

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2019

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2019

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HERNANDO COUNTY, FLORIDA
SHERIFF

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Al Nienhuis
Sheriff
Hernando 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 Hernando County, Florida, Sheriff (the Sheriff) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff'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 from 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. 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 of the

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

INDEPENDENT AUDITOR'S REPORT

Sheriff as of September 30, 2019, and the respective changes in financial position, budgetary comparisons, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Incomplete 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 (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, budgetary comparisons, and cash flows 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 Hernando County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position as a whole of Hernando County, Florida, as of September 30, 2019, and the changes in its financial position, budgetary comparisons, or cash flows 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 this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The other financial 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. Such 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 other financial 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 our report dated January 30, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.



January 30, 2020
Sarasota, Florida

FINANCIAL STATEMENTS

**HERNANDO COUNTY, FLORIDA
SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	<u>General</u>	<u>Federal Forfeitures</u>	<u>E-911</u>	<u>Inmate Welfare</u>	<u>Inmate Revenue</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Assets							
Cash and Cash							
Equivalents	\$ 3,531,657	\$ 868,121	\$ 641,816	\$ 861,483	\$ 1,166,621	\$ 1,090,492	\$ 8,160,190
Accounts Receivable	-	-	-	31,844	-	-	31,844
Due from Other Funds	16,363	-	-	11,182	-	-	27,545
Due from Other							
Governments	51,586	-	72,717	25	98,280	70,480	293,088
Total Assets	<u>3,599,606</u>	<u>868,121</u>	<u>714,533</u>	<u>904,534</u>	<u>1,264,901</u>	<u>1,160,972</u>	<u>8,512,667</u>
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	708,912	21,760	93	407	569	51,725	783,466
Accrued Wages and							
Benefits Payable	2,258,136	-	10,652	13,617	66,872	32,917	2,382,194
Due to Hernando							
County, Florida,							
Board of County							
Commissioners	632,558	-	-	-	1,197,460	-	1,830,018
Deposits	-	-	-	-	-	80	80
Total Liabilities	<u>3,599,606</u>	<u>21,760</u>	<u>10,745</u>	<u>14,024</u>	<u>1,264,901</u>	<u>84,722</u>	<u>4,995,758</u>
Fund Balances							
Restricted for:							
Law Enforcement							
Activities	-	846,361	-	-	-	177,386	1,023,747
Communications	-	-	703,788	-	-	192,659	896,447
Education and							
Training	-	-	-	-	-	564,503	564,503
Inmate Benefits	-	-	-	890,510	-	-	890,510
Other	-	-	-	-	-	141,702	141,702
Total Fund Balances	<u>-</u>	<u>846,361</u>	<u>703,788</u>	<u>890,510</u>	<u>-</u>	<u>1,076,250</u>	<u>3,516,909</u>
Total Liabilities and Fund Balances	<u>\$ 3,599,606</u>	<u>\$ 868,121</u>	<u>\$ 714,533</u>	<u>\$ 904,534</u>	<u>\$ 1,264,901</u>	<u>\$ 1,160,972</u>	<u>\$ 8,512,667</u>

See accompanying notes.

**HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	General	Federal Forfeitures	E-911	Inmate Welfare	Inmate Revenue	Non-Major Governmental Funds	Total
Revenues							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,167	\$ 193,167
Charges for Services	254,691	-	814,434	576,936	2,785,483	1,010,517	5,442,061
Fines and Forfeitures	-	52,010	-	-	-	173,396	225,406
Interest Revenue	49,139	2,696	3,620	3,133	3,410	3,332	65,330
Miscellaneous	265,187	-	-	2,615	-	161,882	429,684
Total Revenues	<u>569,017</u>	<u>54,706</u>	<u>818,054</u>	<u>582,684</u>	<u>2,788,893</u>	<u>1,542,294</u>	<u>6,355,648</u>
Expenditures							
Public Safety:							
Personnel Services	42,230,129	-	430,475	295,210	1,130,015	868,770	44,954,599
Operating Expenditures	6,680,031	27,179	315,387	98,101	468,282	470,589	8,059,569
Capital Outlay	1,939,830	1,925	66,152	14,083	24,104	211,274	2,257,368
Court Services:							
Personnel Services	1,092,229	-	-	-	-	-	1,092,229
Operating Expenditures	264,899	-	-	-	-	-	264,899
(Total Expenditures)	<u>(52,207,118)</u>	<u>(29,104)</u>	<u>(812,014)</u>	<u>(407,394)</u>	<u>(1,622,401)</u>	<u>(1,550,633)</u>	<u>(56,628,664)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(51,638,101)</u>	<u>25,602</u>	<u>6,040</u>	<u>175,290</u>	<u>1,166,492</u>	<u>(8,339)</u>	<u>(50,273,016)</u>
Other Financing Sources (Uses)							
Transfers in:							
Hernando County, Florida Board of County Commissioners:							
Appropriations	52,508,388	-	-	-	2,578,873	-	55,087,261
Transfers (out):							
Hernando County, Florida Board of County Commissioners:							
Other Revenues	(569,017)	-	-	-	(2,785,482)	-	(3,354,499)
Excess Fees	(301,270)	-	-	-	(959,883)	-	(1,261,153)
Total Other Financing Sources (Uses)	<u>51,638,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,166,492)</u>	<u>-</u>	<u>50,471,609</u>
Net Change in Fund Balance	<u>-</u>	<u>25,602</u>	<u>6,040</u>	<u>175,290</u>	<u>-</u>	<u>(8,339)</u>	<u>198,593</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>820,759</u>	<u>697,748</u>	<u>715,220</u>	<u>-</u>	<u>1,084,589</u>	<u>3,318,316</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 846,361</u>	<u>\$ 703,788</u>	<u>\$ 890,510</u>	<u>\$ -</u>	<u>\$ 1,076,250</u>	<u>\$ 3,516,909</u>

See accompanying notes.

