

**SEMINOLE COUNTY, FLORIDA
SHERIFF**

SPECIAL PURPOSE FINANCIAL STATEMENTS

Year Ended September 30, 2006

CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION	
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
Balance Sheet – General Fund	2
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	3
Statement of Expenditures and Other Financing Sources – General Fund – Budget and Actual (Budgetary Basis)	4
Statement of Fiduciary Net Assets and Changes in Assets and Liabilities – Agency Fund	5
Notes to Special Purpose Financial Statements	6
COMPLIANCE SECTION	
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	11
INDEPENDENT AUDITOR’S MANAGEMENT LETTER	12



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Donald F. Eslinger,
Sheriff of Seminole County, Florida

We have audited the accompanying special purpose financial statements of the Seminole County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2006, listed in the foregoing table of contents. These financial statements are the responsibility of the Sheriff's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 of the financial statements, the financial statements referred to above present only the financial position and results of operations the Sheriff and are not intended to present the financial position and results of operations of Seminole County, Florida in conformity with accounting principles generally accepted in the United States of America.

In our opinion, such special purpose financial statements present fairly, in all material respects, the financial position of the Sheriff as of September 30, 2006 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2006 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended for the information and use of the Sheriff's management and the State of Florida Office of the Auditor General and is not intended to be, and should not be, used by anyone other than these specified parties.

Moore Stephens Lovelace, P.A.

Certified Public Accountants

Orlando, Florida
November 21, 2006

Seminole County, Florida Sheriff

BALANCE SHEET – GENERAL FUND

September 30, 2006

ASSETS

Cash		<u>\$ 1,857,377</u>
	TOTAL ASSETS	<u><u>\$ 1,857,377</u></u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 447,468
Accrued liabilities	801,617
Due to Board of County Commissioners	605,717
Due to other governments	<u>2,575</u>
	TOTAL LIABILITIES
	<u>1,857,377</u>

FUND EQUITY

Fund balance:	
Unreserved	<u>-</u>
	TOTAL FUND EQUITY
	<u>-</u>

TOTAL LIABILITY AND FUND EQUITY	<u><u>\$ 1,857,377</u></u>
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The accompanying notes are an integral part of the financial statements.

Seminole County, Florida Sheriff

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND

Year Ended September 30, 2006

REVENUES		
Intergovernmental - HIDTA Grant	\$ 1,461,072	
		TOTAL REVENUES 1,461,072
EXPENDITURES		
Public Safety:		
Salaries and benefits	65,097,446	
Other operating expenditures	15,427,879	
Capital outlay	4,277,542	
Debt Service:		
Principal	1,571,144	
Interest	84,113	
		TOTAL EXPENDITURES 86,458,124
		DEFICIENCY OF REVENUES UNDER EXPENDITURES (84,997,052)
OTHER FINANCING SOURCES (USES)		
Transfers in from Board of County Commissioners	84,458,928	
Transfers out to Board of County Commissioners	(605,717)	
Funds returned to grantor agencies	(180,262)	
Capital lease proceeds	1,324,103	
		TOTAL OTHER FINANCING SOURCES (USES) 84,997,052
		EXCESS REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) -
FUND BALANCE AT BEGINNING OF YEAR		-
FUND BALANCE AT END OF YEAR		\$ -

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

Seminole County, Florida Sheriff

STATEMENT OF EXPENDITURES AND OTHER FINANCING SOURCES - GENERAL FUND – BUDGET AND ACTUAL (BUDGETARY BASIS)

Year Ended September 30, 2006

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES				
Public Safety:				
Salaries and benefits	\$ 65,556,855	\$ 66,678,411	\$ 65,097,446	\$ 1,580,965
Other operating expenditures	13,646,487	13,925,478	13,866,806	58,672
Capital outlay	2,557,558	2,199,782	3,053,440	(853,658)
Debt Service:				
Principal	-	1,571,144	1,571,144	-
Interest	-	84,113	84,113	-
TOTAL EXPENDITURES	81,760,900	84,458,928	83,672,949	785,979
OTHER FINANCING SOURCES (USES)				
Transfers in from Board of County	81,760,900	84,458,928	84,458,928	-
Transfers out to Board of County	-	-	(605,717)	(605,717)
Funds returned to grantor Agencies	-	-	(180,262)	(180,262)
TOTAL OTHER FINANCING SOURCES (USES)	81,760,900	84,458,928	83,672,949	(785,979)
EXCESS EXPENDITURES OVER OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ -	\$ -

