

**HERNANDO COUNTY, FLORIDA
SHERIFF**

FINANCIAL STATEMENTS

Year Ended September 30, 2020

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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 the Hernando County, Florida Sheriff (the "Sheriff") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Sheriff's basic 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Sheriff'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 Sheriff's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the Sheriff as of September 30, 2020, and the respective change in financial position, and the budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As described in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of Hernando County, Florida as of September 30, 2020, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying 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 accompanying supplementary 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 other 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 5, 2021

**HERNANDO COUNTY, FLORIDA
SHERIFF**

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2020

	General	Federal Forfeitures	E-911	Inmate Welfare	Inmate Revenue	Non-Major Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 4,622,301	\$ 622,208	\$ 858,485	\$ 991,688	\$ 1,543,788	\$ 866,279	\$ 9,504,749
Accounts receivable	-	-	-	27,552	-	-	27,552
Due from other funds	22,028	-	-	10,482	-	-	32,510
Due from other governments	26,296	-	71,350	-	235,266	63,683	396,595
TOTAL ASSETS	\$ 4,670,625	\$ 622,208	\$ 929,835	\$ 1,029,722	\$ 1,779,054	\$ 929,962	\$ 9,961,406
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 1,226,201	\$ -	\$ 2,882	\$ 4,804	\$ 16,745	\$ 27,126	\$ 1,277,758
Accrued wages and benefits payable	2,630,983	-	11,937	15,788	72,934	9,038	2,740,680
Due to Hernando County, Florida, Board of County Commissioners	813,441	622,208	-	-	1,689,375	-	3,125,024
Deposits	-	-	-	-	-	60	60
TOTAL LIABILITIES	4,670,625	622,208	14,819	20,592	1,779,054	36,224	7,143,522
FUND BALANCES							
Restricted for:							
Law enforcement							
Activities	-	-	-	-	-	131,456	131,456
Communications	-	-	915,016	-	-	211,814	1,126,830
Education and Training	-	-	-	-	-	542,857	542,857
Inmate benefits	-	-	-	1,009,130	-	-	1,009,130
Other	-	-	-	-	-	7,611	7,611
TOTAL FUND BALANCES	-	-	915,016	1,009,130	-	893,738	2,817,884
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,670,625	\$ 622,208	\$ 929,835	\$ 1,029,722	\$ 1,779,054	\$ 929,962	\$ 9,961,406

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

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS**

Year Ended September 30, 2020

	General	Federal Forfeitures	E-911	Inmate Welfare	Inmate Revenue	Non-Major Governmental Funds	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,659	\$ 166,659
Charges for services	271,522	-	953,400	521,091	3,562,438	179,995	5,488,446
Fines and forfeitures	-	4,409	-	-	-	146,949	151,358
Interest revenue	38,524	1,557	2,976	2,033	2,284	1,949	49,323
Miscellaneous	37,124	-	-	2,700	-	50,545	90,369
TOTAL REVENUES	347,170	5,966	956,376	525,824	3,564,722	546,097	5,946,155
EXPENDITURES							
Public safety:							
Personnel services	45,226,443	-	518,570	316,592	1,426,999	161,790	47,650,394
Operating expenditures	7,298,310	40,590	226,578	90,612	436,341	401,791	8,494,222
Capital outlay	2,256,082	445,167	-	-	27,485	30,617	2,759,351
Debt service:							
Principal	-	24,623	-	-	-	-	24,623
Interest	-	10,617	-	-	-	-	10,617
Court services:							
Personnel services	1,214,957	-	-	-	-	-	1,214,957
Operating expenditures	268,323	-	-	-	-	-	268,323
TOTAL EXPENDITURES	56,264,115	520,997	745,148	407,204	1,890,825	594,198	60,422,487
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(55,916,945)	(515,031)	211,228	118,620	1,673,897	(48,101)	(54,476,332)
OTHER FINANCING SOURCES (USES)							
Issuance of debt	556,530	290,878	-	-	-	-	847,408
Transfers in:							
Other funds	134,411	-	-	-	-	-	134,411
Hernando County, Florida Board of County Commissioners: Appropriations	56,287,539	-	-	-	3,342,650	-	59,630,189
Transfers (out):							
Other funds	-	-	-	-	-	(134,411)	(134,411)
Hernando County, Florida Board of County Commissioners: Other revenues Excess fees	(347,169) (714,366)	(622,208) -	- -	- -	(3,562,438) (1,454,109)	- -	(4,531,815) (2,168,475)
TOTAL OTHER FINANCING SOURCES (USES)	55,916,945	(331,330)	-	-	(1,673,897)	(134,411)	53,777,307
NET CHANGE IN FUND BALANCE	-	(846,361)	211,228	118,620	-	(182,512)	(699,025)
FUND BALANCE, BEGINNING OF YEAR	-	846,361	703,788	890,510	-	1,076,250	3,516,909
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$915,016	\$ 1,009,130	\$ -	\$ 893,738	\$ 2,817,884