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 270,000	\$ 270,000	\$ 254,690	\$ (15,310)
Interest Revenue	20,000	20,000	49,139	29,139
Miscellaneous	12,500	12,500	265,187	252,687
Total Revenues	<u>302,500</u>	<u>302,500</u>	<u>569,016</u>	<u>266,516</u>
Expenditures				
Public Safety:				
Personnel Services	41,570,940	42,478,266	42,230,129	248,137
Operating Expenditures	5,970,767	6,689,030	6,680,031	8,999
Capital Outlay	966,322	1,913,465	1,939,830	(26,365)
Court Services:				
Personnel Services	1,064,703	1,119,455	1,092,229	27,226
Operating Expenditures	279,678	282,586	264,899	17,687
(Total Expenditures)	<u>(49,852,410)</u>	<u>(52,482,802)</u>	<u>(52,207,118)</u>	<u>275,684</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(49,549,910)</u>	<u>(52,180,302)</u>	<u>(51,638,102)</u>	<u>542,200</u>
Other Financing Sources (Uses)				
Transfers in:				
Hernando County, Florida, Board of County Commissioners Appropriations	49,852,410	52,482,802	52,508,389	25,587
Transfers (out):				
Transfer to Other Fund	-	-	-	-
Hernando County, Florida, Board of County Commissioners:				
Other Revenues	(302,500)	(302,500)	(569,017)	(266,517)
Excess Fees	-	-	(301,270)	(301,270)
Total Other Financing Sources (Uses)	<u>49,549,910</u>	<u>52,180,302</u>	<u>51,638,102</u>	<u>(542,200)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FEDERAL FORFEITURES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$ -	\$ -	\$ 52,009	\$ (52,009)
Interest Revenue	200	200	2,696	2,496
Total Revenues	<u>200</u>	<u>200</u>	<u>54,705</u>	<u>(49,513)</u>
Expenditures				
Public Safety:				
Operating Expenditures	-	28,606	27,179	1,427
Capital Outlay	-	68,160	1,925	66,235
(Total Expenditures)	<u>-</u>	<u>(96,766)</u>	<u>(29,104)</u>	<u>67,662</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	200	(96,566)	25,601	18,149
Other Financing (Uses) Sources				
Reserve for Contingencies	(820,959)	(724,193)	-	724,193
Total Other Financing Sources (Uses)	<u>(820,959)</u>	<u>(724,193)</u>	<u>-</u>	<u>724,193</u>
Net Change in Fund Balance	(820,759)	(820,759)	25,601	(742,342)
Fund Balance, Beginning of Year	<u>820,759</u>	<u>820,759</u>	<u>820,759</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 846,360</u>	<u>\$ (742,342)</u>

See accompanying notes.

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - E-911 FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 693,000	\$ 693,000	\$ 814,434	\$ 121,434
Interest Revenue	3,500	3,500	3,620	120
Total Revenues	<u>696,500</u>	<u>696,500</u>	<u>818,054</u>	<u>121,554</u>
Expenditures				
Public Safety:				
Personnel Services	509,166	509,166	430,475	78,691
Operating Expenditures	376,111	376,111	315,387	60,724
Capital Outlay	80,467	80,467	66,152	14,315
(Total Expenditures)	<u>(965,744)</u>	<u>(965,744)</u>	<u>(812,014)</u>	<u>153,730</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(269,244)	(269,244)	6,040	275,284
Other Financing (Uses) Sources				
Reserve for Contingencies	(397,405)	(397,405)	-	397,405
Total Other Financing Sources (Uses)	<u>(397,405)</u>	<u>(397,405)</u>	<u>-</u>	<u>397,405</u>
Net Change in Fund Balance	(666,649)	(666,649)	6,040	672,689
Fund Balance, Beginning of Year	<u>666,649</u>	<u>666,649</u>	<u>697,748</u>	<u>31,099</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703,788</u>	<u>\$ 703,788</u>

See accompanying notes.

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - INMATE WELFARE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 429,720	429,720	576,936	\$ 147,216
Interest Revenue	1,000	1,000	3,133	2,133
Miscellaneous	3,000	3,000	2,616	(384)
Total Revenues	<u>433,720</u>	<u>433,720</u>	<u>582,685</u>	<u>148,965</u>
Expenditures				
Public Safety:				
Personnel Services	287,097	293,297	295,210	(1,913)
Operating Expenditures	146,123	125,723	98,101	27,622
Capital Outlay	-	14,200	14,083	117
(Total Expenditures)	<u>(433,220)</u>	<u>(433,220)</u>	<u>(407,394)</u>	<u>25,826</u>
Excess of Revenues Over Expenditures	<u>500</u>	<u>500</u>	<u>175,291</u>	<u>174,791</u>
Other Financing Sources (Uses)				
Reserve for Contingencies	(684,858)	(684,858)	-	684,858
Total Other Financing Sources (Uses)	<u>(684,858)</u>	<u>(684,858)</u>	<u>-</u>	<u>684,858</u>
Net Change in Fund Balance	(684,358)	(684,358)	175,291	859,649
Fund Balance, Beginning of Year	<u>684,358</u>	<u>684,358</u>	<u>715,220</u>	<u>30,862</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 890,511</u>	<u>\$ 890,511</u>

See accompanying notes.

**HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - INMATE REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 2,864,625	\$ 2,864,625	\$ 2,785,483	\$ (79,142)
Interest Revenue	-	-	3,410	3,410
Total Revenues	<u>2,864,625</u>	<u>2,864,625</u>	<u>2,788,893</u>	<u>(75,732)</u>
Expenditures				
Public Safety:				
Personnel Services	1,615,692	1,568,382	1,130,015	438,367
Operating Expenditures	942,868	986,378	468,282	518,096
Capital Outlay	20,313	24,113	24,104	9
(Total Expenditures)	<u>(2,578,873)</u>	<u>(2,578,873)</u>	<u>(1,622,401)</u>	<u>956,472</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	285,752	285,752	1,166,492	880,740
Other Financing Sources (Uses)				
Transfers in:				
Hernando County, Florida, Board of County Commissioners Appropriations	2,578,873	2,578,873	2,578,873	-
Transfers (out):				
Hernando County, Florida, Board of County Commissioners:				
Other Revenue	(2,864,625)	(2,864,625)	(2,785,482)	79,143
Excess Fees	-	-	(959,883)	(959,883)
Total Other Financing Sources (Uses)	<u>(285,752)</u>	<u>(285,752)</u>	<u>(1,166,492)</u>	<u>(880,740)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUND
SEPTEMBER 30, 2019

	Internal Service
Assets	
Cash and Cash Equivalents (Including with Fiscal Agent)	\$ 5,209,867
Accounts Receivable	16,752
Total Assets	5,226,619
Liabilities	
Accounts Payable	564,969
Liability for Unpaid Claims	324,362
Unearned Revenue	478,407
Total Liabilities	1,367,738
Net Position	
Unrestricted	3,858,881
Total Net Position	\$ 3,858,881

See accompanying notes.

