

Report of the Independent Auditor

Honorable Vickie L. Potts
Tax Collector
Charlotte County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Charlotte County, Florida, Tax Collector (the "Tax Collector"), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's 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.

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 auditor's 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.

Auditor's Responsibility, continued

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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information for the Tax Collector as of September 30, 2018, and the respective changes in financial position, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Basis of Presentation

As discussed in Note 1 to the financial statements, the 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 financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Charlotte County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Charlotte County, Florida as of September 30, 2018, 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.

Change in Accounting Principle

As discussed in Note 7 to the financial statements, the Tax Collector adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during the year ended September 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context.

Other Matters, continued

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tax Collector's financial statements. The supplementary information, Combining Balance Sheet- Nonmajor Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balance- Nonmajor Governmental Funds, Combining Statement of Changes in Assets and Liabilities- All Agency Funds, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report on our consideration of the Tax Collector'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 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 Tax Collector's internal control over financial reporting and compliance.

Ashley Brown + Co.

Punta Gorda, Florida
March 13, 2019

CHARLOTTE COUNTY, FLORIDA
 TAX COLLECTOR
 BALANCE SHEET
 GOVERNMENTAL FUND
 SEPTEMBER 30, 2018

Assets	<u>General</u>
Cash and cash equivalents	\$ 2,455,562
Other assets	345
Total assets	<u>\$ 2,455,907</u>
Liabilities	
Liabilities	
Accounts and vouchers payable	\$ 37,612
Accrued liabilities	120,981
Due to other constitutional officers Board of County Commissioners	2,138,006
Due to other governmental agencies	159,308
Total liabilities	<u>\$ 2,455,907</u>

See accompanying notes.

CHARLOTTE COUNTY, FLORIDA
 TAX COLLECTOR
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUND
 For the Fiscal Year Ended September 30, 2018

	General
Revenues:	
Charges for services	\$ 8,743,132
Miscellaneous	103,140
Total revenues	8,846,272
Expenditures:	
Current	
General government	7,117,754
Total expenditures	7,117,754
Excess of revenues over expenditures	1,728,518
Other financing sources (uses):	
Transfers out	(1,728,518)
Total other financing sources (uses)	(1,728,518)
Excess of revenues and other sources over/(under) expenditures and other uses	-
Fund balance, October 1, 2017	-
Fund balance, September 30, 2018	\$ -

See accompanying notes.

CHARLOTTE COUNTY, FLORIDA
 TAX COLLECTOR
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITES - AGENCY FUNDS
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2018

Assets	Agency Funds
Cash and cash equivalents	\$ 6,089,985
Due from other governments	1,325
Due from individuals	12,418
Total assets	\$ 6,103,728
Liabilities	
Due to other constitutional officers:	
Board of County Commissioners	\$ 315,454
Total due to other constitutional officers	315,454
Due to other governments	339,536
Due to individuals	487,240
Deposits	4,961,498
Total liabilities	\$ 6,103,728

See accompanying notes.

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 1. Summary of Significant Accounting Policies

The following is a summary of the more significant accounting principles and policies:

(a) Defining the Governmental Reporting Entity

The Tax Collector, as an elected constitutional officer, was established by the Constitution of the State of Florida, Article VIII, Section 1(d). As such, the Tax Collector's special purpose financial statements are included in the government wide financial statements of Charlotte County, the primary government. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established by Statement of Governmental Accounting Standards Board Number 14, "Financial Reporting Entity", there are no component units included in the Tax Collector's financial statements.

(b) Fund Accounting

The accounts of the Tax Collector are organized on the basis of funds, each of which is considered 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 equity, revenues and expenditures, as appropriate. Government resources are allocated to, and accounted for, in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The following funds are used by the Tax Collector:

General Fund – The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Tax Collector, which are not properly accounted for in another fund. All operating revenues, which are not specifically restricted or designated as to use, are recorded in the General Fund. Excess revenues at the end of the year, due back to the Board of County Commissioners, are shown as operating transfers out.