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

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

Year Ended September 30, 2020

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 280,000	\$ 280,000	\$ 271,522	\$ (8,478)
Interest revenue	20,000	20,000	38,524	18,524
Miscellaneous	10,000	10,000	37,124	27,124
TOTAL REVENUES	310,000	310,000	347,170	37,170
EXPENDITURES				
Public safety:				
Personnel services	47,062,615	45,414,336	45,226,443	187,893
Operating expenditures	6,561,978	7,485,372	7,298,310	187,062
Capital outlay	1,134,284	1,859,169	2,256,082	(396,913)
Court services:				
Personnel services	1,253,875	1,253,875	1,214,957	38,918
Operating expenditures	274,787	274,787	268,323	6,464
TOTAL EXPENDITURES	56,287,539	56,287,539	56,264,115	23,424
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(55,977,539)	(55,977,539)	(55,916,945)	60,594
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	556,530	556,530
Transfers in:				
Other funds	-	-	134,411	134,411
Hernando County, Florida, Board of County Commissioners appropriations	56,287,539	56,287,539	56,287,539	-
Transfers (out):				
Transfer to other fund	-	-	-	-
Hernando County, Florida, Board of County Commissioners:				
Other revenues	(310,000)	(310,000)	(347,169)	(37,169)
Excess fees	-	-	(714,366)	(714,366)
TOTAL OTHER FINANCING SOURCES (USES)	55,977,539	55,977,539	55,916,945	(60,594)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

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

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - FEDERAL FORFEITURES FUND**

Year Ended September 30, 2020

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ -	\$ -	\$ 4,409	\$ 4,409
Interest Revenue	500	500	1,557	1,057
TOTAL REVENUES	500	500	5,966	5,466
EXPENDITURES				
Public Safety:				
Operating Expenditures	-	40,590	40,590	-
Capital Outlay	-	445,167	445,167	-
Debt Service:				
Principal	-	24,623	24,623	-
Interest	-	10,617	10,617	-
TOTAL EXPENDITURES	-	520,997	520,997	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	500	(520,497)	(515,031)	5,466
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	290,878	290,878	-
Reserve for Contingencies	(847,061)	(616,742)	-	616,742
Transfers (out):				
Hernando County, Florida, Board of County Commissioners:				
Other Revenue	-	-	(622,208)	(622,208)
TOTAL OTHER FINANCING SOURCES (USES)	(847,061)	(325,864)	(331,330)	(5,466)
NET CHANGE IN FUND BALANCE	(846,561)	(846,361)	(846,361)	-
FUND BALANCE, BEGINNING OF YEAR	846,561	846,361	846,361	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

