**

- Broward Sheriff’s Office (BSO) Information Technology Department Management concurs with the recommendation.
- A separate privileged account will be created for each BSO employee that retains elevated administrative privileges.
- The privileged accounts will be created no later than close of business on 2/1/2018.
- Internet and e-mail access will be removed from the privileged account.
- Access to the Internet and e-mail for these employees will be through their standard BSO active directory account.

**Broward County, Florida Sheriff**

**Appendix B – Status of Prior Year Findings and Recommendations**

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<b>No.</b>	<b>Prior Years' Observations</b>	<b>Observation is Still Relevant</b>	<b>Comment No Longer Relevant</b>
2014-001	Prisoner Escrow Accounts		X
2014-002	Change Management Procedures		X



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### Independent Accountant's Report

Honorable Scott J. Israel  
Broward County, Florida Sheriff  
Fort Lauderdale, Florida

We have examined the Broward County, Florida Sheriff's (the Sheriff) compliance with Section 218.415, *Florida Statutes, Local Government Investment Policies* during the year ended September 30, 2017. Management is responsible for the Sheriff's compliance with the specified requirements. Our responsibility is to express an opinion on the Sheriff's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Sheriff complied, in all material respects, with *Section 218.415, Florida Statutes, Local Government Investment Policies* during the period October 1, 2016 to September 30, 2017.

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

*RSM US LLP*

Fort Lauderdale, Florida  
February 1, 2018