

SHERIFF, BROWARD COUNTY, FLORIDA

SPECIAL-PURPOSE FINANCIAL STATEMENTS

September 30, 2018

SHERIFF, BROWARD COUNTY, FLORIDA
Fort Lauderdale, Florida

SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
SPECIAL-PURPOSE FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	5
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS	6
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS	7
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	21
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	22
COMBINING NON-MAJOR FUND FINANCIAL STATEMENTS	
COMBINING BALANCE SHEET – NON MAJOR GOVERNMENTAL FUNDS	23
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON MAJOR GOVERNMENTAL FUNDS	24
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS	25
COMPLIANCE REPORTS	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	26
SCHEDULE OF FINDINGS	28
MANAGEMENT LETTER	30
INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, <i>FLORIDA STATUTES</i>	33



RSM US LLP

Independent Auditor's Report

Honorable Gregory Tony
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, 2018, 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, 2018, 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, 2018 and the changes in their financial position, or where applicable, its cash flows 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 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 non-major 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 non-major 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.

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019 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
March 18, 2019

SHERIFF, BROWARD COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2018

	<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>	
ASSETS				
Cash	\$ 82,578,494	\$ 6,484,115	\$ 8,182,473	\$ 97,245,082
Due from other funds	16,610,053	-	-	16,610,053
Accounts receivable	11,940	7,248	99,499	118,687
Due from other governmental agencies (net of allowance for uncollectibles)	96,864	13,824,942	-	13,921,806
Due from Board of County Commissioners	233,479	118,464	-	351,943
Prepaid items	123,385	66,121	-	189,506
Inventory	4,312,457	-	-	4,312,457
Total assets	\$ 103,966,672	\$ 20,500,890	\$ 8,281,972	\$ 132,749,534
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to Board of County Commissioners	\$ 67,684,973	\$ 31,588	\$ 352,685	\$ 68,069,246
Due to other funds	-	16,610,053	-	16,610,053
Accounts payable and accrued liabilities	31,534,233	956,397	374,762	32,865,392
Due to other governmental agencies	274,854	188,582	344,660	808,096
Due to individual depositors	36,770	-	-	36,770
Unearned revenue	-	571,896	516,352	1,088,248
Total liabilities	99,530,830	18,358,516	1,588,459	119,477,805
Deferred inflows of resources:				
Unavailable revenue	-	10,281,694	-	10,281,694
Total deferred inflows of resources	-	10,281,694	-	10,281,694
Fund balances (deficit)				
Nonspendable	4,435,842	66,121	-	4,501,963
Restricted	-	1,989,410	6,693,513	8,682,923
Unassigned	-	(10,194,851)	-	(10,194,851)
Total fund balances (deficit)	4,435,842	(8,139,320)	6,693,513	2,990,035
Total liabilities, deferred inflows of resources and fund balances	\$ 103,966,672	\$ 20,500,890	\$ 8,281,972	\$ 132,749,534

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, 2018

	<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>	
Revenues and appropriations				
County appropriation	\$ 895,520,479	\$ -	\$ -	\$ 895,520,479
County law enforcement trust revenues	-	-	9,376,271	9,376,271
Operating grants, projects and contributions	-	29,115,084	33,238	29,148,322
Charges for services	-	-	1,311,802	1,311,802
Total revenues and appropriations	<u>895,520,479</u>	<u>29,115,084</u>	<u>10,721,311</u>	<u>935,356,874</u>
Expenditures				
Current:				
General – crime prevention	354,318,657	26,548,029	8,446,532	389,313,218
Bailiffs – court services	8,600,982	-	-	8,600,982
Consolidated dispatch	40,973,770	-	-	40,973,770
Corrections and rehabilitation	252,377,250	-	-	252,377,250
Fire rescue and emergency services	129,913,567	-	-	129,913,567
Capital outlay	33,267,641	2,473,939	792,889	36,534,469
Debt services:				
Principal retirement	4,815,695	-	-	4,815,695
Interest and fiscal charges	75,212	-	-	75,212
Total expenditures	<u>824,342,774</u>	<u>29,021,968</u>	<u>9,239,420</u>	<u>862,604,163</u>
Excess (deficiency) of revenues and appropriations over expenditures	<u>71,177,705</u>	<u>93,116</u>	<u>1,481,891</u>	<u>72,752,712</u>
Other financing sources (uses)				
Transfers out to County/excess appropriations	(71,177,705)	-	-	(71,177,705)
Sale of capital assets	-	712,929	-	712,929
Total other financing sources (uses)	<u>(71,177,705)</u>	<u>712,929</u>	<u>-</u>	<u>(70,464,776)</u>
Net change in fund balances (deficit)	<u>-</u>	<u>806,045</u>	<u>1,481,891</u>	<u>2,287,936</u>
Fund balances (deficit) at beginning of year	4,371,302	(8,945,365)	5,211,622	637,559
Changes in nonspendable for prepaids	(98,190)	-	-	(98,190)
Changes in nonspendable for inventory	162,730	-	-	162,730
Fund balances (deficit) at end of year	<u>\$ 4,435,842</u>	<u>\$ (8,139,320)</u>	<u>\$ 6,693,513</u>	<u>\$ 2,990,035</u>