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

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - E-911 FUND**

Year Ended September 30, 2020

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 777,000	\$ 777,000	\$ 953,400	\$ 176,400
Interest revenue	1,000	1,000	2,976	1,976
TOTAL REVENUES	<u>778,000</u>	<u>778,000</u>	<u>956,376</u>	<u>178,376</u>
EXPENDITURES				
Public safety:				
Personnel services	534,170	534,170	518,570	15,600
Operating expenditures	246,100	258,300	226,578	31,722
Capital outlay	2,500	2,500	-	2,500
TOTAL EXPENDITURES	<u>782,770</u>	<u>794,970</u>	<u>745,148</u>	<u>49,822</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,770)	(16,970)	211,228	228,198
OTHER FINANCING SOURCES (USES)				
Reserve for contingencies	(576,645)	(686,818)	-	686,818
TOTAL OTHER FINANCING SOURCES (USES)	<u>(576,645)</u>	<u>(686,818)</u>	<u>-</u>	<u>686,818</u>
NET CHANGE IN FUND BALANCE	(581,415)	(703,788)	211,228	915,016
FUND BALANCE, BEGINNING OF YEAR	581,415	703,788	703,788	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 915,016</u>	<u>\$ 915,016</u>

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

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - INMATE WELFARE FUND**

Year Ended September 30, 2020

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 530,000	\$ 530,000	\$ 521,091	\$ (8,909)
Interest revenue	3,000	3,000	2,033	(967)
Miscellaneous	3,000	3,000	2,700	(300)
TOTAL REVENUES	536,000	536,000	525,824	(10,176)
EXPENDITURES				
Public safety:				
Personnel services	311,234	311,234	316,592	(5,358)
Operating expenditures	117,800	117,800	90,612	27,188
TOTAL EXPENDITURES	429,034	429,034	407,204	21,830
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	106,966	106,966	118,620	11,654
OTHER FINANCING SOURCES (USES)				
Reserve for contingencies	(997,478)	(997,478)	-	997,478
TOTAL OTHER FINANCING SOURCES (USES)	(997,478)	(997,478)	-	997,478
NET CHANGE IN FUND BALANCE	(890,512)	(890,512)	118,620	1,009,132
FUND BALANCE, BEGINNING OF YEAR	890,512	890,512	890,511	(1)
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 1,009,131	\$ 1,009,131

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

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - INMATE REVENUE FUND**

Year Ended September 30, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 2,519,700	\$ 2,519,700	\$ 3,562,438	\$ 1,042,738
Interest revenue	-	-	2,284	2,284
TOTAL REVENUES	<u>2,519,700</u>	<u>2,519,700</u>	<u>3,564,722</u>	<u>1,045,022</u>
EXPENDITURES				
Public safety:				
Personnel services	1,684,834	1,687,584	1,426,999	260,585
Operating expenditures	1,607,816	1,605,066	436,341	1,168,725
Capital outlay	50,000	50,000	27,485	22,515
TOTAL EXPENDITURES	<u>3,342,650</u>	<u>3,342,650</u>	<u>1,890,825</u>	<u>1,451,825</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(822,950)	(822,950)	1,673,897	2,496,847
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Hernando County, Florida, Board of County Commissioners appropriations	3,342,650	3,342,650	3,342,650	-
Transfers (out):				
Hernando County, Florida, Board of County Commissioners:				
Other revenue	(2,519,700)	(2,519,700)	(3,562,438)	(1,042,738)
Excess fees	-	-	(1,454,109)	(1,454,109)
TOTAL OTHER FINANCING SOURCES (USES)	<u>822,950</u>	<u>822,950</u>	<u>(1,673,897)</u>	<u>(2,496,847)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUND**

September 30, 2020

	<u>Internal Service</u>
ASSETS	
Cash and cash equivalents	\$ 5,425,293
Due from Hernando County, Florida, Board of County Commissioners	<u>262,397</u>
TOTAL ASSETS	<u>\$ 5,687,690</u>
LIABILITIES	
Accounts payable	446,687
Liability for unpaid claims	<u>350,580</u>
TOTAL LIABILITIES	<u>797,267</u>
NET POSITION	
Unrestricted	<u>4,890,423</u>
TOTAL NET POSITION	<u>\$ 4,890,423</u>

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

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND - INTERNAL SERVICE FUND**