Agency Funds – Agency Funds are used to account for assets held by public officials in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

(c) Measurement Focus

General Fund – The General Fund is accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Accordingly, the reported undesignated fund balance (net current assets) is considered a measure of available, spendable or appropriable resources. General operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Agency Fund – Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 1. Summary of Significant Accounting Policies, Continued

(d) Basis of Accounting

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

The modified accrual basis of accounting is followed by the General and Agency Funds. The modification in such method from the accrual basis is that revenues are recorded when they become measurable and available to finance operations of the current year.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include:

- (1) Principal and interest on general long-term debt, which is recognized when due; and
- (2) Expenditures are not divided between years by the recording of prepaid expenses.

(e) Budgetary Process

Chapter 195, Florida Statutes, governs the preparation, adoption and amendment process of the Tax Collector's annual budget. A budget is only required to be prepared for the General Fund. The Tax Collector's budget and amendments are prepared independently of the Board of County Commissioners and are approved by the State of Florida Department of Revenue. A copy of the approved budget is provided to the Board of County Commissioners.

The budget for the General Fund is prepared on the modified accrual basis. The annual budget serves as the legal authorization for expenditures. The level of control for appropriations is exercised at the functional level.

(f) Capital Assets

Acquisitions of tangible personal property are recorded as expenditures in the General Fund at the time of purchase. These assets are reported to the Charlotte County, Florida, Board of County Commissioners and are recorded in the government-wide financial statements.

(g) Compensated Absences

The Tax Collector's employees accumulate sick and annual leave based on the number of years of continuous service and other criteria. Upon termination of employment, employees generally receive payment for accumulated leave.

As of September 30, 2018 the Tax Collector had \$434,901 in long-term compensated absences payable. This amount is reported in the government-wide financial statements of Charlotte County, Florida.

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 2. Deposits and Investments

Deposits

The Tax Collector's policy allows for deposits to be held in demand deposits, savings accounts, certificates of deposit, money market accounts and overnight repurchase agreements. At September 30, 2018, the Tax Collector maintained deposits in a cash pool and overnight repurchase agreements for all fund types.

At September 30, 2018, the bank balance of \$8,426,218 is the total balance for all Tax Collector funds as participants of the pool and cannot be segregated by fund. The book balance was \$8,545,547 at September 30, 2018.

The Tax Collector had \$27,150 of cash on hand at September 30, 2018.

The deposits whose values exceed the limits of federal depository insurance are entirely insured or collateralized pursuant to the Public Depository Security Act of the State of Florida, Chapter 280 of the Florida Statutes.

Note 3. Retirement System

Plan Description

The Tax Collector's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Service, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board 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. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested regular class members with less than 30 years of service may retire before age 62 and are entitled to a retirement benefit payable monthly also equal to 1.6% of their final average compensation for each year of credited service based on the five highest years of salary, with a 5% reduction for each year under age 62. Substantial changes were made to the Pension Plan during fiscal year 2011, affecting new members enrolled on or after July 1, 2011 by extending the vesting requirement to eight years of credited service and increasing normal retirement to age 65 or 33 years of service regardless of age. Also, the final average compensation for these members is based on the eight highest years of salary.

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 3. Retirement System, continued

Funding Policy

All enrolled members of the FRS Pension Plan are required to contribute 3.0% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on statewide contribution rates. The employer contribution rates by job class for the periods from October 1, 2017 through June 30, 2018 and July 1, 2018 through September 30, 2018, respectively, were as follows: regular 7.52% and 7.92%; county elected officers 42.47% and 45.50%; senior management 21.77% and 22.71%; and DROP participants 12.99% and 13.26%. During the fiscal year ended September 30, 2018, the Tax Collector contributed to the plan an amount equal to 11.1% of covered payroll.

The HIS Plan provides a monthly benefit to assist retirees in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement. Eligible retirees and beneficiaries receive a monthly health insurance subsidy payment of \$5 for each year of creditable service, with a minimum payment of \$30 and a maximum payment of \$150 per month. The HIS Plan is funded by required contributions from FRS participating employees as set forth by Florida Legislature, based on a percentage of gross compensation for all active FRS members.

For those members who elect participation in the Investment Plan, rather than the Pension Plan, vesting occurs at one year of service. These participants receive a contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members.