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Internal Service
Operating Revenues	
Inter-Fund Charges	\$ 5,863,767
Premiums - Employees	625,312
Premiums - Retirees	485,635
Miscellaneous	246,510
Total Operating Revenues	7,221,224
Operating Expenses	
Claims	5,048,920
Other Services and Charges	1,381,958
Insurance	379,979
(Total Operating Expenses)	(6,810,857)
Operating Income	410,367
Non-Operating Revenues	
Interest	65,538
Change in Net Position	475,905
Net Position, Beginning of Year	3,382,976
Net Position, End of Year	\$ 3,858,881

See accompanying notes.

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Internal Service
Cash Flows From Operating Activities	
Cash Received from Inter-Fund Charges	\$ 5,947,055
Cash Received from Employees	625,312
Cash Received from Retirees	485,635
Other Cash Receipts	246,510
Payments to Suppliers	(996,524)
Claims Paid	(5,926,816)
Net Cash Provided by Operating Activities	381,172
Cash Flows From Investing Activities	
Interest Received	65,538
Net Increase in Cash and Cash Equivalents	446,710
Cash and Cash Equivalents, Beginning of Year	4,763,157
Cash and Cash Equivalents, End of Year	\$ 5,209,867
<u>Reconciliation of Operating Income to Cash and Cash Equivalents Provided by Operating Activities</u>	
Operating Income	\$ 410,367
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	56,452
(Decrease) in Accounts Payable	(185,065)
Increase in Liability for Unpaid Claims	16,130
Increase in Unearned Revenue	83,288
Total Adjustments	(29,195)
Net Cash Provided by Operating Activities	\$ 381,172

See accompanying notes.

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2019

Assets	
Cash and Cash Equivalents	\$ 121,116
Total Assets	<u>121,116</u>
Liabilities	
Accounts Payable	63,317
Due to Other Funds	27,545
Due to Other Governments (HCOCC)	7,966
Deposits	22,288
Total Liabilities	<u>\$ 121,116</u>

See accompanying notes.

HERNANDO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Hernando County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and managed by an appointed County Administrator. The Hernando County, Florida, Sheriff (the Sheriff) is an elected constitutional officer as provided for by the Constitution of the State of Florida. Pursuant to Chapter 129, Florida Statutes, the Sheriff's budget is submitted to the Board for approval.

The Sheriff is the chief law enforcement officer of the County. Funding for the Sheriff's operations comes primarily from annual appropriations from the Board and all unexpended proceeds must be returned to the Board at year-end.

For financial reporting purposes, the Sheriff is deemed to be part of the primary government of the County and, as such, is included in the County's Comprehensive Annual Financial Report.

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Sheriff's office, but are not intended to be a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Sheriff are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balance accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. GAAP sets forth minimum criteria (percentage of total assets, liabilities, revenues, or expenditures) for the determination of major funds. Each major fund is reported in a separate column.

The Sheriff reports the following major governmental funds:

- **General Fund**—The General Fund is used to account for the general operations of the Sheriff and includes all transactions which are not accounted for in another fund.
- **Federal Forfeitures Fund**—This fund is used to account for forfeiture awards made under the U.S. Department of Justice and the Department of Treasury Equitable Sharing Program. Equitably shared funds must be used to supplement and enhance enforcement resources.

HERNANDO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

- **E-911 Fund**—This fund is used to account for the proceeds of telephone charges collected for the installation and operation of an Emergency 911 System.
- **Inmate Welfare Fund**—This fund is used to account for revenue from commissions from the commissary and pay phone. The funds are used for expenditures in the commissary operation, including overall inmate welfare.
- **Inmate Revenue Fund**—This fund is used to account for the proceeds of housing federal and other local government inmates at the detention facility.

The Sheriff also reports the following non-major special revenue funds:

- 800 MHz Fund
- Law Enforcement Educational Fund
- Child Saver Program Fund
- Grants and Contributions Fund
- City of Brooksville Contract Fund

The Sheriff reports the following other fund types:

- **Proprietary Fund Type—Internal Service Funds**
These funds are used to account for health, dental, and clinic insurance benefits provided to the employees by the Sheriff. Their funding is based upon an annual actuarial study of expected benefit payouts.
- **Fiduciary Fund Type—Agency Funds**
These funds are used to account for assets held by the Sheriff in a trustee capacity or as an agent for individuals, private organizations, and other governments.

Measurement Focus and Basis of Accounting

Governmental funds are accounted for using the flow of current financial resources measurement focus. Only current assets and current liabilities, generally, are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations or have a measurement focus.

The modified accrual basis of accounting is used by both governmental and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available to finance liabilities of the current fiscal year). For this purpose, the Sheriff considers revenues to be available if they are collected within 60 days after year-end. Grants must also meet eligibility requirements to be accrued.

HERNANDO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

For governmental funds, expenditures are recorded when the related fund liability is incurred, except for certain compensated absences, which are recognized as expenditures when paid. Substantially all of the Sheriff's operating budget funding is appropriated by the Board. These resources are reflected as other financing sources at the time of receipt. Interest and other revenue are recognized as they are earned and become measurable and available to pay liabilities of the current period.

The proprietary fund type - internal service fund accounts for medical and dental insurance coverage for the Sheriff's employees. Proprietary fund types use the accrual basis of accounting, where revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of related cash flows. In addition, proprietary funds distinguish operating revenues and expenses from non-operating items.

The focus on fiduciary type fund financial statements is by fund-type, not major fund. The Sheriff only has one fiduciary fund-type, the agency fund-type. Accordingly, there is only one column in the fiduciary fund financial statement.