Year Ended September 30, 2020

	<u>Internal Service</u>
OPERATING REVENUES	
Inter-fund charges	\$ 8,223,987
Premiums - employees	510,159
Premiums - retirees	513,155
Miscellaneous	<u>137,647</u>
TOTAL OPERATING REVENUES	<u>9,384,948</u>
OPERATING EXPENSES	
Claims	6,786,137
Other services and charges	1,412,206
Insurance	<u>456,598</u>
TOTAL OPERATING EXPENSES	<u>8,654,941</u>
OPERATING INCOME	<u>730,007</u>
NON-OPERATING REVENUES	
Transfer in from Hernando County, Florida, Board of County Commissioners	262,397
Interest	<u>39,138</u>
TOTAL NON-OPERATING REVENUES	<u>301,535</u>
CHANGE IN NET POSITION	1,031,542
NET POSITION, BEGINNING OF YEAR	<u>3,858,881</u>
NET POSITION, END OF YEAR	<u><u>\$ 4,890,423</u></u>

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

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUND**

Year Ended September 30, 2020

	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from inter-fund charges	\$ 7,762,332
Cash received from employees	510,159
Cash received from retirees	513,155
Other cash receipts	137,647
Payments to suppliers	(1,987,086)
Claims paid	(6,759,919)
NET CASH PROVIDED BY OPERATING ACTIVITIES	176,288
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	39,138
NET INCREASE IN CASH AND CASH EQUIVALENTS	215,426
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,209,867
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,425,293
Reconciliation of operating income to cash and cash equivalents provided by operating activities:	
Operating income	\$ 730,007
Adjustment to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	16,752
Decrease in accounts payable	(118,282)
Increase in liability for unpaid claims	26,218
Decrease in unearned revenue	(478,407)
TOTAL ADJUSTMENTS	(553,719)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 176,288

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

**HERNANDO COUNTY, FLORIDA
SHERIFF**

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

September 30, 2020

ASSETS		
Cash and cash equivalents		<u>\$ 152,956</u>
	TOTAL ASSETS	<u><u>\$ 152,956</u></u>
LIABILITIES		
Accounts payable		\$ 58,693
Due to other funds		32,510
Due to other governments (HCBOCC)		7,161
Deposits		<u>54,592</u>
	TOTAL LIABILITIES	<u><u>\$ 152,956</u></u>

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

**HERNANDO COUNTY, FLORIDA
SHERIFF**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2020

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 of the County 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.

Blended Component Unit

In fiscal year 2020, the Sheriff established the Hernando County Sheriff's Office Section 115 Trust (the "Trust") to administer the Sheriff's Employee Group Health, Dental Insurance Program, and Clinic. Assets necessary to fund the programs are transferred to the Trust; however, under the terms of the Trust Agreement, the Sheriff retains control of the assets. Due to the substantive economic relationship between the Sheriff and the Trust, the financial activities of the Trust are reported in the accompanying basic financial statements as an internal service fund.

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-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. These funds are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 other funds.
- **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. In an effort to improve transparency, integrity, and oversight of federal funds, Florida sheriffs will transition their equitable sharing accounts to their respective county finance offices on October 1, 2020. Future reporting of this fund will be included in the County's financial statements.
- **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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The modified accrual basis of accounting is used by governmental 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.

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. Agency funds are accounted for under the economic resources method and accrual basis of accounting.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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%; 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 Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fund Balances *(Continued)*

- **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.

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources (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 GAAP requires management to make estimates and assumptions that affect the amounts reported or 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 Inmate Revenue Fund 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.

NOTE 2 - BUDGETARY PROCESS (Continued)

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 INVESTMENTS

At September 30, 2020, the carrying value of the Sheriff's cash and cash equivalents was as follows:

	<u>Carrying Value</u>
Cash on Hand	\$ 11,314
Demand Deposits	<u>15,071,684</u>
Total Cash and Cash Equivalents	<u>\$ 15,082,998</u>

Such amounts are reported as \$9,504,749, \$5,425,293 and \$152,956 in the governmental, internal service, and agency funds, respectively.

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, 2020, consisted of the following:

	Inter-Fund Receivable	Inter-Fund Payable
General Fund	\$ 22,028	\$ -
Inmate Welfare Fund	10,482	-
Agency Funds	-	32,510
Total Due to/Due from Other Funds	<u>\$ 32,510</u>	<u>\$ 32,510</u>

The receivables primarily represent 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.