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

Seminole County, Florida Sheriff

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

Year Ended September 30, 2006

	<u>Balance October 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2006</u>
ASSETS				
Cash	\$ 799,194	\$ 9,452,247	\$ 9,135,932	\$ 1,115,509
TOTAL ASSETS	799,194	<u>\$ 9,452,247</u>	<u>\$ 9,135,932</u>	1,115,509
LIABILITIES				
Due to individuals:				
Individual depository account	148,973	444,508	460,693	132,788
Suspense account	88,504	6,637,272	6,271,781	453,995
Inmate welfare account	163,219	198,797	214,747	147,269
Inmate trust account	<u>398,498</u>	<u>2,171,670</u>	<u>2,188,711</u>	<u>381,457</u>
TOTAL LIABILITIES	<u>799,194</u>	<u>\$ 9,452,247</u>	<u>\$ 9,135,932</u>	<u>1,115,509</u>
NET ASSETS	<u>\$ -</u>			<u>\$ -</u>

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

SEMINOLE COUNTY, FLORIDA SHERIFF

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

Year Ended September 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Seminole County, Florida Sheriff (the "Sheriff") is a separately-elected county official established pursuant to the Constitution of the State of Florida. The Sheriff's financial statements do not purport to reflect the financial position or the results of operations of Seminole County, Florida taken as a whole. These special purpose financial statements are presented to comply with the requirements of the Florida Statutes and the Rules of the Auditor General of the State of Florida. The Sheriff's General Fund is combined with the Board of County Commissioners (the "Board") and other constitutional officer's general funds in the Seminole County, Florida Comprehensive Annual Financial Report ("CAFR") to properly reflect the county-wide General Fund. The fiduciary funds are shown separately in the appropriate sections of the CAFR.

Description of Funds

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

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

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

Basis of Accounting and Presentation

The accounts of the General Fund are maintained on the modified accrual basis. Under the modified accrual basis of accounting, expenditures are recorded at the time liabilities are incurred and revenues are recorded when received in cash or when they are considered both measurable and available and as such, susceptible to accrual. The extent to which General Fund revenues exceed General Fund expenditures is reflected as a liability in compliance with Florida Statutes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Requirements and Basis

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in Section 30.49(2)(a) Florida Statutes and Board policy. The budgeted revenues and expenditures in these financial statements reflect all amendments approved by the Board. Budgetary control is required at the fund level. Total budgeted expenditures may not exceed related actual expenditures at the fund level. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America ("GAAP"), except as follows: capital outlay expenditures and other financing sources related to the acquisition of assets through capital leases are not budgeted; pass-through transactions of the High Intensity Drug Trafficking Area Grant ("HIDTA") that are not directly related to the Sheriff's operations, are not budgeted; and all other grant revenue is budgeted as part of operating transfers in from the Board, rather than as intergovernmental revenue. A reconciliation of General Fund budgeted and actual expenditures for the fiscal year ended September 30, 2006 is as follows:

Budgetary basis	\$83,672,949
Capital lease outlay	1,324,103
HIDTA Grant pass-through expenditures	<u>1,461,072</u>
GAAP Basis	<u>\$86,458,124</u>

Capital Assets

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

Compensated Absences

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

Transfers

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

NOTE 2 - CASH AND INVESTMENTS

Cash

Cash consists of various demand deposit accounts, which are insured by the Federal Deposit Insurance Corporation or are covered by the state of Florida collateral pool, a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails.

Investments

Florida Statutes 28.33, 218.415, 219.075 and the Sheriff's investment policy authorize investments in certificates of deposit, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, and obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The Sheriff had no investments at September 30, 2006.

NOTE 3 - CAPITAL ASSETS

The Sheriff's capital assets consist of equipment. Capital assets acquired with a value of \$1,000 or greater are recorded as capital outlay expenditures. The following is a summary of the changes related to capital assets, that had a value of \$5,000 or greater at time of acquisition, for the year ended September 30, 2006:

	Equipment	
	Cost	Accumulated Depreciation
Balance – October 1, 2005	\$13,195,807	\$ 6,720,798
Additions	3,569,729	1,676,452
Retirements	(2,050,159)	(1,684,183)
Balance – September 30, 2006	<u>\$14,715,377</u>	<u>\$ 6,713,067</u>

For the fiscal year ended September 30, 2006, depreciation expense of \$1,676,452 is reflected in the Seminole County CAFR in the statement of activities under public safety expenses.