Excess Fees and Other Revenues

Florida Statutes provide that the amount by which revenues and transfers exceed annual expenditures be remitted to the Board within one month following the fiscal year for which the funding was provided or following the fiscal year during which other revenue was recognized. This requirement is reflected in the Sheriff's General Fund where the amount of this distribution is recorded as a liability and as another financing use. Other revenues due to the Board consist of those third-party revenues received directly by the Sheriff for certain expenditures that are owed to the Board.

Cash Equivalents

Cash equivalents are defined as highly-liquid investments with original maturities of three months or less.

Prepaid Items

Certain prepayments to vendors reflect costs applicable to future accounting periods. These prepayments are recorded as expenditures in the year paid.

Deferred Inflows/Unearned Revenue

Deferred inflows in governmental funds represent revenues that have been earned, but are not available (because they were received more than 60 days after year-end). Unearned revenue in proprietary fund types represents revenues attributable to future periods.

Compensated Absences

Eligible full-time employees are entitled to accrue compensatory time, annual vacation, and sick leave up to predetermined thresholds, and received pay for those hours at termination or retirement. For terminations in good standing, the employee is paid for 25% of accumulated sick leave up to a total of 500 hours. Upon retirement, (separation from the agency), current employees with 10 or more consecutive years of service as of October 1, 2009, will receive a payout of sick leave as follows: 20+ years of service equals 100%;

HERNANDO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

15-19 years of service equals 75%; 10-14 years of service equals 50%. Employees with less than 10 consecutive years of service as of October 1, 2009, and all new employees hired on or after that date will receive 50% payout of sick leave up to 500 hours, upon retirement. For all payments of sick leave, the employee is paid at their pay rate effective at termination or retirement.

Vacation and sick leave payments are included in personnel services when the payments are made to the employees. The Sheriff does not, nor is he legally required to, accumulate financial resources for these obligations. Accordingly, the liability for compensated absences is not reported in the governmental funds but rather is reported in the basic financial statements of the County.

Fund Balances

The Sheriff implemented the provisions of the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Statement No. 54) in 2011, as required. The purpose of GASB Statement No. 54 was to improve the consistency and usefulness of fund balance information to the financial statement user. The statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: non-spendable, restricted, committed, assigned, and unassigned:

- **Non-Spendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted**—This component of fund balances consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., policy) of the organization’s governing authority. By statute, the Sheriff himself is the governing authority. These committed amounts cannot be used for any other purpose unless the Sheriff removes or changes the specified use by taking the same type of action (e.g., policy) he employed to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Sheriff has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the General Fund that are not restricted, committed, or assigned.

**HERNANDO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

When both restricted and unrestricted resources are available for use, it is generally the Sheriff's policy to use unrestricted resources first (committed, assigned, and unassigned) then restricted resources as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is generally the Sheriff's policy to use unassigned resources first, then assigned, and then committed as needed.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2 - Budgetary Process

Florida Statutes, Sections 30.49, 129.021, and 129.03 govern the preparation, adoption, and administration of the Sheriff's annual budget. The Sheriff prepares individual budgets for the General Fund, E-911, 800 MHz, and the Federal Inmate Special Revenue Funds, and submits them to the Board for approval. Any budgets that are not subject to the approval of the Board shall follow the same procedures as those approved by the Board with the exception that the Sheriff is the approver rather than the Board.

The budgets are prepared on a basis consistent with GAAP and serve as the legal authorization for expenditures. Amendments increasing total fund expenditures must be approved by the Sheriff and/or Board. Budgetary changes between or among expenditures within a fund may be made at the discretion of the Comptroller.

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable to the fiscal year and approved by the Board or Sheriff within 60 days after year-end.

Note 3 - Cash and Cash Equivalents

At September 30, 2019, the carrying value of the Sheriff's cash and cash equivalents was as follows:

	Carrying Value
Cash on Hand	\$ 11,315
Demand Deposits	13,480,149
Total Cash and Cash Equivalents	\$ 13,491,464

Such amounts are reported as \$8,160,481, \$5,209,867, and \$121,116 in the governmental, internal service, and agency funds, respectively. In addition, there is cash and investments of \$5,209,867 held by the claims administrator reported in the internal service funds at year-end.

**HERNANDO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

The Sheriff’s bank deposits are held in qualified public depositories (QPDs) pursuant to Chapter 280, Florida Statutes. Under this Chapter, each QPD is required to pledge collateral to the State Treasurer against the public deposits. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default.

Authorized Investments

The Sheriff’s Investment Policy follows the state’s guidance set forth in Section 219.075, Florida Statutes, regarding the deposit of funds received and the investment of surplus funds. That Section requires local governments without written investment policies, including County officers, to follow the state policy in Section 218.415(17), Florida Statutes. That Section authorizes the following investments:

- a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*, as provided in Florida Statute 163.01.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest-bearing time deposits or savings accounts in qualified public depositories.
- d. Direct obligations of the United States Treasury.

Note 4 - Inter-Fund Balances

Inter-fund balances at September 30, 2019, consisted of the following:

	Inter-Fund Receivable	Inter-Fund Payable
General Fund	\$ 16,363	\$ -
Inmate Welfare Fund	11,182	-
Agency Fund	-	27,545
Total Due to/Due from Other Funds	\$ 27,545	\$ 27,545

The receivables represent primarily fees collected in an agency fund for other funds. These fees are from jail inmates for subsistence fees, booking fees, medical fees, and commissions on commissary sales.

Note 5 - Capital Assets

Pursuant to Florida Statutes, the Sheriff can own tangible capital assets, and the Sheriff maintains custody and recordkeeping responsibility for these assets. However, office space and facilities used in the Sheriff’s operations are provided at no cost by the Board.

**HERNANDO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Capital assets paid for by the Sheriff are recorded as expenditures in the governmental funds of the Sheriff but are capitalized in the basic financial statements of the County. The capitalization threshold is \$1,000. Donated capital assets are recorded at their estimated fair value on the date received. Effective October 1, 2010, the Sheriff is responsible for recording all grant-related assets regardless of whether the grant origin was Hernando County or the Sheriff. Depreciation is recorded at the County level. Most of the capital assets listed below are being depreciated over five years.

