

Special-Purpose Financial Statements

Sheriff
Leon County, Florida

*September 30, 2016
with Independent Auditors' Report*

Thomas Howell Ferguson P.A.
and
Law, Redd, Crona & Munroe, P.A.

Sheriff
Leon County, Florida

Special-Purpose Financial Statements

Year Ended September 30, 2016

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Independent Auditors' Report

The Honorable Sheriff
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Sheriff of Leon County, Florida (Sheriff), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Sheriff's special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 from 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 auditors' 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 opinion.

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each of the major funds and the agency funds of the Sheriff of Leon County, Florida, as of September 30, 2016, the changes in financial position of each of the major funds, and the respective budgetary comparison statements for the general fund, the emergency management 911 fees fund and the emergency management grants fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the accompanying special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and changes in the financial position of each of the major funds and the agency funds, and the aggregate remaining fund information, and only that portion that is attributable to the transactions of the Sheriff. They do not purport to, and do not, present fairly the financial position of Leon County, Florida, as of September 30, 2016, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2017, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements and other matters, included under the heading **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with Government Auditing Standards**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff of Leon County, Florida's internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 31, 2017



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Sheriff
Leon County, Florida
Balance Sheet
Governmental Funds

September 30, 2016

	General Fund	Special Grants Fund	Emergency Management 911 Fees Fund
Assets			
Cash	\$ 3,099,635	\$ 678,644	\$ 318,330
Investments	1,251,721	0	0
Accounts receivable	21,952	0	0
Due from other funds	139,664	0	0
Due from other county units	32,502	60,190	0
Due from other governments	135,299	96,686	0
Inventories	385,215	1,914	0
Prepays	5,118	0	30
Total assets	\$ 5,071,106	\$ 837,434	\$ 318,360
Liabilities and fund balance			
Liabilities:			
Accounts payable	\$ 1,421,501	\$ 125,272	\$ 52,688
Accrued liabilities	3,137,049	8	0
Deferred revenue	0	76,770	0
Due to other funds	552	50,056	30,203
Due to other county units	500,624	0	235,469
Due to other governments	11,380	0	0
Total liabilities	5,071,106	252,106	318,360
Fund balance:			
Nonspendable	390,333	1,914	30
Restricted	0	265,139	0
Assigned	0	318,275	0
Unassigned	(390,333)	0	(30)
Total fund balance	0	585,328	0
Total liabilities and fund balance	\$ 5,071,106	\$ 837,434	\$ 318,360

The accompanying notes are an integral part of these special-purpose financial statements.

Inmate Welfare Fund	Emergency Management Grants Fund	Total Governmental Funds
\$ 860,775	\$ 92,222	\$ 5,049,606
0	0	1,251,721
46,252	0	68,204
4,497	0	144,161
0	0	92,692
0	42,163	274,148
297	0	387,426
0	0	5,148
<u>\$ 911,821</u>	<u>\$ 134,385</u>	<u>\$ 7,273,106</u>

\$ 8,161	\$ 1,383	\$ 1,609,005
0	0	3,137,057
0	0	76,770
37,152	26,005	143,968
0	0	736,093
0	0	11,380
<u>45,313</u>	<u>27,388</u>	<u>5,714,273</u>

297	0	392,574
0	106,997	372,136
866,211	0	1,184,486
0	0	(390,363)
<u>866,508</u>	<u>106,997</u>	<u>1,558,833</u>
<u>\$ 911,821</u>	<u>\$ 134,385</u>	<u>\$ 7,273,106</u>

Sheriff
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

Year Ended September 30, 2016

	General Fund	Special Grants Fund	Emergency Management 911 Fees Fund
Revenues			
Intergovernmental	\$ 0	\$ 399,624	\$ 0
Charges for services	1,709,007	207,402	0
Fines and forfeitures	0	72,148	0
Miscellaneous	51,552	209,768	0
Total revenues	1,760,559	888,942	0
Expenditures			
Current:			
Judicial:			
Personal services	3,669,858	0	0
Operating	174,197	0	0
Total judicial	3,844,055	0	0
Public Safety:			
Personal services	48,965,062	235,320	278,166
Operating	14,051,418	431,327	752,244
Capital outlay	449,865	289,354	10,621
Total public safety	63,466,345	956,001	1,041,031
Intergovernmental	2,423,150	55,234	0
Total expenditures	69,733,550	1,011,235	1,041,031
Excess of revenues over (under) expenditures	(67,972,991)	(122,293)	(1,041,031)
Other financing sources (uses):			
Transfers in	68,436,968	0	1,276,500
Transfers out	(463,977)	0	(235,469)
Total other financing sources (uses)	67,972,991	0	1,041,031
Net change in fund balance	0	(122,293)	0
Fund balance at beginning of year	0	707,621	0
Fund balance at end of year	\$ 0	\$ 585,328	\$ 0

The accompanying notes are an integral part of these special-purpose financial statements.

