



Gulf County, Florida Sheriff

**Special-Purpose
Financial Statements
September 30, 2014**

Vance CPA, LLC

Certified Public Accountant

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**GULF COUNTY SHERIFF
SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mike Harrison
Gulf County Sheriff
Gulf County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of the general fund and the aggregate remaining fund information of the Gulf County, Florida Sheriff (the "Sheriff"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund and the aggregate remaining fund information of the Sheriff as of September 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general 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 financial statements, the financial statements referred to above have been prepared for the purpose of complying with the Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Gulf County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Gulf County, Florida as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sheriff's internal control over financial reporting and compliance.

Vance CPA LLC

Vance CPA LLC
June 23, 2015

**GULF COUNTY, FLORIDA
SHERIFF**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Nonmajor-Fund Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 193,913	\$ —	\$ 193,913
Due from Board of County Commissioners	3,008	—	3,008
Due from other Government	9,583	—	9,583
Total Assets	<u>206,504</u>	<u>—</u>	<u>206,504</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued expenses	197,654	—	197,654
Due to Board of County Commissioners	8,850	—	8,850
Total Liabilities	<u>206,504</u>	<u>—</u>	<u>206,504</u>
Fund Balances			
Restricted For:			
Public Safety	—	—	—
Total Fund Balances	<u>—</u>	<u>—</u>	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 206,504</u>	<u>\$ —</u>	<u>\$ 206,504</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

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

YEAR ENDED SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>Nonmajor-Fund Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Charges for services	\$ 214,600	\$ —	\$ 214,600
Intergovernmental revenue	31,660	—	31,660
Interest and other miscellaneous income	9,295	—	9,295
Total Revenues	<u>255,555</u>	<u>—</u>	<u>255,555</u>
EXPENDITURES			
Public Safety			
Personal services	2,015,391	—	2,015,391
Operating expenditures	376,377	28,215	404,592
Capital outlay	280,353	—	280,353
Total Expenditures	<u>2,672,121</u>	<u>28,215</u>	<u>2,700,336</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,416,566)</u>	<u>(28,215)</u>	<u>(2,444,781)</u>
Other financing sources (uses)			
Sale of capital assets	44,824	—	44,824
Transfers from Board of County Commissioners	2,387,794	—	2,387,794
Transfers in from other funds	—	10,000	10,000
Transfers to Board of County Commissioners	(6,052)	—	(6,052)
Transfers out to other funds	(10,000)	—	(10,000)
Total Other Financing Sources (Uses)	<u>2,416,566</u>	<u>10,000</u>	<u>2,426,566</u>
Net change in fund balances	—	(18,215)	(18,215)
Fund balances - beginning	<u>—</u>	<u>18,215</u>	<u>18,215</u>
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 214,600	\$ 214,600	\$ 214,600	\$ —
Intergovernmental revenue	—	31,660	31,660	—
Interest and other income	—	9,295	9,295	—
Total revenues	<u>214,600</u>	<u>255,555</u>	<u>255,555</u>	<u>—</u>
Expenditures:				
Public Safety				
Personal services	2,047,473	2,015,391	2,015,391	—
Operating expenditures	405,314	400,129	376,377	23,752
Capital outlay	134,282	280,353	280,353	—
Total expenditures	<u>2,587,069</u>	<u>2,695,873</u>	<u>2,672,121</u>	<u>23,752</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,372,469)</u>	<u>(2,440,318)</u>	<u>(2,416,566)</u>	<u>23,752</u>
Other financing sources (uses)				
Sale of capital assets	—	44,824	44,824	—
Transfers from Board of County Commissioners	2,372,469	2,395,494	2,387,794	(7,700)
Transfers out to other funds	—	—	(10,000)	(10,000)
Transfers to Board of County Commissioners	—	—	(6,052)	(6,052)
Total other financing Sources (uses)	<u>2,372,469</u>	<u>2,440,318</u>	<u>2,416,566</u>	<u>(23,752)</u>
Net change in fund balances	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND**

SEPTEMBER 30, 2014

	<u>Individual Depository</u>
ASSETS	
Cash and Cash Equivalents	\$ 370
Accounts receivable (net)	<u>950</u>
Total Assets	<u>\$ 1,320</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to individuals	370
Due to Board of County Commissioners	<u>950</u>
Total Liabilities	<u>\$ 1,320</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Sheriff of Gulf County, Florida is an elected Constitutional Officer of Gulf 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 for by Chapter 218, Florida Statutes. The Sheriff is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county wide financial statements.

These special-purpose financial statements include only the balances and activity of the Sheriff's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The Gulf County Board of County Commissioners (Board) funds a portion or, in certain instances, all of the operating budgets of the County's Constitutional Officers except obligations specified under Florida Statutes Chapter 29. The payments by the Board to fund the operations of the Constitutional Officers are recorded as transfers out on the financial statements of the Board and as transfers from the Board on the financial statements of the Constitutional Officers. Repayments to the Board are recorded as transfers out on the financial statements of the Constitutional Officers and as transfers in on the financial statements of the Board.

The accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Sheriff utilizes the following fund types:

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports the following special revenue funds in the financial statements under the title “Nonmajor-Fund.”

Forfeiture Fund - Used to account for revenues and expenditures relating to various forfeitures.

Fiduciary Fund Types

Agency Funds – The agency funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

C. Basis of Accounting

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Sheriff considers receivables collected within 60 days after year end to be available and susceptible to accrual as revenues in the current year. Charges for services and interest are susceptible to accrual.

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

E. Budgets and Budgetary Accounting

Florida Statutes Chapter 30.49 governs the preparation, adoption, and administration of the Sheriff’s annual budget. Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Sheriff. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The annual budgetary data reported for governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States of America and represent the Sheriff’s adopted budget, the original appropriation ordinance, and budget amendments approved by the Sheriff or as adopted by the Board.

F. Cash and Cash Equivalents

The Sheriff considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

G. Capital Assets

The Sheriff is accountable for maintaining capital asset records pertaining to machinery and equipment used in his operations. The Board holds legal title for real property used by the Sheriff and is therefore accountable for such assets under Florida Law.

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets purchased in the governmental fund types are recorded as expenditures (capital outlay) at the time of purchase. Assets acquired by the Sheriff are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf County. Donated and confiscated capital assets are recorded in the County's statement of net assets at fair value at the date of receipt. Capital assets are depreciated using the straight-line method of depreciation over the estimated useful lives of the assets, which is generally 5 to 7 years. Depreciation expense is recorded in the statement of activities in the government-wide financial statements of the County.

H. Liability for Compensated Absences

The Sheriff accrues a liability for employees' rights to receive a compensation for future absences when certain conditions are met. The Sheriff does not, nor is he legally required to, accumulate expendable available resources to liquidate this obligation. Accordingly the liability for the compensated absences is not reported in the governmental funds. However, the current and long-term portion of the liability for compensated absences is reported at the county wide financial statement level.

I. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make use of estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

J. Related Organizations – Common Expenses

Certain expenditures, 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. These expenses relating to the Sheriff's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Subsequent Events

The Sheriff evaluated subsequent events through June 23, 2015, the date which the financial statements were available to be issued. The Sheriff did not have any subsequent events requiring disclosure or recording in these financial statements.

L. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

NOTE 2 - CASH AND INVESTMENTS

All Sheriff depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes “Florida Security for Public Deposits Act” provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Sheriff cash consists of checking accounts and interest-bearing time deposits in a local bank.

The Sheriff held no investments at September 30, 2014.

Interest Rate Risk

At September 30, the Sheriff did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, the Sheriff did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, the Sheriff did not hold any deposits or investment that was considered to be a custodial risk.

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 2 - CASH AND INVESTMENTS – (continued)

Concentration of Credit Risk

At September 30, 2014, the Sheriff did not hold any investments that were considered to be a concentration of credit risk.

NOTE 3 – CAPITAL ASSETS

The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office. These special-purpose financial statements do not include capital assets and the related depreciation in the governmental fund financial statements. The following information is reported as a component of the County’s government-wide financial statements.

	<u>Balance</u>			<u>Balance</u>
	<u>9/30/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>9/30/2014</u>
Vehicles, equipment and furniture	\$ 1,029,406	\$ 258,717	\$ (259,713)	\$ 1,028,410
Accumulated depreciation	<u>(784,230)</u>	<u>(123,256)</u>	<u>229,442</u>	<u>(678,044)</u>
Total	<u>\$ 245,176</u>	<u>\$ 135,461</u>	<u>\$ (30,271)</u>	<u>\$ 350,366</u>

Depreciation expense for the year ended September 30, 2014 was \$123,256 computed on the straight-line method over the estimated useful lives of the assets, which is generally 3 to 7 years.

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 4 – EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

In accordance with Florida Law, the Sheriff participates in the Florida Retirement System (FRS), a multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, 1317 Winewood Blvd, Bldg B, Tallahassee, Florida, 32399-1560.

The system provides vesting benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Vested employees may retire before age 62 for regular risk and 55 for special risk; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. As of 7/1/2011 Employees contribute 3% of their earnings to their retirement.

B. Funding Policy

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. The acts provide that employers pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings are as follows:

	10/1/2013 through 6/30/2014	Employer 7/1/2014 through 9/30/2014
Regular employees	6.95%	7.37%
Elected County officials	33.03%	43.24%
Special risk employees	19.06%	19.82%
DROP plan participants	12.84%	12.28%
Ineligible regular	3.39%	3.80%
Ineligible special	8.03%	8.77%

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 4 – Employee Benefits (continued)

For the period October 1, 2013 through September 30, 2014, the total payroll for all covered employees was \$1,548,871 and the employer retirement contributions for all employees covered by FRS for the years ended September 30, 2014, 2013, and 2012 were \$244,368, \$177,579, and \$164,424 respectively, which is equal to the required contributions for each year. For 2014 these contributions represented 15.7% of covered payroll.