Capital asset activity for the tangible property over which the Sheriff has custodial and recordkeeping responsibility, for the year ended September 30, 2019, was as follows:

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Automobiles and Other Vehicles	\$ 10,518,257	\$ 1,676,824	\$ (1,072,631)	\$ 11,122,450
Furniture and Equipment	10,341,640	1,188,231	(1,472,458)	10,057,413
Construction in Process	<u>286,890</u>	<u>12,450</u>	<u>(286,890)</u>	<u>12,450</u>
Total at Cost	21,146,787	2,877,505	(2,831,979)	21,192,313
(Less Accumulated Depreciation)	<u>(15,350,575)</u>	<u>(1,949,462)</u>	<u>2,531,945</u>	<u>(14,768,092)</u>
Book Value	<u>\$ 5,796,212</u>	<u>\$ 928,043</u>	<u>\$ (300,034)</u>	<u>\$ 6,424,221</u>

Proceeds from the sale or disposal of vehicles are netted against capital outlay in the accompanying statement of revenues, expenditures, and changes in fund balance. Following is a reconciliation of 2019 capital asset additions above to capital outlay on the accompanying statement of revenues, expenditures, and changes in fund balance:

	2019
Capital Outlay	\$ 2,531,812
Construction in Process	12,450
Proceeds from Vehicle Sales/Disposals	135,739
Other Funding Sources	<u>197,504</u>
Total Additions	<u>\$ 2,877,505</u>

Note 6 - Long-Term Liabilities

The following is a summary of changes in general long-term liabilities, which are reported in the basic financial statements of the County:

	Balance October 1, 2018	Additions	Retirements	Balance September 30, 2019	Current Portion
Contract Payable	\$ 201,609	\$ -	\$ (67,194)	\$ 134,415	\$ 67,203
Accrued Compensated Absences	4,182,898	3,474,802	(3,506,405)	4,151,295	3,165,356
Total Long-Term Liabilities	<u>\$ 4,384,507</u>	<u>\$ 3,474,802</u>	<u>\$ (3,573,599)</u>	<u>\$ 4,285,710</u>	<u>\$ 3,232,559</u>

The terms of the contract payable include the purchase of 17 vehicles from the City of Brooksville, payable over a three-years, as stated in the inter local agreement between the Sheriff.

**HERNANDO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 7 - Detention Operations

For twenty-two years, the Hernando County jail was operated by a private corporation. Effective August 27, 2010, the Sheriff took over the detention operations based on an Interlocal Agreement between the Sheriff and the Board. The initial term of the agreement was through September 30, 2013, with an automatic renewal period of an additional three years, expiring on September 30, 2016. An updated agreement was entered into and shall continue until September 30, 2021.

Note 8 - General Fund Revenues and Expenditures

General Fund Revenues and Expenditures for the year ended September 30, 2019, were as follows:

	<u>Total</u>	<u>Law Enforcement</u>	<u>Detention</u>	<u>Courthouse</u>
Revenues				
Inmate Booking	\$ 59,254	\$ -	\$ 59,254	\$ -
Inmate Medical	47,723	-	47,723	-
Inmate Subsistence	117,714	-	117,714	-
Inmate Social Security	<u>30,000</u>	-	<u>30,000</u>	-
Charges for Services	<u>254,691</u>	-	<u>254,691</u>	-
Interest Income	49,139	49,139	-	-
Miscellaneous	<u>265,187</u>	<u>265,187</u>	-	-
Total Revenues	<u>\$ 314,326</u>	<u>\$ 314,326</u>	<u>\$ 254,691</u>	<u>\$ -</u>
Expenditures				
Personnel Services	\$ 43,322,358	\$ 30,838,123	\$ 11,392,006	\$ 1,092,229
Operating Expenditures	6,944,930	4,497,987	2,182,044	264,899
Capital Outlay	<u>1,939,830</u>	<u>1,895,969</u>	<u>43,891</u>	-
Total Expenditures	<u>\$ 52,207,118</u>	<u>\$ 37,232,079</u>	<u>\$ 13,617,911</u>	<u>\$ 1,357,128</u>

Note 9 - Employee Retirement Plan

The Sheriff participates in the Florida Retirement System for Pension Benefits. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

Note 10 - Other Postemployment Benefits

The Sheriff participates in the plan established by the Board to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

**HERNANDO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 11 - Risk Management

The Sheriff participates in the Florida Sheriff's Risk Management Fund to insure against automobile, workers' compensation, and general liabilities claims. Except as disclosed in the next paragraph, there have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for any of the last three years.

Effective October 1, 2011, the Sheriff became self-insured for employee and retiree health coverage. Effective October 1, 2014, the Sheriff became self-insured for employee and retiree dental coverage. Prior to those dates, the Sheriff carried commercial insurance for its health and dental coverage.

Note 12 - Self-Insurance Internal Service Fund

The self-insurance program was established under Florida Statute 112.08 to reduce employee medical costs for the Sheriff's Office. The program is administered by an outside third-party, and uses a combination of self-insurance and specific and aggregate stop-loss coverage to minimize risk exposure. It is accounted for in an internal service fund. Fund revenues are primarily contributions from other funds, retirees, and employees for amounts needed to pay insurance premiums, anticipated self-insured losses, administrative expenses, and clinic expenses.

Changes in claims liability amounts for the years ended September 30, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Unpaid Claims, Beginning of Year	\$ 308,232	\$ 307,563
Incurred Claims	4,820,069	5,032,855
Claim Payments	<u>(4,803,939)</u>	<u>(5,032,186)</u>
Unpaid Claims, End of Year	<u>\$ 324,362</u>	<u>\$ 308,232</u>

Note 13 - Leases

Revenue of the 800 MHz Fund includes lease payments received for space leased on the County's primary tower site. The lease began December 16, 1997, between the Board and Cingular (Tenant). There have been several amendments since then, extending the lease term and changing the monthly lease payment. The sixth amendment, effective July 1, 2016, amended the lease term to include a new initial term of sixty months, plus up to five additional sixty-month terms, built-in rate increases at the beginning of each renewal term. AT&T Mobility Corporation, who owns New Cingular Wireless, has a reduced monthly lease payment from \$5,407 to \$4,210. The Board has informally assigned the rights to the lease revenue to the Sheriff to operate the system. The amount of the lease revenue for the year ended September 30, 2019, was \$50,520. The future lease revenues are as follows:

**HERNANDO COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Year	Amount
2020	\$ 50,520
2021	52,415
2022	58,098
2023	58,098
2024	58,098
2025-2029	318,813
2030-2034	366,635
2035-2039	421,630
2040-2044	484,874
2045-2049	177,824
2050-2054	-
Total	\$ 2,047,005

Note 14 - Claims and Contingencies

Litigation

The Sheriff is involved as defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. Any judgments against the Sheriff in excess of insurance limits would be settled by the Board. In the opinion of the Sheriff and legal counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the Sheriff.