Inmate Welfare Fund	Emergency Management Grants Fund	Total Governmental Funds
\$ 0	\$ 189,034	\$ 588,658
1,347,514	0	3,263,923
0	0	72,148
7,176	0	268,496
<u>1,354,690</u>	<u>189,034</u>	<u>4,193,225</u>
0	0	3,669,858
0	0	174,197
<u>0</u>	<u>0</u>	<u>3,844,055</u>
469,555	209,163	50,157,266
681,824	70,427	15,987,240
0	104,712	854,552
<u>1,151,379</u>	<u>384,302</u>	<u>66,999,058</u>
0	0	2,478,384
<u>1,151,379</u>	<u>384,302</u>	<u>73,321,497</u>
<u>203,311</u>	<u>(195,268)</u>	<u>(69,128,272)</u>
0	121,155	69,834,623
(100,000)	0	(799,446)
<u>(100,000)</u>	<u>121,155</u>	<u>69,035,177</u>
103,311	(74,113)	(93,095)
763,197	181,110	1,651,928
<u>\$ 866,508</u>	<u>\$ 106,997</u>	<u>\$ 1,558,833</u>

Sheriff
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund

Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 1,319,295	\$ 1,683,107	\$ 1,709,007	\$ 25,900
Miscellaneous	0	51,554	51,552	(2)
Total revenues	<u>1,319,295</u>	<u>1,734,661</u>	<u>1,760,559</u>	<u>25,898</u>
Expenditures				
Current:				
Judicial:				
Personal services	3,470,146	3,473,984	3,669,858	(195,874)
Operating	166,240	166,240	174,197	(7,957)
Capital outlay	0	0	0	0
Total judicial	<u>3,636,386</u>	<u>3,640,224</u>	<u>3,844,055</u>	<u>(203,831)</u>
Public Safety:				
Personal services	48,514,461	49,067,954	48,965,062	102,892
Operating	14,571,663	14,377,457	14,051,418	326,039
Capital outlay	640,819	693,060	449,865	243,195
Total public safety	<u>63,726,943</u>	<u>64,138,471</u>	<u>63,466,345</u>	<u>672,126</u>
Intergovernmental	<u>2,392,933</u>	<u>2,392,933</u>	<u>2,423,150</u>	<u>(30,217)</u>
Total expenditures	<u>69,756,262</u>	<u>70,171,628</u>	<u>69,733,550</u>	<u>438,078</u>
Excess of revenues over (under) expenditures	<u>(68,436,967)</u>	<u>(68,436,967)</u>	<u>(67,972,991)</u>	<u>463,976</u>
Other financing sources (uses):				
Transfers in	68,436,967	68,436,967	68,436,968	1
Transfers out	0	0	(463,977)	(463,977)
Total other financing sources (uses)	<u>68,436,967</u>	<u>68,436,967</u>	<u>67,972,991</u>	<u>(463,976)</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Sheriff
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Emergency Management 911 Fees Fund

Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 0	\$ 0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Current:				
Public Safety:				
Personal services	307,849	311,184	278,166	33,018
Operating	968,651	954,695	752,244	202,451
Capital outlay	0	10,621	10,621	0
Total public safety	<u>1,276,500</u>	<u>1,276,500</u>	<u>1,041,031</u>	<u>235,469</u>
Total expenditures	<u>1,276,500</u>	<u>1,276,500</u>	<u>1,041,031</u>	<u>235,469</u>
Excess of revenues over (under) expenditures	<u>(1,276,500)</u>	<u>(1,276,500)</u>	<u>(1,041,031)</u>	<u>235,469</u>
Other financing sources (uses):				
Transfers in	1,276,500	1,276,500	1,276,500	0
Transfers out	0	0	(235,469)	(235,469)
Total other financing sources (uses)	<u>1,276,500</u>	<u>1,276,500</u>	<u>1,041,031</u>	<u>(235,469)</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Sheriff
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Emergency Management Grants Fund

Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 0	\$ 339,818	\$ 189,034	\$ (150,784)
Total revenues	<u>0</u>	<u>339,818</u>	<u>189,034</u>	<u>(150,784)</u>
Expenditures				
Current:				
Public Safety:				
Personal services	0	376,707	209,163	167,544
Operating	0	107,830	70,427	37,403
Capital outlay	0	105,000	104,712	288
Total public safety	<u>0</u>	<u>589,537</u>	<u>384,302</u>	<u>205,235</u>
Total expenditures	<u>0</u>	<u>589,537</u>	<u>384,302</u>	<u>205,235</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>(249,719)</u>	<u>(195,268)</u>	<u>54,451</u>
Other financing sources (uses):				
Transfers in	0	212,021	121,155	(90,866)
Total other financing sources (uses)	<u>0</u>	<u>212,021</u>	<u>121,155</u>	<u>(90,866)</u>
Net change in fund balance	0	(37,698)	(74,113)	(36,415)
Fund balance at beginning of year	<u>109,975</u>	<u>109,975</u>	<u>181,110</u>	<u>71,135</u>
Fund balance at end of year	<u>\$ 109,975</u>	<u>\$ 72,277</u>	<u>\$ 106,997</u>	<u>\$ 34,720</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Sheriff
Leon County, Florida
Statement of Fiduciary Assets and Liabilities -
Agency Funds