The Tax Collector recognizes pension expenditures in an amount equal to amounts paid to the Pension Plan, the HIS Plan and the defined contribution plan, amounting to \$295,608, \$59,214, and \$127,306 respectively, for the fiscal year ended September 30, 2018. The Tax Collector's payments after June 30, 2018, the measurement date used to determine the net pension liability associated with the Pension Plan and HIS Plan, amounted to \$83,865 and \$16,055, respectively. The Tax Collector is not legally required to and does not accumulate expendable available resources to liquidate the retirement obligation related to its employees. Accordingly, the net pension liability and associated deferred outflows and deferred inflows are presented on the government-wide financial statements of the County, following requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - and amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - and amendment of GASB Statement No. 68, effective October 1, 2014.*

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site www.ams.myflorida.com/retirement.

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 4. General Long-Term Debt

The following changes in general long-term debt occurred during the year ended September 30, 2018:

Long-term debt payable at October 1, 2017	\$ 418,408
Increase in accrued compensated absences	475,519
Decrease in accrued compensated absences	(459,026)
Long-term debt payable at September 30, 2018	\$ 434,901

General long-term debt is comprised of the following:

Noncurrent portion of compensated absences	
Employees of the Tax Collector are entitled to paid sick and annual leave, based on length of service and job classifications	\$ 198,610

Note 5. Risk Management

The Tax Collector participates in the countywide self-insurance and health insurance programs. Under these programs, the Self Insurance Fund provides coverage for up to a maximum of \$300,000 for each worker's compensation claim, \$350,000 for each general liability claim, \$100,000 for all other perils other than windstorm per location per loss and a 5% windstorm deductible per location per loss. The County purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. The excess coverage for general liability and workers' compensation is \$1,200,000 and the excess for property is \$150,000,000. In April of 2009, the County opened an employee health center for use by employees participating in the County's Health Insurance Program. The main purpose was to help contain health insurance costs. In August of 2011, the County became self-insured for its health insurance. Under this program, the Health Insurance Trust Fund provides coverage for up to a maximum of \$375,000 per person per year. The County has excess medical insurance to pay for claim costs that exceed this amount.

Charges to operating departments are based upon amounts believed by management to meet the required annual payout during the fiscal year and to pay for the estimated operating costs of the program. For fiscal year ended September 30, 2018, the Tax Collector was charged \$49,983 for the self-insurance program and \$1,199,588 for life and health insurance which includes the retiree subsidy.

Note 6. Contingencies

The Tax Collector is involved from time to time in certain routine litigation, the substance of which as other liabilities or recoveries, would not materially affect the financial position of the Tax Collector.

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 7. Other Post Employment Benefits

Plan Description

In accordance with Section 112.0801, Florida Statutes, because the Tax Collector provides medical plans to employees of the Tax Collector and their eligible dependents, the Tax Collector is also required to provide retirees the opportunity to participate in the group employee health plan. Although not required by Florida Law, the County has opted to pay a portion of the cost of such participation for retired Tax Collector employees.

Retired employees (retired on or after 1/1/2004) of the County and all constitutional officers who retire after 30 years of service, or after the age of 55 with eight years, or six years prior to October 1, 2012, of credited service with the County, and who had continuous medical coverage verified annually, are entitled to participation in the Plan. Currently, for employees who have completed 20 years of service with the County who are collecting FRS monthly benefit plans, the health benefit under the Plan provides for the County to contribute a per month supplement. The monthly supplement is \$10.00 per year of service up to \$300.00 per month. For County employees whose date of retirement was prior to 10/1/2008 the monthly supplement is \$5.00 per year of service up to \$150.00 per month. The Tax Collector has contributed \$12,109 during the year.

Membership

As of September 30, 2018, membership consisted of:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to, but not yet, receiving benefit payments	0
Active employees	<u>63</u>
Total	<u><u>65</u></u>

Funding Policy

Funding for the Plan is on a pay-as-you-go basis from the County’s general assets when due. There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for this purpose.

Total OPEB Liability

The County had an actuarial valuation dated October 1, 2016, with roll forward procedures to the measurement date of October 1, 2017.

The County’s total OPEB liability was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 7. Other Post Employment Benefits, Continued

Total OPEB Liability, continued

The Actuarial Methods are:

Actuarial Cost Method Asset Valuation Method	Entry Age Unfunded
Actuarial Assumptions:	
Discount Rate	3.50% (1)
Projected Salary Increases	3.70% - 7.80%
Payroll Growth Assumptions	3.25%
Healthcare Cost Trend Rates	6.50% (2)
Price Inflation Rate	2.60% (3)

Actuarial valuations of an ongoing plan involve 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. Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with the perspective, 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.