See accompanying notes to special-purpose financial statements.

SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
September 30, 2018

ASSETS

Cash	\$	13,665,544
Accounts receivable		2,004,709
Due from other governmental agencies, net of allowance for uncollectibles		<u>2,617,360</u>

Total assets**\$ 18,287,613****LIABILITIES**

Due to Board of County Commissioners	\$	6,990,167
Due to other governmental agencies		1,991,872
Due to individuals		492,783
Accounts payable and accrued liabilities		370,963
Inmate escrow		222,561
Evidence seizures		5,376,189
Cash bond liability		<u>2,843,078</u>

Total liabilities**\$ 18,287,613**

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. However, debt service expenditures for capital leases, as well as expenditures related to compensated absences, pension and other post-employment benefits are recorded only when payment is due. The Agency funds which are fiduciary funds report only assets and liabilities have no measurement focus and use the accrual basis of accounting.

(Continued)

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, appropriations and expenditures applicable to the general operations of the Sheriff which are not properly accounted for in another fund. All operating revenues and appropriations 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 and appropriations 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."

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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, 2018, 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: \$123,385 of prepaid items in the General Fund; \$66,121 of prepaid items in the Grants and Special Projects Fund and \$4,312,457 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 Non-major Governmental Funds consists of \$2,021,569 restricted for inmate welfare, \$4,495,025 restricted for law enforcement, and \$176,919 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, 2018.

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. A liability for these amounts is reported in governmental funds only if they have matured, due to employee retirement or resignation.

Pensions: In the governmental funds, no liability is recorded for the net pension liability and the expense is recorded when due and payable. In the government-wide statement of net position, liabilities are recognized for the Sheriff's proportionate share of each pension plan's net pension liability. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Post-Employment Benefits Other Than Pensions: The Sheriff's Office applies GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, for measurement, recognition, and display of OPEB expenses, OPEB liabilities and deferred outflows/inflows of resources which are recorded in the governmental activities column of the statement of net position and statement of activities as part of the basic financial statements of the County. In the governmental funds, no liability is recorded for the total OPEB liability and the expense is recorded when due and payable.

Unavailable and Unearned Revenue: Unavailable revenue and unearned revenue - Amounts related to governmental fund receivables that are measurable, but not available, are recorded as deferred inflow of resources-unavailable revenue in the governmental funds.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues that are not considered measurable are recognized when received by the Sheriff. Amounts received that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the governmental funds and in the statement of net position. The unavailable and 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. 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.

New Accounting Standards: 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 in no modifications to the special-purpose financial statements and 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 in 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 be reported 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 in 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 in no modifications to the special-purpose financial statements and the applicable footnotes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 in no modifications to the special-purpose financial statements and the applicable footnotes.

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.

In March 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placement*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. 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 in no modifications to the special-purpose financial statements and the applicable footnotes.

In August 2018, GASB Statement No. 90, *Majority Equity Interests*. This Statement clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. 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.

SHERIFF, BROWARD COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2018

NOTE 3 – CAPITAL ASSETS

The following summarizes capital asset activity for the fiscal year ended September 30, 2018:

	Beginning <u>Balance</u>	<u>Additions</u>	Disposals/ <u>Write-offs</u>	Transfers <u>In (Out)</u>	Ending <u>Balance</u>
Capital assets, not being depreciated:					
Construction in progress	\$ 1,950,714	\$ 7,140,746	\$ -	\$ (8,938,109)	\$ 153,351
Total capital assets, not being depreciated	<u>1,950,714</u>	<u>7,140,746</u>	<u>-</u>	<u>(8,938,109)</u>	<u>153,351</u>
Capital assets, being depreciated:					
Lease – Motor vehicles	15,728,281	-	134,717	-	15,593,564
Lease – Communications equipment	936,302	-	-	-	936,302
Lease – Furniture and other equipment	472,764	-	-	-	472,764
Motor vehicles	93,038,843	17,507,696	6,388,841	8,157,616	112,315,314
Communications equipment	13,844,947	889,266	259,431	-	14,474,782
Furniture and other equipment	71,215,108	6,712,297	1,272,592	185,383	76,840,196
Software	23,504,507	740,743	-	595,110	24,840,360
Building improvements	32,531,540	3,438,640	-	-	35,970,180
Total capital assets, being depreciated	<u>251,272,292</u>	<u>29,288,642</u>	<u>8,055,581</u>	<u>8,938,109</u>	<u>281,443,462</u>
Less accumulated depreciation for:					
Lease – Motor vehicles	5,492,698	2,967,902	61,245	-	8,399,355
Lease – Communications equipment	702,226	187,261	-	-	889,487
Lease – Furniture and other equipment	189,106	94,552	-	-	283,658
Motor vehicles	70,277,921	7,709,273	6,235,135	-	71,752,059
Communications equipment	12,480,406	589,390	259,431	-	12,810,365
Furniture and other equipment	57,619,559	6,042,649	1,239,466	-	62,422,742
Software	21,703,309	1,112,011	-	-	22,815,320
Building improvements	5,911,881	1,044,316	-	-	6,956,197
Total accumulated depreciation	<u>174,377,106</u>	<u>19,747,354</u>	<u>7,795,277</u>	<u>-</u>	<u>186,329,183</u>
Total capital assets, being depreciated, net	<u>76,895,186</u>	<u>9,541,288</u>	<u>260,304</u>	<u>8,938,109</u>	<u>95,114,279</u>
Capital assets (net)	<u>\$ 78,845,900</u>	<u>\$ 16,682,034</u>	<u>\$ 260,304</u>	<u>\$ -</u>	<u>\$ 95,267,630</u>

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

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.

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 23.27%, county elected officials 45.50%, regular 7.92%, and DROP employees 13.26% from October 1, 2017 through June 30, 2018; special-risk employees 27.50%, County elected officials 51.70%, regular 11.26%, and DROP employees 14.03% from July 1, 2018 through September 30, 2018. 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, 2018, was \$95,652,349, 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 they 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 6 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 6 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 eight 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.

SHERIFF, BROWARD COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2018

NOTE 4 – FLORIDA RETIREMENT SYSTEM (Continued)

The Deferred Retirement Option Program (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 years ended September 30, 2018, was \$10,702,882, which is equal to the required contribution for each year. The City is obligated for all pension amounts other than the current contribution, and therefore a liability, if any, is reported by the city or other government.

NOTE 5 – POST-EMPLOYMENT 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 amounts. 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.

(Continued)

SHERIFF, BROWARD COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2018

NOTE 5 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The Sheriff follows the guidance contained in GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, (GASB 75); for certain post-employment health care benefits provided by the Sheriff for the fiscal year ended September 30, 2018. The Sheriff's OPEB liability and deferred inflows/outflows of resources and the associated footnotes are not reported in the special-purpose financial statements of the Sheriff, however they are reported in the Sheriff's Comprehensive Annual Financial Report and the basic financial statements of the County.

NOTE 6 – COMPENSATED ABSENCES

The following changes in compensated absences occurred during the year ended September 30, 2018:

Balance at October 1, 2017	\$	68,672,853
Additions		63,708,893
Payments		<u>(59,366,481)</u>
Balance at September 30, 2018		73,015,265
Less current portion		<u>(42,010,611)</u>
Long-term portion	\$	<u><u>31,004,654</u></u>

Compensated absences is generally liquidated by the General Fund. The liability for compensated absences is reported 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.

NOTE 7 – RELATED PARTY TRANSACTIONS

The charges from The Board of County Commissioners 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, 2018, were \$1,260,734. 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, 2018, self-insurance costs and other insurance coverage charged to the Sheriff were \$4,192,100 and \$1,279,046, 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 \$49,761,397 for the year ended September 30, 2018. Contract services revenues and related expenditures are reported in a special revenue fund in the County financials.

(Continued)

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, 2018, these services amounted to \$339,335,554. The Sheriff has recorded receivables from several municipalities for services rendered which are reported in the Sheriff’s Agency funds. Contract services revenues and related expenditures are reported in a special revenue fund in the County financials.