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 \$5,000. 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, 2020, was as follows:

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
Automobile and Other Vehicles	\$ 11,122,450	\$ 2,307,776	\$ (903,657)	\$ 12,526,569
Furniture and Equipment	10,057,413	536,928	(407,444)	10,186,897
Construction in Process	12,450	(12,450)	-	-
Total at Cost	21,192,313	2,832,254	(1,311,101)	22,713,466
Less Accumulated Deprecation	(14,768,092)	(2,097,194)	1,269,519	(15,595,767)
Book Value	<u>\$ 6,424,221</u>	<u>\$ 735,060</u>	<u>\$ (41,582)</u>	<u>\$ 7,117,699</u>

NOTE 5 - CAPITAL ASSETS (Continued)

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 2020 capital asset additions above to capital outlay on the accompanying statement of revenues, expenditures, and changes in fund balance:

Capital Outlay	\$ 2,202,819
Proceeds from Vehicle Sales/Disposals	68,187
Other Funding Sources	<u>561,248</u>
Total Additions	<u>\$ 2,832,254</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, 2019	Additions	Retirements	Balance September 30, 2020	Due Within One Year
Contract Payable	\$ 134,415	\$ -	\$ (67,203)	\$ 67,212	\$ 67,212
Lease-Purchase Agreements	-	847,408	(24,623)	822,785	131,167
Accrued Compensation Absences	<u>4,151,295</u>	<u>3,985,156</u>	<u>(2,801,819)</u>	<u>5,334,632</u>	<u>3,132,792</u>
Total Long-Term Liabilities	<u>\$ 4,285,710</u>	<u>\$ 4,832,564</u>	<u>\$ (2,893,645)</u>	<u>\$ 6,224,629</u>	<u>\$ 3,331,171</u>

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

The lease-purchase agreements were entered into by the Sheriff to acquire an armored vehicle and infrared camera system for a helicopter. The annual debt service requirements for the lease-purchase agreements as of September 30, 2020 are as follows:

Year Ending September 30:	Principal	Interest
2021	\$ 131,167	\$ 24,243
2022	134,857	20,555
2023	138,651	16,760
2024	142,555	12,856
2025	146,572	8,840
Thereafter	<u>128,983</u>	<u>11,981</u>
Total Payments	<u>\$ 822,785</u>	<u>\$ 95,235</u>

NOTE 7 - DETENTION OPERATIONS

For 22 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, 2020, were as follows:

	Total	Law Enforcement	Detention	Courthouse
Revenues				
Inmate Booking	\$ 45,630	\$ -	\$ 45,630	\$ -
Inmate Medical	44,572	-	44,572	-
Inmate Subsistence	152,120	-	152,120	-
Inmate Social Security	29,200	-	29,200	-
Charges for Services	271,522	-	271,522	-
Interest Income	38,524	38,524	-	-
Miscellaneous	37,124	37,124	-	-
Total Revenues	<u>\$ 347,170</u>	<u>\$ 75,648</u>	<u>\$ 271,522</u>	<u>\$ -</u>
Expenditures				
Personnel Services	\$ 46,441,400	\$ 33,384,513	\$ 11,841,930	\$ 1,214,957
Operating Expenditures	7,566,633	5,045,310	2,253,000	268,323
Capital Outlay	2,256,082	2,117,082	139,000	-
Total Expenditures	<u>\$ 56,264,115</u>	<u>\$ 40,546,905</u>	<u>\$ 14,233,930</u>	<u>\$ 1,483,280</u>

NOTE 9 - EMPLOYEE RETIREMENT PLAN

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

Funding Policy

The Sheriff’s contributions to the FRS for fiscal years ended September 30, 2018 through 2020 were: \$5,838,208, \$5,961,387, and \$6,389,439, respectively, which were equal to the required contribution for each fiscal year.

Employees are required to contribute 3% towards the FRS. Employee withholdings for this purpose amounted to \$766,833, \$835,606, and \$848,189 for the fiscal years ended September 30, 2018 through 2020, respectively, which were equal to the required contribution for each fiscal year.

NOTE 10 - OTHER POST-EMPLOYMENT 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.