- 1) As required by GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this rate is equal to the tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating as of the measurement date. Note that County rate has decreased from the previous 4.00% used in the October 1, 2016 actuarial valuation report due to the implementation of GASB 75.
- 2) 6.50% for 2017, with a gradual annual declining to 4.40% in 2040 and beyond.
- 3) Not explicitly used in the valuation except for future projections. Provided for informational purposes only.

Mortality Rates are based on the respective class members RP-2000 mortality tables. All mortality rates are those outlined in the July 1, 2016 FRS actuarial valuation report.

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 7. Other Post Employment Benefits, Continued

Changes in the Total OPEB Liability

The total OPEB liability as of September 30, 2018 was as follows:

	<u>County</u>	<u>Tax Collector</u>
Total OPEB Liability at 9/30/17, as restated	\$ 9,783,278	\$ 337,959
Changes for the year:		
Service cost	485,792	16,782
Interest	309,015	10,675
Differences between actual & expected experience:		
Changes of assumptions or other inputs	(237,578)	(8,207)
Benefit payments	(606,347)	(20,946)
Other changes	-	
Net change	<u>\$ (49,118)</u>	<u>\$ (1,696)</u>
Total OPEB Liability at 9/30/18	<u>\$ 9,734,160</u>	<u>\$ 336,263</u>

Changes in assumptions or other inputs reflect a change in the discount rate from 4% to 3.5% for all agencies.

Sensitivity of the Total OPEB Liability to Changes in Discount Rate

The following presents the total OPEB liability of the Tax Collector, as well as what the Tax Collector's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.5%) or one percentage point higher (4.5%) than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 356,929	\$ 336,263	\$ 316,218

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Tax Collector, as well as what the Tax Collector's total OPEB liability would be if it were calculated using a "healthcare cost trend rate" that is one percentage point lower (5.50% to 3.4%) or one percentage point higher (7.5% to 5.40%) than the current healthcare cost trend rate:

	<u>1% Decrease 5.5% to 3.4%</u>	<u>Current Trend Rate 6.5% to 4.4%</u>	<u>1% Increase 7.5% to 5.4%</u>
Total OPEB Liability	\$ 311,489	\$ 336,263	\$ 365,526

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 7. Other Post Employment Benefits, Continued

OPEB Expense & Deferred Outflow of Resources & Deferred Inflow of Resources Related to OPEB

For the year ended September 30, 2018, the Tax Collector recognized OPEB expense of \$26,619. At September 30, 2018, the Tax Collector reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following resources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected & actual experience	\$ -	\$ -
Change of assumptions or other inputs	-	(7,370)
Amounts paid by the Tax Collector for OPEB benefits and administrative expenses subsequent to the measurement date of October 1, 2017	<u>21,592</u>	<u>-</u>
Total	<u>\$ 21,592</u>	<u>\$ (7,370)</u>

Amounts reported as deferred outflows of resources related to amounts paid by the Tax Collector for OPEB benefits and administrative expenses subsequent to the measurement date of October 1, 2017, will be recognized in OPEB expense in the fiscal year ended September 30, 2019 and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ended September 30, 2018	
2019	\$ (837)
2020	(837)
2021	(837)
2022	(837)
2023	(837)
Thereafter	(3,185)

**SUPPLEMENTAL
INFORMATION**

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ 6,793,626	\$ 7,190,198	\$ 8,743,132	\$ 1,552,934
Miscellaneous	-	-	103,140	103,140
Total revenues	<u>6,793,626</u>	<u>7,190,198</u>	<u>8,846,272</u>	<u>1,656,074</u>
Expenditures:				
Current				
General government				
Non-court related				
Personal services	5,365,237	5,571,774	5,513,383	58,391
Operating expenditures	1,229,313	1,366,827	1,411,449	(44,622)
Capital expenditures	199,076	251,597	192,922	58,675
Total general government	<u>6,793,626</u>	<u>7,190,198</u>	<u>7,117,754</u>	<u>72,444</u>
Total expenditures	<u>6,793,626</u>	<u>7,190,198</u>	<u>7,117,754</u>	<u>72,444</u>
Excess of revenues over/(under) expenditures	-	-	1,728,518	1,728,518
Other financing sources (uses):				
Transfers out	-	-	(1,728,518)	(1,728,518)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,728,518)</u>	<u>(1,728,518)</u>
Excess of revenues and other sources over/(under) expenditures and other uses	-	-	-	-
Fund balance, October 1, 2017	-	-	-	-
Fund balance, September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHARLOTTE COUNTY, FLORIDA
 TAX COLLECTOR
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITES - AGENCY FUNDS
 AGENCY FUNDS
 SEPTEMBER 30, 2018