NOTE 9 – INTER-FUND RECEIVABLES AND PAYABLES

Inter-fund receivables and payables balances at September 30, 2018, are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 16,610,053	\$ 16,610,053
Grants and Special Projects Fund	-	-
	\$ 16,610,353	\$ 16,610,053

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.

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 October 1, 2012.

NOTE 10 – RISK MANAGEMENT (Continued)

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.

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.

SHERIFF, BROWARD COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2018

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, 2017	Additions	Deletions	Balance as of September 30, 2018	Balance Due Within One Year
2014 Vehicles	\$ 486,674	\$ -	\$ 158,032	\$ 328,642	\$ 162,188
2014 Hazmat Vehicle	182,461	-	105,530	76,931	76,931
2015 DLE Vehicles	4,552,133	-	4,552,133	-	-
	<u>\$ 5,221,268</u>	<u>\$ -</u>	<u>\$ 4,815,695</u>	<u>\$ 405,573</u>	<u>\$ 239,119</u>

The 2014 Vehicles lease represents the purchase of three vehicles, for which a yearly payment is spread over seven years based on an annual compounding interest rate of 2.6303%. As of September 30, 2018, the outstanding balance was \$328,642. The assets acquired under the lease are reported at a cost of \$1,105,290 less accumulated depreciation of \$663,174. Debt service requirements to maturity were as follows:

<u>Payment Schedule</u>	<u>Beginning Balance</u>	<u>Interest</u>	<u>Principal</u>	<u>Ending Balance</u>
FY 09/30/19	\$ 328,642	\$ 8,644	\$ 162,188	\$ 166,454
FY 09/30/20	\$ 166,454	\$ 4,378	\$ 166,454	\$ -

The 2014 Hazmat Vehicle lease represents the purchase of a vehicle, for which a yearly payment is spread over five years based on an annual compounding interest rate of 5.19%. As of September 30, 2018, the outstanding balance was \$76,931. The assets acquired under the lease are reported at a cost of \$698,485 less accumulated depreciation of \$314,463. Debt service requirements to maturity were as follows:

<u>Payment Schedule</u>	<u>Beginning Balance</u>	<u>Interest</u>	<u>Principal</u>	<u>Ending Balance</u>
FY 09/30/19	\$ 76,931	\$ 3,993	\$ 76,931	\$ -

(Continued)

SHERIFF, BROWARD COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2018

NOTE 13 – CAPITAL LEASES (Continued)

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 2018	
2019	\$ 251,756
2020	170,832
Total minimum lease payments	422,588
Less amount representing interest	(17,015)
Present value of minimum lease	<u>\$ 405,573</u>

NOTE 14 – SUBSEQUENT EVENT

On October 30, 2018, the Sheriff entered into an equipment lease/purchase agreement for a total purchase price of \$7,770,926. On December 7, 2018, the equipment lease/purchase agreement was amended for the purpose of acquiring additional radio equipment. As a result, the lease purchase agreement increased to a total purchase price of \$8,135,831. The agreement requires annual lease payments of \$2,711,944, including interest at 2.33%, over the next 3 years, starting May 1, 2020.

(Continued)