September 30, 2016

Assets

Cash	\$ 585,128
Accounts receivable	1,275
Due from other funds	40,039
Total assets	<u>\$ 626,442</u>

Liabilities

Accounts payable	\$ 12,859
Due to other funds	40,232
Due to other county units	155,081
Due to other governments	9,177
Deposits	409,093
Total liabilities	<u>\$ 626,442</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Sheriff operates as a County agency and an elected Constitutional Officer of Leon County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Sheriff is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County is a charter county, which allows for the same powers and duties as provided by the *Constitution of the State of Florida* and *Florida Statutes*. However, in certain instances, the charter either alters or expands the powers of the elected officials via voter referendum. The Sheriff is considered to be a part of the primary government of Leon County, Florida, and is included in the Leon County government-wide annual financial statements. The financial statements contained herein represent the financial transactions of the Sheriff only.

The accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

Description of Funds

The financial activities of the Sheriff are recorded in separate funds, which are categorized and described as follows:

Governmental Fund Types

- *General Fund* — The General Fund is the general operating fund of the Sheriff. This fund is used to account for all financial transactions not required to be accounted for in another fund.
- *Special Grants Fund* — To account for various law enforcement grants and the proceeds of specific revenue sources that are legally restricted to expenditures for specific law enforcement purposes.
- *Emergency Management 911 Fees Fund* — To account for operations related to the 911 fees imposed and collected from local telephone exchange customers. Expenditures are restricted to the establishment and maintenance of an emergency telephone number “911” system.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Description of Funds (continued)

- *Inmate Welfare Fund* — To account for the operations related to various rehabilitative programs and other expenditures related to inmate welfare.
- *Emergency Management Grants Fund* — To account for grant funds restricted to expenditures for emergency management operations.

Fiduciary Fund Types

- *Agency Funds* — These funds are used to account for assets held by the Sheriff as an agent, including prisoner housing, work release and warrant fees which are remitted to other governmental agencies, restitution, forfeitures and other collections which are remitted to third parties, employee contributions to be used for designated purposes and prisoner deposits which are expended on their personal effects. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

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

The accounts of the Governmental Funds and Agency Funds are maintained on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they are received in cash or when they are considered both measurable and available and as such, are susceptible to accrual. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Sheriff considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. There are essentially two types of revenue when applying the “susceptible to accrual” concept to intergovernmental revenues. Primarily all grant revenues are recognized on the basis of expenditures incurred for the specific purpose or project. Other revenues 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. The following major revenues are considered susceptible to accrual: charges for services, intergovernmental revenues, grant revenues expended on a cost reimbursement basis, and interest earned.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

Section 30.49, *Florida Statutes*, governs the preparation, adoption and administration of the Sheriff's annual budget. Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed total budgeted expenditures at the fund level. Annual budgets are adopted for all governmental funds except the Special Grants fund, which adopts project-specific budgets, and the Inmate Welfare fund, which is not budgeted. Appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, reflect all approved amendments.

Investments

Investments in external pools that follow SEC Rule 2a-7 regulations are reported at amortized cost, which approximates fair value.

Inventories

Inventories consist of supplies and are stated at the lower of cost or market, determined on a first-in, first-out basis. The consumption method is used for all funds whereby the cost is recorded as an expenditure at the time of issuance to the user department.

Capital Assets

The Sheriff is accountable for and thus maintains capital asset records pertaining to the equipment used in his operations. Real property used by the Sheriff is accounted for by the Board of County Commissioners (Board), as the Board holds legal title and is accountable for such assets under Florida law.

Capital assets purchased in the governmental fund types costing \$1,000 or more and having a useful life in excess of one year are recorded as capital outlay expenditures at the time of purchase. The tangible personal property used by the Sheriff is reported as capital assets, at cost, in the Statement of Net Position in the government-wide financial statements of Leon County, Florida. Donated and confiscated capital assets are recorded in the County's Statement of Net Position at fair value at the time received. Capital assets are depreciated using the straight-line method over 5 to 20 years. Depreciation expense is recorded in the Statement of Activities in the government-wide financial statements of Leon County, Florida.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences

Permanent full-time employees receive annual vacation and sick leave and compensatory leave based on policies determined by the Sheriff.