Assets	Real Estate Fund	Delinquent Fund	License and Tag Fund
Cash and cash equivalents	\$ 5,128,163	\$ 466,775	\$ 345,602
Due from other governments	-	-	1,325
Due from individuals	80	-	12,338
Total assets	<u>\$ 5,128,243</u>	<u>\$ 466,775</u>	<u>\$ 359,265</u>
Liabilities			
Due to other constitutional officers:			
Board of County Commissioners	\$ 132,732	\$ -	\$ 37,478
Total due to other constitutional officers	<u>132,732</u>	<u>-</u>	<u>37,478</u>
Due to other governments	19,509	-	320,027
Due to individuals	14,504	466,775	1,760
Deposits	4,961,498	-	-
Total liabilities	<u>\$ 5,128,243</u>	<u>\$ 466,775</u>	<u>\$ 359,265</u>

Tourist Development Tax Fund	Charity Fund	Total
\$ 145,244	\$ 4,201	\$ 6,089,985
-	-	1,325
-	-	12,418
<u>\$ 145,244</u>	<u>\$ 4,201</u>	<u>\$ 6,103,728</u>

\$ 145,244	\$ -	\$ 315,454
<u>145,244</u>	<u>-</u>	<u>315,454</u>
-	-	339,536
-	4,201	487,240
-	-	4,961,498
<u>\$ 145,244</u>	<u>\$ 4,201</u>	<u>\$ 6,103,728</u>

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
For the Fiscal Year Ended September 30, 2018

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
REAL ESTATE FUND				
ASSETS				
Cash	\$ 4,918,851	\$ 351,305,866	\$ 351,096,554	\$ 5,128,163
Due from other govern- mental agencies	-	1,017,918	1,017,918	-
Due from individuals	40	476,422	476,382	80
	<u>\$ 4,918,891</u>	<u>\$ 352,800,206</u>	<u>\$ 352,590,854</u>	<u>\$ 5,128,243</u>
LIABILITIES				
Due to other funds	\$ -	\$ 7,762,035	\$ 7,762,035	\$ -
Due to other constitu- tional officers	35,914	132,803	35,985	132,732
Due to other govern- mental agencies	19,172	19,548	19,211	19,509
Due to individuals	6,571	1,456,180	1,448,247	14,504
Deposits	4,857,234	431,687,734	431,583,470	4,961,498
	<u>\$ 4,918,891</u>	<u>\$ 441,058,300</u>	<u>\$ 440,848,948</u>	<u>\$ 5,128,243</u>
DELINQUENT FUND				
ASSETS				
Cash	\$ 289,197	\$ 13,774,508	\$ 13,596,930	\$ 466,775
	<u>\$ 289,197</u>	<u>\$ 13,774,508</u>	<u>\$ 13,596,930</u>	<u>\$ 466,775</u>
LIABILITIES				
Due to other funds	\$ -	\$ 16	\$ 16	\$ -
Due to individuals	289,197	13,748,283	13,570,705	466,775
	<u>\$ 289,197</u>	<u>\$ 13,748,299</u>	<u>\$ 13,570,721</u>	<u>\$ 466,775</u>

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
For the Fiscal Year Ended September 30, 2018