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, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Unpaid Claims, Beginning of Year	\$ 324,362	\$ 308,232
Incurred Claims	6,786,137	4,820,069
Claim Payments	<u>(6,759,919)</u>	<u>(4,803,939)</u>
Unpaid Claims, End of Year	<u>\$ 350,580</u>	<u>\$ 324,362</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 (the “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 60 months, plus up to five additional 60-month terms, built-in rate increases at the beginning of each renewal term. AT&T Mobility Corporation, who owns the Tenant 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, 2020, was \$50,520. The future lease revenues are as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2021	\$ 52,415
2022	58,098
2023	58,098
2024	58,098
2025	58,098
2026 - 2030	327,527
2031 - 2035	376,657
2036 - 2040	433,155
2041 - 2045	498,128
2046	76,210
Total	<u>\$ 1,996,484</u>

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.

SUPPLEMENTARY INFORMATION

**Combining and Individual Fund
Financial Statements and Schedule**

**HERNANDO COUNTY, FLORIDA
SHERIFF**

SPECIAL REVENUE FUNDS

September 30, 2020

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 approved programs.
- **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, 2020

	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	\$ 229,609	\$ 539,526	\$ 7,671	\$ 89,473	\$ -	\$ 866,279
Due from other governments	7,364	3,331	-	52,988	-	63,683
TOTAL ASSETS	<u>\$ 236,973</u>	<u>\$ 542,857</u>	<u>\$ 7,671</u>	<u>\$ 142,461</u>	<u>\$ -</u>	<u>\$ 929,962</u>
LIABILITIES						
Accounts payable	\$ 25,159	-	-	1,967	-	27,126
Accrued wages and benefits payable	-	-	-	9,038	-	9,038
Deposits	-	-	60	-	-	60
TOTAL LIABILITIES	<u>25,159</u>	<u>-</u>	<u>60</u>	<u>11,005</u>	<u>-</u>	<u>36,224</u>
FUND BALANCES						
Restricted for:						
Law enforcement activities	-	-	-	131,456	-	131,456
Communications	211,814	-	-	-	-	211,814
Education and training	-	542,857	-	-	-	542,857
Other	-	-	7,611	-	-	7,611
TOTAL FUND BALANCES	<u>211,814</u>	<u>542,857</u>	<u>7,611</u>	<u>131,456</u>	<u>-</u>	<u>893,738</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 236,973</u>	<u>\$ 542,857</u>	<u>\$ 7,671</u>	<u>\$ 142,461</u>	<u>\$ -</u>	<u>\$ 929,962</u>

See Independent Auditor's Report.

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS**

Year Ended September 30, 2020

	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	\$ -	\$ -	\$ -	\$ 166,659	\$ -	\$ 166,659
Charges for services	179,675	-	320	-	-	179,995
Fines and forfeitures	100,536	46,413	-	-	-	146,949
Interest revenue	455	1,138	-	356	-	1,949
Miscellaneous	50,520	-	-	25	-	50,545
TOTAL REVENUES	331,186	47,551	320	167,040	-	546,097
EXPENDITURES						
Public safety:						
Personnel services	-	-	-	161,790	-	161,790
Operating expenditures	312,031	69,197	-	20,563	-	401,791
Capital outlay	-	-	-	30,617	-	30,617
TOTAL EXPENDITURES	312,031	69,197	-	212,970	-	594,198
EXCESS (DEFICIENCY) OF OVER (UNDER) EXPENDITURES	19,155	(21,646)	320	(45,930)	-	(48,101)
OTHER FINANCING SOURCES						
Transfers (out):						
Other funds	-	-	-	-	(134,411)	(134,411)
NET CHANGE IN FUND BALANCE	19,155	(21,646)	320	(45,930)	(134,411)	(182,512)
FUND BALANCE, BEGINNING OF YEAR	192,659	564,503	7,291	177,386	134,411	1,076,250
FUND BALANCE, END OF YEAR	\$ 211,814	\$ 542,857	\$ 7,611	\$ 131,456	\$ -	\$ 893,738

See Independent Auditor's Report.