- a. Annual leave is earned biweekly as follows:

<u>Years of Service</u>	<u>Hours</u>
First 5	3.75
5-10	4.75
10-15	5.75
15-20	6.50
20 or more	7.50

Accumulated annual leave balances shall be limited based on years of service as follows:

<u>Years of Service</u>	<u>Hours</u>
First 10	240
10-20	360
20 or more	500

An employee's total annual leave may exceed the annual limit during a calendar year, but will be reduced to the above limited hours on the first pay period for the following year if not taken by the employee prior to that date. Employees who have reached permanent status and who separate in good standing shall be paid for the accrued time at their current rate of pay, not to exceed the limitations noted above.

- b. Each employee earns 3.75 hours of sick leave biweekly that may be accumulated without limits. Accrued sick leave is paid out upon separation of service, based on the following percentages:

First 5 Years of Service	0%
5-20 Years of Service	25%
20 or More Years of Service	50%
Death of Employee	75%
Death (in the line of duty)	100%

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences (continued)

- c. An employee may also accumulate up to 240 hours of compensatory leave in addition to earned annual and sick leave. Any employee who terminates shall be paid for all accrued compensatory leave at their current rate of pay.

The Sheriff uses the vesting method to calculate the liability for compensated absences. The Sheriff does not, nor is he legally required to, accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the Sheriff's General Fund, but is included in the Statement of Net Position in the government-wide financial statements of Leon County, Florida.

Other Postemployment Benefits

The Sheriff through Leon County offers retiree medical insurance benefits for qualifying Sheriff employees that have retired from a Florida Retirement System (FRS) pension plan.

Transfers In and Out

The Board funds the majority of the operating budget of the Sheriff. The payments by the Board to fund the operations of the Sheriff are recorded as transfers in on the financial statements of the Sheriff. In accordance with *Florida Statutes*, the Sheriff distributes all general fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year. These excess fees are reported as a liability and as operating transfers out to the Board on the financial statements of the Sheriff.

Common Expenses

Certain expenses for occupancy costs, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Sheriff.

Fund Balances

Fund Balance is the difference between assets and liabilities on the governmental fund statements.

The County has a financial policy that defines the different fund balance classifications for governmental funds and the order that the resources are used. There are five classifications of fund balance for governmental funds.

Nonspendable Fund Balance - Balances are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

Restricted Fund Balance - Balances are comprised of funds that have legally enforceable constraints placed on their use or have externally imposed restrictions by resource providers, creditors, grantors, contributors, voters, inter-local agreements, or enabling legislation.

Committed Fund Balance - Balances are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action such as ordinances, resolutions or legislation of Leon County, and that remain binding unless removed by a majority vote of the Board of County Commissioners.

Assigned Fund Balance - Balances are comprised of unrestricted funds informally constrained by a majority vote of the Board of County Commissioners, or by a designated county officer, in a manner that reflects the County's use of those resources such as appropriations of fund balance at year end or at the beginning of the new fiscal year.

Unassigned Fund Balance - Balances are comprised of the residual of the unrestricted funds in the General Fund and are not nonspendable, restricted, committed or assigned. Other fund types can only report a negative unassigned residual amount.

The County's policy is that available resources will be spent in the following order: restricted, committed, assigned and unassigned.

Note 2. Cash and Investments

As of September 30, 2016, the Sheriff had the following in cash and investments:

	Carrying Amount
Cash on Hand	\$ 777
Deposits in Qualified Public Depositories	5,633,957
Florida PRIME	82,335
Florida Safe Investment Pool	<u>1,169,386</u>
Total Cash and Investments	<u>\$ 6,886,455</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 2. Cash and Investments (continued)

Credit Risk (continued)

The Sheriff is authorized to invest in all state-approved investments identified in Section 218.415(17), *Florida Statutes*, which include:

1. The Florida PRIME (formerly the Local Government Surplus Funds Trust Fund) administered by the State Board of Administration; or any authorized intergovernmental investment pool;
2. Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally-recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury.

The Sheriff has no investment policy that would further limit its investment choices.

The Sheriff invests in Florida PRIME, administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Throughout the year and as of September 30, 2016, Florida PRIME contained certain floating rate and adjustable rate securities that were indexed based on the prime rate and/or one and three-month LIBOR rates.