NOTE 4 - PENSION PLAN

Plan Description

The Sheriff's employees participate in the Florida Retirement System ("FRS"), a multiple-employer, cost-sharing defined benefit retirement system, administered by the Florida Department of Administration. As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the state of Florida. For a detailed plan description, see the Seminole County, Florida CAFR for the fiscal year ended September 30, 2006.

Funding Policy

The Sheriff's contributions to the FRS for fiscal years ended September 30, 2004 through 2006 were approximately \$5,848,000, \$6,193,000 and \$7,025,867, respectively, which were equal to the required contribution for each fiscal year.

NOTE 5 - INSURANCE COVERAGE

The Sheriff participates in the Florida Sheriff's Self-Insurance Fund Program and the Sheriff's Automobile Risk Program. The Florida Sheriff's Association administers both of these programs. These programs are considered public-entity risk pools, which purchase insurance policies on behalf of their members. The pools' members are not obligated for risk associated with such coverage. Coverage under these programs includes general liability, automobiles, watercraft, personal property, confiscated/impounded equipment, flash roll money, broad form money and securities, and public employee blanket bonds. The Sheriff carries a separate insurance policy with a commercial carrier for aircraft. The Sheriff also participates in Seminole County's self-insurance program for workers' compensation and its health insurance program. For additional information related to these programs, see the Seminole County, FCAFR for the fiscal year ended September 30, 2006.

NOTE 6 - LONG-TERM LIABILITIES

During the fiscal years ended September 30, 2004, 2005 and 2006, the Sheriff entered into capital lease agreements for vehicles costing approximately \$1,027,000, \$1,081,000 and \$1,324,103, respectively. Annual debt service requirements to amortize the capital leases outstanding as of September 30, 2006, are as follows:

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$ 916,722	\$ 70,492	\$ 987,214
2008	575,696	45,286	620,982
2009	309,859	24,582	334,441
2010	321,915	12,525	334,440
	<u>\$2,124,192</u>	<u>\$152,885</u>	<u>\$2,277,077</u>

NOTE 6 - LONG-TERM LIABILITIES (Continued)

A summary of changes in long-term liabilities for the fiscal year ended September 30, 2006 is as follows:

	Balance October 1, 2005	Additions	Retirements	Balance September 30, 2006
Compensated absences	\$10,219,240	\$ 9,152,782	\$8,302,295	\$11,069,727
Capital leases	2,371,233	1,324,103	1,571,144	2,124,192
	<u>\$12,590,473</u>	<u>\$10,476,885</u>	<u>\$9,873,439</u>	<u>\$13,193,919</u>

COMPLIANCE SECTION



**MOORE STEPHENS
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Donald F. Eslinger,
Sheriff of Seminole County, Florida

We have audited the special purpose financial statements of the Seminole County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2006, and have issued our report thereon dated November 21, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Moore Stephens Lovelace, P.A.

Certified Public Accountants

Orlando, Florida
November 21, 2006



**MOORE STEPHENS
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Donald F. Eslinger,
Sheriff of Seminole County, Florida

We have audited the special purpose financial statements of the Sheriff of Seminole County, Florida (the "Sheriff") as of and for the fiscal year ended September 30, 2006, and have issued our report thereon dated November 21, 2006.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report of Independent Certified Public Accountants on Compliance and Internal Control over Financial Reporting. Disclosures in that report, which is dated November 21, 2006, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the state of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(h)1.) require that we address in the management letter, if not already addressed in the auditors' reports on compliance and internal controls, whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.), the scope of our audit included a review of provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Sheriff complied with Section 218.415, Florida Statutes.

Rules of the Auditor General (Section 10.554(1)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(h)4.) require disclosure in the management letter of the following matters, if not already addressed in the auditor's reports on compliance and internal controls and are not clearly inconsequential: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be disclosed by Rules of the Auditor General (Section 10.554(1)(h)4.).

To the Honorable Donald F. Eslinger,
Sheriff of Seminole County, Florida

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

Moni Stein Luer, A.A.

Certified Public Accountants

Orlando, Florida
November 21, 2006