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - 800 MHz FUND**

Year Ended September 30, 2020

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 160,000	\$ 160,000	\$ 179,675	\$ 19,675
Fines and forfeitures	110,000	110,000	100,536	(9,464)
Interest revenue	-	145	455	310
Miscellaneous	50,520	50,520	50,520	-
TOTAL REVENUES	<u>320,520</u>	<u>320,665</u>	<u>331,186</u>	<u>10,521</u>
EXPENDITURES				
Public safety:				
Operating expenditures	339,400	383,204	312,031	71,173
TOTAL EXPENDITURES	<u>339,400</u>	<u>383,204</u>	<u>312,031</u>	<u>71,173</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,880)</u>	<u>(62,539)</u>	<u>19,155</u>	<u>81,694</u>
OTHER FINANCING SOURCES (USES)				
Reserve for contingencies	(130,120)	(130,120)	-	130,120
NET CHANGE IN FUND BALANCE	<u>(149,000)</u>	<u>(192,659)</u>	<u>19,155</u>	<u>211,814</u>
FUND BALANCE, BEGINNING OF YEAR	<u>149,000</u>	<u>192,659</u>	<u>192,659</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,814</u>	<u>\$ 211,814</u>

See Independent Auditor's Report.

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - LAW ENFORCEMENT EDUCATION FUND**

Year Ended September 30, 2020

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 55,000	\$ 55,000	\$ 46,413	\$ (8,587)
Interest revenue	500	500	1,138	638
TOTAL REVENUES	<u>55,500</u>	<u>55,500</u>	<u>47,551</u>	<u>(7,949)</u>
EXPENDITURES				
Public safety:				
Operating expenditures	113,100	113,100	69,197	43,903
TOTAL EXPENDITURES	<u>113,100</u>	<u>(113,100)</u>	<u>69,197</u>	<u>43,903</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(57,600)</u>	<u>(57,600)</u>	<u>(21,646)</u>	<u>35,954</u>
OTHER FINANCING SOURCES (USES)				
Reserve for contingencies	(503,358)	(507,195)	-	507,195
NET CHANGE IN FUND BALANCE	(560,958)	(564,795)	(21,646)	543,149
FUND BALANCE, BEGINNING OF YEAR	560,958	564,795	564,503	(292)
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 542,857</u>	<u>\$ 542,857</u>

See Independent Auditor's Report.

**HERNANDO COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GRANTS AND CONTRIBUTIONS FUND**

Year Ended September 30, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 232,129	\$ 419,401	\$ 166,659	\$ (252,742)
Interest revenue	100	100	356	256
Miscellaneous	1,600	1,600	25	(1,575)
TOTAL REVENUES	<u>233,829</u>	<u>421,101</u>	<u>167,040</u>	<u>(254,061)</u>
EXPENDITURES				
Public safety:				
Personnel services	137,469	214,592	161,790	52,802
Operating expenditures	36,914	144,245	20,563	123,682
Capital outlay	96,373	96,373	30,617	65,756
TOTAL EXPENDITURES	<u>270,756</u>	<u>455,210</u>	<u>212,970</u>	<u>242,240</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(36,927)</u>	<u>(34,109)</u>	<u>(45,930)</u>	<u>(11,821)</u>
OTHER FINANCING SOURCES (USES)				
Reserve for contingencies	(141,879)	(141,879)	-	141,879
NET CHANGE IN FUND BALANCE	<u>(178,806)</u>	<u>(175,988)</u>	<u>(45,930)</u>	<u>130,058</u>
FUND BALANCE, BEGINNING OF YEAR	<u>178,806</u>	<u>175,988</u>	<u>177,386</u>	<u>1,398</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,456</u>	<u>\$ 131,456</u>

See Independent Auditor's Report.