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
LICENSE AND TAG FUND				
ASSETS				
Cash	\$ 396,470	\$ 26,936,483	\$ 26,987,351	\$ 345,602
Due from other funds	-	1,796,976	1,796,976	-
Due from other govern- mental agencies	1,437	56,994	57,106	1,325
Due from individuals	8,141	373,195	368,998	12,338
	<u>\$ 406,048</u>	<u>\$ 29,163,648</u>	<u>\$ 29,210,431</u>	<u>\$ 359,265</u>
LIABILITIES				
Due to other funds	\$ -	\$ 1,821,470	\$ 1,821,470	\$ -
Due to other constitu- tional officers	32,471	577,322	572,315	37,478
Due to other govern- mental agencies	371,056	25,940,809	25,991,838	320,027
Due to individuals	2,521	215,990	216,751	1,760
Deposits	-	1,680,209	1,680,209	-
	<u>\$ 406,048</u>	<u>\$ 30,235,800</u>	<u>\$ 30,282,583</u>	<u>\$ 359,265</u>
TOURIST DEVELOPMENT TAX FUND				
ASSETS				
Cash	\$ 135,118	\$ 4,222,590	\$ 4,212,464	\$ 145,244
Due from other funds	-	125,088	125,088	-
Due from individuals	-	112	112	-
	<u>\$ 135,118</u>	<u>\$ 4,347,790</u>	<u>\$ 4,337,664</u>	<u>\$ 145,244</u>
LIABILITIES				
Due to other constitu- tional officers	\$ 135,118	\$ 4,220,835	\$ 4,210,709	\$ 145,244
Due to other funds	-	125,090	125,090	-
Due to individuals	-	3,470	3,470	-
	<u>\$ 135,118</u>	<u>\$ 4,349,395</u>	<u>\$ 4,339,269</u>	<u>\$ 145,244</u>

CHARLOTTE COUNTY, FLORIDA
TAX COLLECTOR
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
For the Fiscal Year Ended September 30, 2018

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
CHARITIES FUND				
ASSETS				
Cash	\$ 4,702	\$ 4,292	\$ 4,793	\$ 4,201
	<u>\$ 4,702</u>	<u>\$ 4,292</u>	<u>\$ 4,793</u>	<u>\$ 4,201</u>
LIABILITIES				
Due to individuals	\$ 4,702	\$ 4,513	\$ 5,014	\$ 4,201
	<u>\$ 4,702</u>	<u>\$ 4,513</u>	<u>\$ 5,014</u>	<u>\$ 4,201</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 5,744,338	\$ 396,243,739	\$ 395,898,092	\$ 6,089,985
Due from other funds	-	1,922,064	1,922,064	-
Due from other govern- mental agencies	1,437	1,074,912	1,075,024	1,325
Due from individuals	8,181	849,729	845,492	12,418
	<u>\$ 5,753,956</u>	<u>\$ 400,090,444</u>	<u>\$ 399,740,672</u>	<u>\$ 6,103,728</u>
LIABILITIES				
Due to other funds	\$ -	\$ 9,708,611	\$ 9,708,611	\$ -
Due to other consti- tutional officers	203,503	4,930,960	4,819,009	315,454
Due to other govern- mental agencies	390,228	25,960,357	26,011,049	339,536
Due to individuals	302,991	15,428,436	15,244,187	487,240
Deposits	4,857,234	433,367,943	433,263,679	4,961,498
	<u>\$ 5,753,956</u>	<u>\$ 489,396,307</u>	<u>\$ 489,046,535</u>	<u>\$ 6,103,728</u>

**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***

Honorable Vickie L. Potts
Tax Collector
Charlotte County, Florida

We have audited, 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, the financial statements of each major fund and the aggregate remaining fund information of the Charlotte County, Florida, Tax Collector (the "Tax Collector"), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2019, for the purpose of compliance with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General-Local Governmental Entity Audits.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tax Collector'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 Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control Over Financial Reporting, continued

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 Tax Collector's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, rules, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ashley, Brown & Co.

Punta Gorda, Florida
March 13, 2019

Independent Auditor's Management Letter

Honorable Vickie L. Potts
Tax Collector
Charlotte County, Florida

Report on the Financial Statements

We have audited the financial statements of the Charlotte County, Florida, Tax Collector (the "Tax Collector"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 13, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 13, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit 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. There were no component units related to the Tax Collector.

Financial Management

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.

Additional Matters

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 the 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 Charlotte County, Florida, Tax Collector, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Ashley Brown & Co.

Punta Gorda, Florida
March 13, 2019

Independent Accountant's Examination Report

Honorable Vickie L. Potts
Tax Collector
Charlotte County, Florida

Report on Compliance

We have examined the Charlotte County, Florida, Tax Collector's (the "Tax Collector") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

Scope

Our examination was conducted in accordance with AICPA Professional Standards, AT-C Section 315, promulgated by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Clerk'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 Clerk's compliance with specified requirements.

Opinion

In our opinion, the Charlotte County, Florida, Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.



Punta Gorda, Florida
March 13, 2019