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

	<u>Balance</u> <u>9/30/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/2014</u>
Accrued compensated absences	125,507	196,387	(172,754)	149,140
Total long-term debt	<u>\$ 125,507</u>	<u>\$ 196,387</u>	<u>\$ (172,754)</u>	<u>\$ 149,140</u>

Accrued compensated absences represent the vested portion of accrued vacation, sick leave, and compensated time. See note 1 for a summary of the Sheriff’s policy regarding compensated absences.

NOTE 6 – INTERLOCAL AGREEMENTS

The Sheriff has an interlocal agreement with the City of Wewahitchka, whereby personnel from the Gulf County Sheriff’s office provide law enforcement services to the City of Wewahitchka. As consideration the Board of County Commission receives payments of \$33,600 annually from the City which is used by the Board to fund the Sheriff’s annual budget.

The Gulf County Sheriff has a service agreement with the City of Port St. Joe Police Department, hereby the Gulf County Sheriff provides all dispatching services required within the City of Port St. Joe. The City of Port St. Joe pays the Gulf County Sheriff the sum of \$16,500 per quarter, in consideration of these services. The Sheriff received \$66,000 for the year ended September 30, 2014.

The Sheriff has an interlocal agreement with the Gulf County School Board (District), whereby the Sheriff provides School Resource Officers to the district. As consideration the Sheriff receives payments of \$9,583 per month from the District. The Sheriff received \$115,000 for the year ended September 30, 2014.

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 7 – RISK MANAGEMENT

The Sheriff participates in the Florida Sheriff Self-Insurance Fund, which is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under these programs include; general liability, public employees blanket bond, automobiles and money and securities coverage.

The Sheriff provides for workers' compensation coverage under a retrospectively rated commercial insurance policy through the Board. Premiums are accrued based on the ultimate cost to – date of the Sheriff's experience for this type of risk.

The Sheriff has determined that it was not economically justifiable to carry comprehensive coverage on all vehicles. The Sheriff evaluates vehicles by age and condition to determine if comprehensive coverage is feasible, otherwise the Sheriff carries liability insurance on the aforementioned vehicles.

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$5,000,000 for professional liability and \$5,000,000 for public officials' coverage.

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In accordance with Florida Statutes Section 112.0801, the Sheriff participates with Gulf County in offering retiring employees the opportunity to continue participating in the group insurance plan. Retirees who do not choose to continue participation lose eligibility to participate in the future.

Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. No stand alone report is issued for this plan.

The details of the plan, methodology, and costs are more fully described in the Gulf County Notes to the Financial Statements.

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation – From time to time, the Sheriff is involved as a defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. It is reasonably possible that the liability for known and unknown claims existing at the balance sheet date may be material. However, the responsibility for such claims is with the County’s Risk Management Program. Accordingly, no contingent liabilities have been accrued in the accompanying financial statements.

Grants – The Sheriff is the recipient of grants that are subject to special compliance requirements and audits by the grantor agencies that may result in disallowed expense amount. These amounts constitute a contingent liability of the Sheriff. The Sheriff does not believe any contingent liabilities, if any, to be material to the financial statements.

COMPLIANCE SECTION

Vance CPA, LLC

Certified Public Accountant

219-B Avenue E

Apalachicola, FL 32320

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mike Harrison
Gulf County Sheriff
Gulf 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 statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the general fund and the aggregate remaining fund information of the **Gulf County, Florida Sheriff** (the "Sheriff"), as of and for the year ended September 30, 2014, which collectively comprise the Sheriff's fund financial statements and have issued our report thereon dated June 23, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. (14-01).

Compliance and Other Matters

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

Response to Findings

The Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express non opinion on it.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vance CPA LLC

Vance CPA LLC
June 23, 2015

**GULF COUNTY, FLORIDA - SHERIFF
FINDINGS AND RESPONSES**

SEPTEMBER 30, 2014

2014-001 (Prior year 13-01, 12-01 and 11-01) Lack of Segregation of duties – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the Sheriff’s office. We recommend that in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties.

Management’s response – Due to the limited number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to accomplish effective internal procedures.

Vance CPA, LLC

Certified Public Accountant

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Apalachicola, FL 32320

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INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Mike Harrison
Gulf County Sheriff
Gulf County, Florida

We have examined the Office of the Sheriff of Gulf County, Florida's (hereinafter referred to as the "Sheriff") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2014.

Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Vance CPA LLC

Vance CPA LLC

June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mike Harrison
Gulf County Sheriff
Gulf County, Florida

Report on the Financial Statements

We have audited the financial statements (hereinafter referred to as "financial statements") of the general fund and the aggregate remaining fund information of the Office of the Sheriff of Gulf County, Florida (hereinafter referred to as "Sheriff"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2015.

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 Florida 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 Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated June 23, 2015, 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. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

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.

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 the management letter, unless disclosed in the notes to the financial statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1 (d). The Sheriff has no component units.

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, the Sheriff, Gulf County 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.



Vance CPA LLC
June 23, 2015

**GULF COUNTY, FLORIDA – SHERIFF
MANAGEMENT’S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2014

See management’s response in the schedule of findings and responses.