Federal and State Grants

Grant funds received by the Sheriff are subject to audit by grantor agencies. Audits of these grants may result in disallowed costs, which may constitute a liability of the Sheriff. In the opinion of management disallowed costs, if any, would be insignificant to the financial position and operations of the Sheriff.

SUPPLEMENTAL INFORMATION

**Combining and Individual Fund
Financial Statements and Schedules**

HERNANDO COUNTY, FLORIDA
SHERIFF
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2019

Special revenue funds are used to account for the proceeds of special revenue sources that are legally restricted to specified purposes. The Hernando County, Florida, Sheriff has the following non-major special revenue funds:

- **800MHz Fund**—This fund derives its resources from lease payments for space leased on the Hernando County’s (the County) primary tower site, fees assessed to each radio user department for maintenance contract costs, and a \$12.50 fee included in each fine paid for a traffic citation. The 800MHz system is maintained to ensure continuous and optimum radio communications for all public safety and the County radio users.

- **Law Enforcement Education Fund**—This fund derives its resources from court cost assessments pursuant to Sections 938.15 and 318.18 of the Florida Statutes. The assessments are collected by the Clerk of the Circuit Court and remitted to the Sheriff monthly. Use of the funds received is restricted to criminal justice education and training in programs approved.

- **Child Saver Program Fund**—This fund derives its resources from funds received for the rental of infant and toddler car seats. The non-refundable service fees charged are to be used for the maintenance and repair of returned car seats and to assist in the purchase of additional seats to expand the program as the population of the County grows and there is additional demand for car seats.

- **Grants and Contributions Fund**—This fund derives its resources from grants and donations. Each grant and donation is separately accounted for within the fund, to assure proper accounting in accordance with the grant agreements.

- **City of Brooksville Contract Fund**—This fund derives its resources from the City of Brooksville based on an interlocal agreement agreed upon by the Sheriff and the Mayor to provide enhanced law enforcement services within the city limits.

**HERNANDO COUNTY, FLORIDA
SHERIFF
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Special Revenue Funds					Total Non-Major Governmental Funds
	800MHz	Law Enforcement Education	Child Saver Program	Grants and Contributions	City of Brooksville Contract Fund	
Assets						
Cash and Cash Equivalents	\$ 184,648	\$ 560,838	\$ 7,371	\$ 145,242	\$ 192,393	\$ 1,090,492
Due from Other Governments	9,107	4,064	-	57,309	-	70,480
Total Assets	<u>193,755</u>	<u>564,902</u>	<u>7,371</u>	<u>202,551</u>	<u>192,393</u>	<u>1,160,972</u>
Liabilities						
Accounts Payable	1,096	399	-	20,810	29,420	51,725
Accrued Wages and Benefits Payable	-	-	-	4,355	28,562	32,917
Deposits	-	-	80	-	-	80
Total Liabilities	<u>1,096</u>	<u>399</u>	<u>80</u>	<u>25,165</u>	<u>57,982</u>	<u>84,722</u>
Fund Balances						
Restricted for:						
Law Enforcement						
Activities	-	-	-	177,386	-	177,386
Communications	192,659	-	-	-	-	192,659
Education and Training	-	564,503	-	-	-	564,503
Other	-	-	7,291	-	134,411	141,702
Total Fund Balances	<u>192,659</u>	<u>564,503</u>	<u>7,291</u>	<u>177,386</u>	<u>134,411</u>	<u>1,076,250</u>
Total Liabilities and Fund Balances	<u>\$ 193,755</u>	<u>\$ 564,902</u>	<u>\$ 7,371</u>	<u>\$ 202,551</u>	<u>\$ 192,393</u>	<u>\$ 1,160,972</u>

**HERNANDO COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue Funds					Total Non-Major Governmental Funds
	800MHz	Law Enforcement Education	Child Saver Program	Grants and Contributions	City of Brooksville Contract Fund	
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 193,167	\$ -	\$ 193,167
Charges for Services	181,958	-	835	-	827,724	1,010,517
Fines and Forfeitures	118,231	55,165	-	-	-	173,396
Interest Revenue	659	1,996	-	677	-	3,332
Miscellaneous	50,520	-	-	38,660	72,702	161,882
Total Revenues	<u>351,368</u>	<u>57,161</u>	<u>835</u>	<u>232,504</u>	<u>900,426</u>	<u>1,542,294</u>
Expenditures						
Public Safety:						
Personnel Services	-	-	-	151,081	717,689	868,770
Operating Expenditures	320,140	41,299	-	37,886	71,264	470,589
Capital Outlay	-	-	-	32,603	178,671	211,274
(Total Expenditures)	<u>(320,140)</u>	<u>(41,299)</u>	<u>-</u>	<u>(221,570)</u>	<u>(967,624)</u>	<u>(1,550,633)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>31,228</u>	<u>15,862</u>	<u>835</u>	<u>10,934</u>	<u>(67,198)</u>	<u>(8,339)</u>
Fund Balances, Beginning of Year	<u>161,431</u>	<u>548,641</u>	<u>6,456</u>	<u>166,452</u>	<u>201,609</u>	<u>1,084,589</u>
Fund Balances, End of Year	<u>\$ 192,659</u>	<u>\$ 564,503</u>	<u>\$ 7,291</u>	<u>\$ 177,386</u>	<u>\$ 134,411</u>	<u>\$ 1,076,250</u>