These floating rate and adjustable rate securities are used to hedge against interest risk and provide diversification to the portfolio. Exposure to a single issuer is limited to 5% of the portfolio's amortized cost. The current rating for the Florida PRIME is AAAm by Standard and Poors. The weighted average days to maturity of the Florida PRIME at September 30, 2016 is 50 days. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The fair value of the Sheriff's position in the pool approximates the value of the pool shares. At September 30, 2016, the Sheriff had \$82,335 invested with the Florida PRIME.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 2. Cash and Investments (continued)

Credit Risk (continued)

The Sheriff also invests in the Florida Surplus Asset Fund Trust (FLSAFE), a local government investment pool governed by Section 218.415, *Florida Statutes*, that provides for pooling of Florida's local government funds. FLSAFE is an external investment pool that is not a registrant with the SEC; however, the FLSAFE has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. FLSAFE is managed by Prudent Man Advisors, Inc., a registered investment advisor, and the trust's investments are held in custody by BMO Harris Bank N.A. Oversight for the pool is provided by a Board of Trustees consisting of members who represent participating local government entities. The trust invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, money market funds and deposits held in qualified public depositories. The current rating for the FLSAFE is AAAM by Standard and Poors. The weighted average days to maturity of the FLSAFE at September 30, 2016, is 41 days. Investments in the FLSAFE are not evidenced by securities that exist in physical or book entry form. The fair value of the Sheriff's position in the pool approximates the value of the pool shares. At September 30, 2016, the Sheriff had \$1,169,386 invested with the FLSAFE.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the government's deposits may not be returned to it or the organization may not be able to recover the value of its investments that are in the possession of an outside party.

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, *Florida Statutes*. The collateral is held by the Florida Division of Treasury or other custodians with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Sheriff's deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2016, were \$5,973,264. The investments in the Florida PRIME and the FLSAFE Investment Pool are not classified as to custodial risk since the investments are not evidenced by securities that exist in physical or book entry form. There were no losses during the period due to default by counterparties to investment transactions.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 3. Capital Assets

As discussed in Note 1, tangible personal property used by the Sheriff in operations is reported in the government-wide financial statements of Leon County, Florida. A summary of the changes in capital assets for the year ended September 30, 2016 follows:

	<u>Balance October 1, 2015</u>	<u>Additions</u>	<u>(Retirements)</u>	<u>Balance September 30, 2016</u>
Vehicles and equipment	\$ 30,556,631	\$ 854,552	\$ (1,160,110)	\$ 30,251,073

Note 4. Long-Term Liabilities

A summary of changes in the long-term liabilities of the Sheriff follows:

	<u>Balance October 1, 2015</u>	<u>Additions</u>	<u>(Retirements)</u>	<u>Balance September 30, 2016</u>
Liability for compensated absences	\$ 8,683,249	\$ 3,773,181	\$ (2,982,607)	\$ 9,473,823

Of the \$9,473,823 liability for accrued compensated absences, management estimates that \$2,542,137 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Sheriff since they are not payable from available resources at September 30, 2016. As discussed in Note 1, they are reported in the Statement of Net Position as part of the government-wide financial statements of Leon County, Florida.

Note 5. Employees' Retirement Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for all fiscal years beginning after June 15, 2014. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should 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. As described in Note 1, the financial statements of the Sheriff are fund statements considered to be special-purpose financial statements consistent with accounting practices by the Auditor General, State of Florida. Accordingly, the net pension liability is included at county-wide financial statement level rather than in these Special-Purpose Financial Statements.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 5. Employees' Retirement Plan (continued)

All full-time and permanent part-time employees of the Sheriff are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans, including a defined benefit pension plan, which is primarily a cost-sharing multiple-employer defined benefit public employee pension plan. The defined benefit plan is administered by the State of Florida, Department of Management Services, Division of Retirement.

Information as to benefits, contribution rates and vesting requirements by membership category, is provided in the Leon County, Florida Comprehensive Annual Financial Report. Contributions and benefits are established by Section 121.71, *Florida Statutes*.

Participating employer contributions are based upon actuarially determined blended rates established by the state of Florida, that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Beginning July 1, 2011, employees are required to contribute three percent of their gross compensation to the retirement plan, exclusive of participants in the Deferred Retirement Option Program.

The Sheriff also participates in the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*. The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs. Additional information regarding benefits is provided in the government-wide financial statements of Leon County, Florida.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2016, the contribution rate was 1.66 percent of payroll, pursuant to Section 112.363, *Florida Statutes*.

The contributions paid for the years ended September 30, 2016, 2015 and 2014 were \$6,870,541, \$6,116,797, and \$5,501,717, respectively, which is equal to the required contribution for each year.

The Florida Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling 850-488-5706.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 6. Other Postemployment Benefits

Plan Description

The Sheriff participates in an agent multiple-employer plan administered by Leon County, Florida (the County) under which qualified retired employees are permitted to participate in the health and life insurance benefits program (the Program). The health portion of the Program is considered by the County's insurance provider to be community-rated and therefore, no Other Postemployment Benefit (OPEB) obligation is calculated for healthcare. The Program may be amended by the County's Board of County Commissioners. A stand alone financial report is not issued for the Program.

Funding Policy

Retired employees and their spouses for their lifetime are eligible for continuation of the benefits offered to active employees and are responsible for paying the required premium contributions.