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, 2018

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
County appropriation	\$ 877,153,740	\$ 946,074,961	\$ 895,520,479	\$ (50,554,482)
Expenditures:				
General – crime prevention:				
Personal services	333,198,290	331,701,067	310,449,453	21,251,614
Operations	57,241,490	53,745,074	43,869,204	9,875,870
Capital outlay	10,578,330	33,444,301	22,742,456	10,701,845
Contingencies/reserves/transfers	7,484,240	38,555,583	-	38,555,583
Total general – crime prevention	<u>408,502,350</u>	<u>457,446,025</u>	<u>377,061,113</u>	<u>80,384,912</u>
Bailiffs – court services:				
Personal services	9,463,860	9,463,860	8,563,020	900,840
Operations	60,130	60,130	37,962	22,168
Total bailiffs – court services	<u>9,523,990</u>	<u>9,523,990</u>	<u>8,600,982</u>	<u>923,008</u>
Consolidated dispatch:				
Personal services	41,187,610	41,326,330	40,670,222	656,108
Operations	934,540	795,820	303,548	492,272
Capital outlay	-	-	-	-
Transfers/reserves	-	47,000	-	47,000
Total consolidated dispatch	<u>42,122,150</u>	<u>42,169,150</u>	<u>40,973,770</u>	<u>1,195,380</u>
Corrections and rehabilitation:				
Personal services	207,330,050	207,330,050	199,520,109	7,809,941
Operations	56,113,490	56,931,247	52,857,141	4,074,106
Capital outlay	3,201,450	4,743,130	3,450,652	1,292,478
Total corrections and rehabilitation	<u>266,644,990</u>	<u>269,004,427</u>	<u>255,827,902</u>	<u>13,176,525</u>
Fire rescue and emergency services:				
Personal services	124,010,670	122,371,507	116,858,125	5,513,382
Operations	17,393,940	16,823,661	13,055,442	3,768,219
Capital outlay	4,796,490	11,893,395	7,074,533	4,818,862
Transfers/reserves	4,159,160	11,951,899	-	11,951,899
Total fire rescue and emergency services	<u>150,360,260</u>	<u>163,040,462</u>	<u>136,988,100</u>	<u>26,052,362</u>
Debt services:				
Principal retirement	-	4,815,695	4,815,695	-
Interest and fiscal charges	-	75,212	75,212	-
Total debt services	<u>-</u>	<u>4,890,907</u>	<u>4,890,907</u>	<u>-</u>
Total expenditures	<u>877,153,740</u>	<u>946,074,961</u>	<u>824,342,774</u>	<u>121,732,187</u>
Excess of revenues over expenditures	-	-	71,177,705	71,177,705
Unexpended County appropriations, net of advance for prepaid items	-	-	(71,177,705)	(71,177,705)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	4,371,302	-
Changes in reserves for prepaids	-	-	(98,190)	-
Changes in reserves for inventory	-	-	162,730	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,435,842</u>	<u>\$ -</u>

See accompanying notes to special-purpose financial statements.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2018

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 \$68,921,221 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.

COMBINING NONMAJOR FUND FINANCIAL STATEMENTS

NON MAJOR GOVERNMENTAL FUNDS

SHERIFF, BROWARD COUNTY, FLORIDA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
September 30, 2018

	Community Programs Fund	Law Enforcement Trust Fund	Inmate Commissary Trust Fund	Victim Witness	Total
ASSETS					
Cash	\$ 176,760	\$ 5,920,313	\$ 1,979,804	\$ 105,596	\$ 8,182,473
Accounts receivables	158	10,457	88,884	-	99,499
Total assets	<u>\$ 176,918</u>	<u>\$ 5,930,770</u>	<u>\$ 2,068,688</u>	<u>\$ 105,596</u>	<u>\$ 8,281,972</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Board of County Commissioners	\$ -	\$ 251,009	\$ -	\$ 101,676	\$ 352,685
Accounts payable and accrued liabilities	-	324,126	47,118	3,518	374,762
Due to other governmental agencies	-	344,258	-	402	344,660
Due to individual depositors	-	-	-	-	-
Unearned revenue	-	516,352	-	-	516,352
Total liabilities	<u>-</u>	<u>1,435,745</u>	<u>47,118</u>	<u>105,596</u>	<u>1,588,459</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	176,918	4,495,025	2,021,570	-	6,693,513
Total fund balances	<u>176,918</u>	<u>4,495,025</u>	<u>2,021,570</u>	<u>-</u>	<u>6,693,513</u>
Total liabilities and fund balances	<u>\$ 176,918</u>	<u>\$ 5,930,770</u>	<u>\$ 2,068,688</u>	<u>\$ 105,596</u>	<u>\$ 8,281,972</u>

See accompanying notes to special-purpose financial statements.

SHERIFF, BROWARD COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2018

	Community Programs Fund	Law Enforcement Trust Fund	Inmate Commissary Trust Fund	Victim Witness Fund	Total
Revenues					
County law enforcement trust revenues	\$ -	\$ 9,376,271	\$ -	\$ -	\$ 9,376,271
Operating grants, projects and contributions	33,238	-	-	-	33,238
Charges for services	-	-	1,114,118	197,684	1,311,802
Total revenues	<u>\$ 33,238</u>	<u>\$ 9,376,271</u>	<u>\$ 1,114,118</u>	<u>\$ 197,684</u>	<u>\$ 10,721,311</u>
Expenditures					
Current:					
General – crime prevention	\$ 14,607	\$ 7,538,138	\$ 696,103	\$ 197,684	\$ 8,446,532
Capital outlay	1,500	762,560	28,829	-	792,889
Total expenditures	<u>16,107</u>	<u>8,300,698</u>	<u>724,932</u>	<u>197,684</u>	<u>9,239,421</u>
Net change in fund balances	<u>17,131</u>	<u>1,075,573</u>	<u>389,186</u>	<u>-</u>	<u>1,481,890</u>
Fund balance at beginning of year	159,787	3,419,452	1,632,384	-	5,211,623
Changes in Fund Balance for prepaids	-	-	-	-	-
Fund balance at end of year	<u>\$ 176,918</u>	<u>\$ 4,495,025</u>	<u>\$ 2,021,570</u>	<u>\$ -</u>	<u>\$ 6,693,513</u>

See accompanying notes to special-purpose financial statements.

AGENCY FUNDS

SHERIFF, BROWARD COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
September 30, 2018

	Civil/Detail Division	Cash Bonds Division	Inmate Welfare Fund	Evidence	Total
ASSETS					
Cash	\$ 4,982,120	\$ 2,828,413	\$ 430,701	\$ 5,424,310	\$ 13,665,544
Accounts receivable	1,887,569	14,665	94,513	7,962	2,004,709
Due from other governmental agencies (net of allowance for uncollectibles)	<u>2,617,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,617,360</u>
Total assets	<u>\$ 9,487,049</u>	<u>\$ 2,843,078</u>	<u>\$ 525,214</u>	<u>\$ 5,432,272</u>	<u>\$ 18,287,613</u>
LIABILITIES					
Due to Board of County Commissioners	\$ 6,990,167	\$ -	\$ -	\$ -	\$ 6,990,167
Due to other governmental agencies	1,991,872	-	-	-	1,991,872
Due to individuals	492,783	-	-	-	492,783
Accounts payable and accrued liabilities	12,227	-	302,653	56,083	370,963
Inmate escrow	-	-	222,561	-	222,561
Evidence seizures	-	-	-	5,376,189	5,376,189
Cash bond liability	<u>-</u>	<u>2,843,078</u>	<u>-</u>	<u>-</u>	<u>2,843,078</u>
Total liabilities	<u>\$ 9,487,049</u>	<u>\$ 2,843,078</u>	<u>\$ 525,214</u>	<u>\$ 5,432,272</u>	<u>\$ 18,287,613</u>

See accompanying notes to special-purpose financial statements.



RSM US LLP

**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 Gregory Tony
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, 2018, 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 March 18, 2019. 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 2018-001 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
March 18, 2019

SHERIFF, BROWARD COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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 2018-001 Revenue, Unavailable and 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.

Prior Year 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.

Current Year Condition: It was noted that program income related to the PGI Adult Drug Program was recognized based on the grant period instead of the fiscal year, which resulted in revenues received in the last quarter of the prior year to not be recognized until the current year. In addition, it was noted revenues received in the last quarter of the current year were recorded in an unavailable revenue account. Per review of the grant agreement, revenues met the eligibility requirements, which allowed revenue recognition in the current year. This recording error was not captured in the review process.

In another instance, it was noted unapplied cash receipts resulted in unearned revenue and the related customer balances in accounts receivable to be overstated at year-end.

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.

Prior Year 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.

Current Year Cause: The Finance department did not review the balance to determine that all items noted as unearned revenue did not meet the criteria for revenue recognition under GASB 33 and all cash receipts were applied to existing invoices prior to the year-end closing process.

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

SHERIFF, BROWARD COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Current Year Recommendation: We recommend that the Finance department review its current process for review and approval of the recording of nonexchange transactions and the year-end closing process for this account.

Views of Responsible Officials and Planned Corrective Action: Management understands the notice given. We have already made changes to make sure these issues do not occur in the next fiscal year.

SECTION III – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

See Section II.

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, 2018

Contents

Management letter in accordance with the rules of the auditor general of the State of Florida	30-31
Appendix A – Status of prior year findings and recommendations	32



RSM US LLP

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

The Honorable Gregory Tony
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, 2018, and have issued our report thereon dated March 18, 2019.

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 on 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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, if any, which are dated March 18, 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. The status of recommendations made in the preceding annual financial audit report have been noted in Appendix A 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, we did not have any such recommendations.

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 note any such findings.

Purpose of This Letter

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

RSM US LLP

Fort Lauderdale, Florida
March 18, 2019

Broward County, Florida Sheriff

Appendix A – Status of Prior Year Findings and Recommendations

No.	Prior Years' Observations	Observation is Still Relevant	Comment No Longer Relevant
2017-002	Administrative ID Access		X



RSM US LLP

Independent Accountant's Report

Honorable Gregory Tony
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, 2018. 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, 2017 to September 30, 2018.

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
March 18, 2019