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 800 MHz FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 162,000	\$ 162,000	\$ 181,958	\$ 19,958
Fines and Forfeitures	125,000	125,000	118,231	(6,769)
Interest Revenue	-	-	659	659
Miscellaneous	50,520	50,520	50,520	-
Total Revenues	<u>337,520</u>	<u>337,520</u>	<u>351,368</u>	<u>13,848</u>
Expenditures				
Public Safety:				
Operating Expenditures	449,162	449,162	320,140	129,022
(Total Expenditures)	<u>449,162</u>	<u>449,162</u>	<u>320,140</u>	<u>129,022</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(111,642)	(111,642)	31,228	142,870
Other Financing (Uses) Sources				
Reserve for Contingencies	(70,358)	(70,358)	-	70,358
Net Change in Fund Balance	<u>(182,000)</u>	<u>(182,000)</u>	<u>31,228</u>	<u>213,228</u>
Fund Balance, Beginning of Year	<u>182,000</u>	<u>182,000</u>	<u>161,431</u>	<u>(20,569)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,659</u>	<u>\$ 192,659</u>

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LAW ENFORCEMENT EDUCATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 55,000	\$ 55,000	\$ 55,166	\$ 166
Interest Revenue	150	150	1,996	1,846
Total Revenues	<u>55,150</u>	<u>55,150</u>	<u>57,162</u>	<u>2,012</u>
Expenditures				
Public Safety:				
Operating Expenditures	136,177	136,177	41,008	95,169
(Total Expenditures)	<u>(136,177)</u>	<u>(136,177)</u>	<u>(41,008)</u>	<u>95,169</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(81,027)	(81,027)	16,154	97,181
Other Financing (Uses) Sources				
Reserve for Contingencies	(463,778)	(463,778)	-	463,778
Net Change in Fund Balance	(544,805)	(544,805)	16,154	560,959
Fund Balance, Beginning of Year	544,805	544,805	548,641	3,836
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 564,795</u>	<u>\$ 564,795</u>

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS AND CONTRIBUTIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 209,887	\$ 278,071	\$ 193,167	\$ (84,904)
Interest Revenue	50	50	677	627
Miscellaneous	56,161	56,161	38,661	(17,500)
Total Revenues	<u>266,098</u>	<u>334,282</u>	<u>232,505</u>	<u>(101,777)</u>
Expenditures				
Public Safety:				
Personnel Services	131,378	196,104	151,081	45,023
Operating Expenditures	65,531	68,989	37,886	31,103
Capital Outlay	87,466	87,466	32,603	54,863
(Total Expenditures)	<u>(284,375)</u>	<u>(352,559)</u>	<u>(221,570)</u>	<u>130,989</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,277)	(18,277)	10,935	29,212
Other Financing (Uses) Sources				
Reserve for Contingencies	<u>(148,008)</u>	<u>(148,008)</u>	<u>-</u>	<u>148,008</u>
Net Change in Fund Balance	(166,285)	(166,285)	10,935	177,220
Fund Balance, Beginning of Year	<u>166,285</u>	<u>166,285</u>	<u>166,452</u>	<u>167</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,387</u>	<u>\$ 177,387</u>

HERNANDO COUNTY, FLORIDA
SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CITY OF BROOKSVILLE CONTRACT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 827,719	\$ 827,719	\$ 827,724	\$ 5
Miscellaneous	72,702	72,702	72,702	-
Total Revenues	<u>900,421</u>	<u>900,421</u>	<u>900,426</u>	<u>5</u>
Expenditures				
Public Safety:				
Personnel Services	746,646	717,446	717,689	(243)
Operating Expenditures	116,102	72,402	71,264	1,138
Capital Outlay	104,876	177,776	178,671	(895)
(Total Expenditures)	<u>(967,624)</u>	<u>(967,624)</u>	<u>(967,624)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,203)	(67,203)	(67,198)	(5)
Other Financing (Uses) Sources				
Reserve for Contingencies	<u>134,406</u>	<u>134,406</u>	<u>-</u>	<u>134,406</u>
Net Change in Fund Balance	67,203	67,203	(67,198)	134,401
Fund Balance, Beginning of Year	<u>201,609</u>	<u>201,609</u>	<u>201,609</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 268,812</u>	<u>\$ 268,812</u>	<u>\$ 134,411</u>	<u>\$ 134,401</u>

HERNANDO COUNTY, FLORIDA
SHERIFF
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2019

Internal service funds are used when a fund primarily provides benefits for other funds, departments, or agencies of the primary government. The Hernando County, Florida, Sheriff (the Sheriff) has internal service funds that account for:

- **Health**—This is used to account for the Sheriff’s self-insurance program for employee health benefits.
- **Dental**—This is used to account for the Sheriff’s self-insurance program for employee dental benefits.
- **Clinic**—This is used to account for the Sheriff’s self-insurance program for the operation of the health clinic.

**HERNANDO COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2019**

	<u>Health</u>	<u>Dental</u>	<u>Clinic</u>	<u>Total Internal Service</u>
Assets				
Cash and Cash Equivalents	\$ 4,913,578	\$ 250,951	\$ 45,338	\$ 5,209,867
Accounts Receivable	16,752	-	-	16,752
Total Assets	<u>4,930,330</u>	<u>250,951</u>	<u>45,338</u>	<u>5,226,619</u>
Liabilities				
Accounts Payable	485,769	33,940	45,260	564,969
Liability for Unpaid Claims	305,596	18,766	-	324,362
Unearned Revenue	455,828	22,579	-	478,407
Total Liabilities	<u>1,247,193</u>	<u>75,285</u>	<u>45,260</u>	<u>1,367,738</u>
Net Position				
Unrestricted	3,683,137	175,666	78	3,858,881
Total Net Position	<u>\$ 3,683,137</u>	<u>\$ 175,666</u>	<u>\$ 78</u>	<u>\$ 3,858,881</u>