Annual OPEB Cost and Net OPEB Obligation

As described in Note 1, the Sheriff is an elected Constitutional Officer of the County. The annual OPEB obligation of Constitutional Officers is recognized in the government-wide financial statements of the County and the obligation associated with each Constitutional Officer's share is disclosed within the notes of their respective financial statements. The County's OPEB obligation is calculated based on the actuarially determined annual required contribution (ARC) of the employer. The ARC 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 (or funding excess) over a period not to exceed thirty years. The following table shows the Sheriff's share of the County's annual OPEB cost, its actual contributions and changes in the Sheriff's share of the County's net OPEB obligation:

Normal cost (service cost for one year)	\$ 130,170
Amortization of unfunded actuarial accrued liability	236,519
Interest on normal cost and amortization	<u>14,668</u>
Annual required contribution	381,357
Interest on net OPEB obligation	103,060
Adjustment to annual required contribution	<u>(143,269)</u>
Annual OPEB cost	341,148
Contributions made	<u>(40,565)</u>
Increase in net OPEB obligation	300,583
Net OPEB obligation at beginning of year	<u>2,576,513</u>
Net OPEB obligation at end of year	<u><u>\$ 2,877,096</u></u>

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 6. Other Postemployment Benefits (continued)

The Sheriff's share of the County's OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the preceding two years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2016	\$ 341,148	\$ 40,565	11.9%	\$ 2,877,096
September 30, 2015	\$ 345,994	\$ 35,508	10.3%	\$ 2,576,513
September 30, 2014	\$ 298,011	\$ 18,361	6.2%	\$ 2,266,027

Funded Status and Funding Progress

As of September 30, 2016, the Sheriff's share of the actuarial accrued liability for benefits recognized in the County's financial statements is \$4,253,489, all of which is unfunded. The Sheriff's covered payroll (annual payroll of active employees covered by the plan) was \$34,282,140. The ratio of the Sheriff's actuarial accrued liability to the Sheriff's covered payroll was 12% at September 30, 2016.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation. The actuarial calculations reflect a long-term perspective and the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 6. Other Postemployment Benefits (continued)

In the October 1, 2014 actuarial valuation, the projected unit credit method of funding was used. The objective under the method is to fund each participant's benefits under the plan as they would accrue, taking into consideration the plan's benefit allocation formula. Thus, the total benefit value each participant is expected to become entitled to is broken down into units, each associated with a year of past or future credited service. The actuarial assumptions included a 4% rate of return based on the estimated long-term investments that are expected to be used to finance the payment of the benefits. In addition, the actuarial assumptions included a 3% salary growth rate. As stated in the plan description, healthcare costs are not included in the liability; therefore no healthcare cost trend assumption is made. The unfunded actuarial liability is being amortized as a level of percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2016 was 30 years.

Note 7. Other Required Individual Fund Disclosures

Individual fund interfund receivable and payable balances at September 30, 2016, were:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 139,664	\$ 552
Special Grants Fund	0	50,056
Emergency Management 911 Fees Fund	0	30,203
Inmate Welfare Fund	4,497	37,152
Emergency Management Grants Fund	0	26,005
Agency Funds	40,039	40,232
	<u>\$ 184,200</u>	<u>\$ 184,200</u>

Interfund balances in the Governmental Funds primarily represent repayments due from the funds responsible for particular expenditures to the funds that initially paid for them. Interfund balances in the Agency Funds primarily represent collections from the Inmate Fund that are to be remitted to other governmental entities. Interfund balances are due and payable within one year.

Note 8. Risk Management

Professional Liability

The Sheriff is currently a member of the Florida Sheriffs' Association and participates in the Florida Sheriffs' Self-Insurance Fund. The Self-Insurance Fund administers insurance activities related to professional liability and covers compensatory damages (except back pay), employment benefits, punitive damages, attorney fees or costs awarded to a prevailing Plaintiff, and all legal fees involved in defense of the Sheriff. The contribution required for the year ended September 30, 2016 was \$395,128.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 8. Risk Management (continued)

Professional Liability (continued)

The limits of the Self-Insurance Fund for the above-mentioned damages, fees and defense costs are \$5,000,000 per incident or occurrence and \$10,000,000 in aggregate for the policy year. Settled claims did not exceed this coverage in the current year.

Automobile Liability

As a member of the Florida Sheriff's Association, the Sheriff participates in the Sheriffs' Automobile Risk Program (SHARP) for automobile liability insurance. Coverage includes liability for bodily injury and property damage, personal injury protection, auto medical payments, bodily injury for uninsured motorists and physical damage. Coverage for physical damage is also maintained on certain vehicles. The contribution required for the year ended September 30, 2016 was \$182,452.