**HERNANDO COUNTY, FLORIDA
SHERIFF**

INTERNAL SERVICE FUNDS

September 30, 2020

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 Insurance** - This is used to account for the Sheriff's self-insurance program for employee health benefits.
- **Dental Insurance** - This is used to account for the Sheriff's self-insurance program for employee dental benefits.
- **Wellness 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 REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**

Year Ended September 30, 2020

	<u>Health Insurance</u>	<u>Dental Insurance</u>	<u>Wellness Clinic</u>	<u>Total Internal Service</u>
OPERATING REVENUES				
Inter-fund charges	\$ 7,191,464	\$ 269,964	\$ 762,559	\$ 8,223,987
Premiums - employees	424,559	85,600	-	510,159
Premiums - retirees	473,960	39,195	-	513,155
Miscellaneous	57,540	-	80,107	137,647
TOTAL OPERATING REVENUES	<u>8,147,523</u>	<u>394,759</u>	<u>842,666</u>	<u>9,384,948</u>
OPERATING EXPENSES				
Claims	6,564,748	221,389	-	6,786,137
Professional services	531,660	33,302	647,809	1,212,771
Repairs and maintenance	-	-	14,020	14,020
Materials and supplies	-	-	136,854	136,854
Other expenses	4,500	-	44,061	48,561
Insurance	456,598	-	-	456,598
TOTAL OPERATING EXPENSES	<u>7,557,506</u>	<u>254,691</u>	<u>842,744</u>	<u>8,654,941</u>
OPERATING INCOME (LOSS)	<u>590,017</u>	<u>140,068</u>	<u>(78)</u>	<u>730,007</u>
NON-OPERATING REVENUES				
Transfer in from Hernando County BOCC	262,397	-	-	262,397
Interest	39,138	-	-	39,138
TOTAL NON-OPERATING REVENUES	<u>301,535</u>	<u>-</u>	<u>-</u>	<u>301,535</u>
CHANGE IN NET POSITION	<u>891,552</u>	<u>140,068</u>	<u>(78)</u>	<u>1,031,542</u>
NET POSITION, BEGINNING OF YEAR	<u>3,683,137</u>	<u>175,666</u>	<u>78</u>	<u>3,858,881</u>
NET POSITION, END OF YEAR	<u>\$ 4,574,689</u>	<u>\$ 315,734</u>	<u>\$ -</u>	<u>\$ 4,890,423</u>

See Independent Auditor's Report.

**HERNANDO COUNTY, FLORIDA
SHERIFF**

AGENCY FUNDS

September 30, 2020

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.
- **Property & Evidence Fund** - This fund accounts for confiscated property and evidence.
- **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, 2020

	Civil Trust Fund	Property & Evidence Fund	Inmate Trust Fund	Total Agency Funds
ASSETS				
Cash and cash equivalents	\$ 7,732	\$ 20,259	\$ 124,965	\$ 152,956
TOTAL ASSETS	\$ 7,732	\$ 20,259	\$ 124,965	\$ 152,956
LIABILITIES				
Accounts payable	\$ -	\$ 2,185	\$ 56,508	\$ 58,693
Due to other funds	-	-	32,510	32,510
Due to other governments (HCBOCC)	7,161	-	-	7,161
Deposits	571	18,074	35,947	54,592
TOTAL LIABILITIES	\$ 7,732	\$ 20,259	\$ 124,965	\$ 152,956

See Independent Auditor's Report.

OTHER REPORTS



Certified Public Accountants

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

To the Honorable 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 the Hernando County, Florida Sheriff (the "Sheriff") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 5, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

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.

Our consideration of internal control over financial reporting 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.

To the Honorable Al Nienhuis
Sheriff
Hernando County, Florida

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Sheriff in a separate letter dated February 5, 2021.

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.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 5, 2021



Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

We have examined the Hernando County, Florida Sheriff's (the "Sheriff") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2020. 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 is in accordance with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the Sheriff's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, 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 for the fiscal year ended September 30, 2020.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 5, 2021



Certified Public Accountants

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

We have audited the basic financial statements of the Sheriff (the "Sheriff") as of and for the fiscal year ended September 30, 2020 and have issued our report thereon dated February 5, 2021.

Auditor's Responsibility

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 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 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, which are dated February 5, 2021, 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. The legal authority is disclosed in the notes to the financial statements.

Honorable Al Nienhuis
Sheriff
Hernando County, Florida

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 communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Sheriff and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 5, 2021