**HERNANDO COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Health</u>	<u>Dental</u>	<u>Clinic</u>	<u>Total Internal Service</u>
Operating Revenues				
Inter-Fund Charges	\$ 4,917,925	\$ 180,434	\$ 765,408	\$ 5,863,767
Premiums - Employees	541,250	84,062	-	625,312
Premiums - Retirees	448,125	37,510	-	485,635
Miscellaneous	246,427	-	83	246,510
Total Operating Revenues	<u>6,153,727</u>	<u>302,006</u>	<u>765,491</u>	<u>7,221,224</u>
Operating Expenses				
Claims	4,821,739	227,181	-	5,048,920
Professional Services	571,410	42,244	593,716	1,207,370
Repairs and Maintenance	-	-	14,321	14,321
Materials and Supplies	-	-	115,116	115,116
Other Expenses	2,891	-	42,260	45,151
Insurance	379,979	-	-	379,979
(Total Operating Expenses)	<u>(5,776,019)</u>	<u>(269,425)</u>	<u>(765,413)</u>	<u>(6,810,857)</u>
Operating Income	377,708	32,581	78	410,367
Non-Operating Revenues				
Interest	65,538	-	-	65,538
Change in Net Position	443,246	32,581	78	475,905
Net Position, Beginning of Year	<u>3,239,891</u>	<u>143,085</u>	<u>-</u>	<u>3,382,976</u>
Net Position, End of Year	<u>\$ 3,683,137</u>	<u>\$ 175,666</u>	<u>\$ 78</u>	<u>\$ 3,858,881</u>

HERNANDO COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Health</u>	<u>Dental</u>	<u>Clinic</u>	<u>Total Internal Service</u>
Cash Flows from Operating Activities				
Cash Received from Inter-Fund Charges	\$ 4,999,938	\$ 181,709	\$ 765,408	\$ 5,947,055
Cash Received from Employees	541,250	84,062	-	625,312
Cash Received from Retirees	448,125	37,510	-	485,635
Other Cash Receipts	246,427	-	83	246,510
Payments to Suppliers	(954,281)	(42,243)	-	(996,524)
Claims Paid	(4,957,075)	(210,161)	(759,580)	(5,926,816)
Net Cash Provided by Operating Activities	<u>324,384</u>	<u>50,877</u>	<u>5,911</u>	<u>381,172</u>
Cash Flows From Investing Activities				
Interest Received	<u>65,538</u>	<u>-</u>	<u>-</u>	<u>65,538</u>
Net Increase in Cash	389,922	50,877	5,911	446,710
Cash and Cash Equivalents, Beginning of Year	<u>4,523,656</u>	<u>200,074</u>	<u>39,427</u>	<u>4,763,157</u>
Cash and Cash Equivalents, End of Year	<u><u>4,913,578</u></u>	<u><u>250,951</u></u>	<u><u>45,338</u></u>	<u><u>5,209,867</u></u>
<u>Reconciliation of Operating Income</u>				
<u>to Net Cash and Cash Equivalents</u>				
<u>Provided by Operating Activities</u>				
Operating Income	<u>377,708</u>	<u>32,581</u>	<u>78</u>	<u>410,367</u>
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	56,452	-	-	56,452
(Decrease) Increase in Accounts Payable	(205,928)	15,030	5,833	(185,065)
Increase in Liability for Unpaid Claims	14,139	1,991	-	16,130
Increase in Unearned Revenue	82,013	1,275	-	83,288
Total Adjustments	<u>(53,324)</u>	<u>18,296</u>	<u>5,833</u>	<u>(29,195)</u>
Net Cash and Cash Provided by Operating Activities	<u><u>\$ 324,384</u></u>	<u><u>\$ 50,877</u></u>	<u><u>\$ 5,911</u></u>	<u><u>\$ 381,172</u></u>

HERNANDO COUNTY, FLORIDA
SHERIFF
AGENCY FUNDS
SEPTEMBER 30, 2019

Agency funds are used to account for assets held by the Hernando County, Florida, Sheriff (the Sheriff) in a Trustee capacity or as an agent for individuals, private organizations, and other governments. The Sheriff has the following agency funds:

- **Civil Trust Fund**—This fund is used to account for fees received by the Sheriff for serving documents (civil process) pursuant to Florida Statute 30.231(5). The funds received are returned to the Board of County Commissioners on a monthly basis. This fund is also used for cost deposits provided by plaintiffs or their attorneys in advance, to pay for the Sheriff's statutory fees and costs in executing Sheriff's Levies and Writs of Attachment.

- **Inmate Trust Fund**—This fund accounts for inmate personal accounts and the proceeds from certain inmate programs.

HERNANDO COUNTY, FLORIDA
SHERIFF
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2019

	<u>Civil Trust Fund</u>	<u>Inmate Trust Fund</u>	<u>Total Agency Funds</u>
Assets			
Cash and Cash Equivalents	\$ 8,537	\$ 112,579	\$ 121,116
Total Assets	<u>8,537</u>	<u>112,579</u>	<u>121,116</u>
Liabilities			
Accounts Payable	-	63,317	63,317
Due to Other Funds	-	27,545	27,545
Due to Other Governments (HCOCC)	7,966	-	7,966
Deposits	571	21,717	22,288
Total Liabilities	<u>\$ 8,537</u>	<u>\$ 112,579</u>	<u>\$ 121,116</u>

OTHER REPORTS

**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 Al Nienhuis
Sheriff
Hernando County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Hernando County, Florida, Sheriff (the Sheriff) as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2020.

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 circumstance for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement, non-compliance 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 non-compliance 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.


January 30, 2020
Sarasota, Florida

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES – INVESTMENT OF PUBLIC FUNDS**

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

We have examined Hernando County, Florida, Sheriff's (the Sheriff) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2019.

This report 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, its management, and the Board of County Commissioners of Hernando County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

January 30, 2020
Sarasota, Florida

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

MANAGEMENT LETTER

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Hernando County, Florida, Sheriff (the Sheriff) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated January 30, 2020.

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 on 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 Compliance with Section 218.415, Florida Statutes. Disclosures in those reports, which are dated January 30, 2020, 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 or 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. In that regard, the Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Sheriff.

Financial Management

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

Certified Public Accountants

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Honorable Al Nienhuis
Sheriff
Hernando County, Florida

MANAGEMENT LETTER

Additional Matters

Section 10.554(1)(i)3., *Rules of Auditor General*, requires that we address non-compliance 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 note 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, the Sheriff, its management, and the Board of County Commissioners of Hernando County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.


January 30, 2020
Sarasota, Florida