Workers' Compensation

The Sheriff participates in the Leon County Insurance Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third-party administrator. The Sheriff makes payments to the Insurance Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2016 was \$762,988. Excess payments are recorded as a designation of net position for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$500,000.

Excess Insurance

In the normal course of jail operations, the Sheriff seeks to limit its exposure to loss for catastrophic medical costs by purchasing insurance under an excess coverage contract. During the year ended September 30, 2016, the Sheriff maintained an excess insurance policy that provides a maximum specific benefit of \$250,000 per covered person, for claims in excess of \$80,000 reported during the annual contract term. The premium required for the year ended September 30, 2016 was \$64,965.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 9. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. Total encumbrances at September 30, 2016 were as follows:

General Fund	\$ 4,813
Total Encumbrances	<u>\$ 4,813</u>

Note 10. Commitments and Contingencies

A. Operating Leases

The Sheriff is committed to various operating leases for certain office and radio equipment. Operating leases are generally defined as leases that do not transfer benefits and risks of ownership to the lessee. For the year ended September 30, 2016, equipment lease expenses were \$132,334. Following is a schedule of future minimum lease payments under the equipment leases as of September 30:

2017	\$ 25,169
2018	12,875
2019	12,875
2020	<u>3,370</u>
Total future minimum lease payments	<u>\$ 54,289</u>

B. Litigation

At September 30, 2016, there were certain claims and legal actions pending against the Sheriff from the normal course of operations. The outcome of these claims and actions is not presently determinable.

At September 30, 2016, there were various other claims and legal actions pending against the Sheriff. These claims are covered through the Sheriff's participation in the Florida Sheriffs' Self-Insurance Fund. In the opinion of the Sheriff's legal counsel, the liabilities which may arise from such actions would be adequately covered by the Self-Insurance Fund.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 10. Commitments and Contingencies (continued)

C. Long-Term Contracts

The Sheriff, Leon County and the City of Tallahassee (the Parties) entered into an inter-local agreement on December 20, 2007 to establish parameters relating to ownership, expansion, operation, maintenance and the use of the 800MHz Project 25 Digital Trunked Simulcast Radio (TSR) System. The agreement provides for 50% ownership of the TSR System's backbone equipment by the Sheriff and the County. The agreement also provides that the Sheriff and the County are required to pay 50% of the TSR System's operating costs. Absent a prior notice to withdraw, the agreement shall continue until the date the agreement is terminated by mutual written agreement of the Parties. Activity related to the agreement is accounted for as a joint operation.

Note 11. Consolidated Dispatch Agency

In May 2012, the City of Tallahassee, Leon County, Florida and the Leon County Sheriff's Office entered into an inter-local agreement authorized by Section 163.01, *Florida Statutes*. This agreement created a Consolidated Dispatch Agency (CDA) for the purpose of dispatching law enforcement, fire and emergency medical services personnel. The term of this agreement is for a period of 10 years, commencing April 1, 2013, and will renew automatically thereafter. The CDA will govern and manage the provision of public safety consolidated dispatch services on a county-wide basis.

The governing body of the CDA consists of the City of Tallahassee City Manager, the Leon County Administrator and the Leon County Sheriff, hereinafter called the Council. The City and Sheriff shall fund the CDA budget proportionately based upon the per capita population within the corporate limits of the City of Tallahassee for the city, and the per capita population within the unincorporated area of Leon County for the Sheriff, and a service cost allocation shall be included in the CDA's annual budget. Current audited financial statements may be obtained from the Consolidated Dispatch Agency, 300 S. Adams Street, Box A-19, Tallahassee, Florida 32301.

The Sheriff recognized expenditures totaling \$2,423,150 for service costs of the CDA, and reported a balance due to the CDA of \$11,380 at September 30, 2016 in the General Fund.

Note 12. Subsequent Events

The Sheriff has evaluated subsequent events through March 31, 2017, the date the special-purpose financial statements were available to be issued.

On October 1, 2012, the Consolidated Dispatch Agency ("CDA") was formed as a separate legal entity by virtue of an Interlocal Agreement between Leon County, Florida, the City of Tallahassee, and the Leon County Sheriff's Office. (Note 11). Subsequent to the CDA's formation and during the course of the CDA providing dispatch services, there have been occasions which have given rise to certain claims and litigations against the CDA itself. At no time has Leon County or the City of Tallahassee been named as a Party Defendant to any of the litigation.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2016

Note 12. Subsequent Events (continued)

To the extent that any Plaintiff or Claimant in this litigation is able to prevail in their claims against the CDA, obtain a Final Judgment against the CDA, it could be covered by the CDA's general liability insurance and would be subject to the statutory mandates of sovereign immunity contained in Florida Statutes, Section 768.28. Thus, should a money judgment be obtained against the CDA, and to the extent it exceeds or is not covered by the CDA's insurance, and to the extent it exceeds the sovereign immunity caps under Section 768.28, and to the extent that the successful Plaintiff seeks a further waiver of the sovereign immunity cap by virtue of filing a Claims Bill in the Florida Legislature, and to the extent that in some year in the future the Florida Legislature actually approves such a Claims Bill, and to the extent that such a Claims Bill requires payment from the CDA which exceeds its existing budgeted funds, then the CDA may seek financial contribution from Leon County and the City of Tallahassee, which the City and the County are not legally obligated to appropriate. Then, to the extent that Leon County and/or the City of Tallahassee chooses to budget and appropriate funds to the CDA to cover the costs set forth in any Claims Bill which is directed to the CDA, then, and only then, would there be a potential financial impact to Leon County and/or the City of Tallahassee.

During the past fiscal/calendar year, two "claims" were settled by the CDA. In one of the "claims", the City and the County agreed to voluntarily contribute to the settlement by paying "claims" against the City and the County.

The first matter was a "claim" by the Estate of a county citizen and FSU Law School Professor who was shot and killed at his home. Two persons have been arrested and prosecutions are now pending. The Estate filed a "claim" against the CDA alleging improper dispatch of the EMS. The "claim" was settled by the CDA's insurance carrier for \$40,000, without any contribution by the County (or the City).

The second matter involved the unfortunate death of a LCSO Deputy during a call for assistance. The Deputy's Estate filed a lawsuit against the CDA seeking damages for negligence. The Estate also filed "claims" against the City and the County. In December 2016, the insurance carrier for the CDA agreed to pay \$950,000 toward a full settlement, and the City and the County each authorized payments of \$200,000 each. The settlement is conditioned upon approval by the Circuit Court, which is pending.

Subsequent to emergency response efforts pertaining to Hurricane Hermine, which struck Tallahassee on September 2, 2016, Leon County staff presented an after action report to the Leon County Commission on December 13, 2016. One of the recommendations made in the report was to return emergency management functions from the Sheriff's Office back to the Board of County Commissioners, and have these functions report to the County Administrator. The Board ratified this action at their January 24, 2017 meeting.

Effective April 1, 2017, Emergency Management will transfer from a function of the Leon County Sheriff's Office, to a function of the Board of County Commissioners. In essence, eight staff members associated with E-911 and Emergency Management, will now report to County Administration. E-911 functions will still be funded by dedicated E-911 revenue and grants associated with Emergency Management, which will be transferred to the Board of County Commissioners.

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

September 30, 2016

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

The Honorable Sheriff
Leon County, 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 the Sheriff of Leon County, Florida (Sheriff) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Sheriff's special-purpose financial statements, and have issued our report thereon dated March 31, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal 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 special-purpose financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff'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 Sheriff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We have issued a management letter to the Sheriff of Leon County, Florida, dated March 31, 2017, presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 31, 2017



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Independent Accountants' Report on Compliance
With Section 218.415, *Florida Statutes*,
Local Government Investment Policies

September 30, 2016

Independent Accountants' Report on Compliance With
Section 218.415, *Florida Statutes*,
Local Government Investment Policies

The Honorable Sheriff
Leon County, Florida

We have examined the Sheriff of Leon County, Florida's (Sheriff) compliance with local government investment policies provided in Section 218.415, *Florida Statutes*, during the year ended September 30, 2016. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

Thomas Howell Ferguson P.A.

Law, Redd, Crona & Munroe, P.A.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 31, 2017

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Independent Accountants' Report on Compliance
With Sections 365.172 and 365.173, *Florida Statutes*,
Emergency Communications Number E911 System Fund

September 30, 2016

Independent Accountants' Report on Compliance
With Sections 365.172 and 365.173, *Florida Statutes*,
Emergency Communications Number E911 System Fund

The Honorable Sheriff
Leon County, Florida

We have examined the Sheriff of Leon County, Florida's (Sheriff) compliance with emergency communications number E911 system fund requirements provided in Sections 365.172 and 365.173, *Florida Statutes*, during the year ended September 30, 2016. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

Thomas Howell Ferguson P.A.

Law, Redd, Crona & Munroe, P.A.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 31, 2017

Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Management Letter

September 30, 2016

Management Letter

The Honorable Sheriff
Leon County, Florida

Report on the Financial Statements

We have audited the special-purpose financial statements of the Sheriff of Leon County, Florida (Sheriff), as of and for the fiscal year ended September 30, 2016 and have issued our report thereon dated March 31, 2017.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditors' 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 AIPCA Professional Standards, Section 601, regarding compliance requirements in accordance with Sections 218.415, 365.172 and 365.173, *Florida Statutes*, and regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 31, 2017, 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. We reported no findings or recommendations in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the primary government of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Sheriff has no component units.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any 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 of Leon County, Florida and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 31, 2017



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida