

2023

Nassau County Sheriff
Nassau County, Florida

Financial Statements and
Independent Auditor's Report

September 30, 2023

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORTS**

**NASSAU COUNTY SHERIFF
NASSAU COUNTY, FLORIDA**

SEPTEMBER 30, 2023

TABLE OF CONTENTS

Independent Auditor’s Report	1-3
Financial Statements	
Balance Sheet - Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Inmate Commissary Fund	7
Statement of Fiduciary Net Position - Fiduciary Funds	8
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	9
Notes to Financial Statements	10-22
Other Financial Information	
Combining Balance Sheet - Non-Major Governmental Funds - Special Revenue Funds.....	23
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds - Special Revenue Funds.....	24
Combining Statement of Fiduciary Net Position - Custodial Funds.....	25
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds.....	26
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 <i>Government Auditing Standards</i>	27-28
Independent Accountant’s Report on Compliance with Section 218.415, Florida Statutes	29
Management Letter	30-31

INDEPENDENT AUDITOR'S REPORT

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Nassau County, Florida, Sheriff (the Sheriff) as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information for the Sheriff as of September 30, 2023, and the respective changes in financial position thereof, and the respective budgetary comparison for each major fund, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sheriff and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 and changes in financial position of each major fund, and the aggregate remaining

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

INDEPENDENT AUDITOR'S REPORT

fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Nassau County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Nassau County, Florida, as of September 30, 2023, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Sheriff adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* as of October 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions of events, considered in the aggregate, that raise substantial doubt about the Sheriff's ability to continue as a going concern for twelve months beyond the financial statement date, including any known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The other financial 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other financial information is fairly stated, in all material respects, in relation to the basic 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 March 6, 2024 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts and grant agreements, and other matters. 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 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.



March 6, 2024
Gainesville, Florida

FINANCIAL STATEMENTS

**NASSAU COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	<u>Major Funds</u>			Other Governmental Funds	Total Governmental Funds
	General Fund	Inmate Commissary	Capital Projects		
Assets					
Cash in Bank	\$ 2,212,255	\$ 1,517,166	\$ 2,098,599	\$ 327,871	\$ 6,155,891
Cash on Hand	500	-	-	3,167	3,667
Accounts Receivable	-	49,761	-	-	49,761
Due from Other Funds	2,099	6,535	-	-	8,634
Due from Board of County Commissioners	70,508	-	-	-	70,508
Due from Other Governments	77,721	-	-	44,039	121,760
Other Current Assets	8,111	-	-	-	8,111
Total Assets	<u>2,371,194</u>	<u>1,573,462</u>	<u>2,098,599</u>	<u>375,077</u>	<u>6,418,332</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	495,770	699	715,208	1,706	1,213,383
Due to Board of County Commissioners	240,626	-	-	340,999	581,625
Other Current Liabilities	1,634,798	8,502	-	19,415	1,662,715
Total Liabilities	<u>2,371,194</u>	<u>9,201</u>	<u>715,208</u>	<u>362,120</u>	<u>3,457,723</u>
Fund Balances					
Restricted:					
Inmate Welfare	-	1,564,261	-	-	1,564,261
Capital Projects	-	-	1,383,391	-	1,383,391
Committed:					
Investigative	-	-	-	12,957	12,957
Total Fund Balances	<u>-</u>	<u>1,564,261</u>	<u>1,383,391</u>	<u>12,957</u>	<u>2,960,609</u>
Total Liabilities and Fund Balances	<u>\$ 2,371,194</u>	<u>\$ 1,573,462</u>	<u>\$ 2,098,599</u>	<u>\$ 375,077</u>	<u>\$ 6,418,332</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Inmate Commissary	Capital Projects		
Revenues					
Intergovernmental	\$ 207,696	\$ -	\$ -	\$ 494,984	\$ 702,680
Miscellaneous	535,617	360,668	-	6,971	903,256
Total Revenues	<u>743,313</u>	<u>360,668</u>	<u>-</u>	<u>501,955</u>	<u>1,605,936</u>
Expenditures					
Current:					
Court-Related:					
Personnel Services	1,468,031	-	-	-	1,468,031
Operating Expenditures	49,197	-	-	-	49,197
Public Safety:					
Personnel Services	26,785,046	117,162	-	341,153	27,243,361
Operating Expenditures	7,202,641	134,231	-	232,043	7,568,915
Capital Outlay	3,443,195	-	1,070,592	94,285	4,608,072
Debt Service:					
Principal	343,284	-	-	-	343,284
Interest	10,992	-	-	-	10,992
(Total Expenditures)	<u>(39,302,386)</u>	<u>(251,393)</u>	<u>(1,070,592)</u>	<u>(667,481)</u>	<u>(41,291,852)</u>
Excess (Deficiency) of					
Revenues Over					
(Under) Expenditures	<u>(38,559,073)</u>	<u>109,275</u>	<u>(1,070,592)</u>	<u>(165,526)</u>	<u>(39,685,916)</u>
Other Financing					
Sources (Uses)					
Subscription-Based Information					
Technology Arrangement Proceeds	107,548	-	-	-	107,548
Transfers in from Board of County Commissioners	39,007,003	-	2,000,000	579,207	41,586,210
Transfers (out) to Board of County Commissioners	(555,478)	-	-	(340,999)	(896,477)
Transfers in from Other Funds	-	-	87,867	-	87,867
Transfers out to Other Funds	-	-	-	(87,867)	(87,867)
Total Other Financing					
Sources (Uses)	<u>38,559,073</u>	<u>-</u>	<u>2,087,867</u>	<u>150,341</u>	<u>40,797,281</u>
Net Change in Fund Balance	-	109,275	1,017,275	(15,185)	1,111,365
Fund Balance,					
Beginning of Year	<u>-</u>	<u>1,454,986</u>	<u>366,116</u>	<u>28,142</u>	<u>1,849,244</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 1,564,261</u>	<u>\$ 1,383,391</u>	<u>\$ 12,957</u>	<u>\$ 2,960,609</u>

See accompanying notes to financial statements.

NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 207,696	\$ 207,696	\$ -
Miscellaneous	-	535,617	535,617	-
Total Revenues	<u>-</u>	<u>743,313</u>	<u>743,313</u>	<u>-</u>
Expenditures				
Current:				
Court-Related:				
Personnel Services	1,480,294	1,468,031	1,468,031	-
Operating Expenditures	53,993	49,197	49,197	-
Public Safety:				
Personnel Services	28,991,674	26,785,046	26,785,046	-
Operating Expenditures	6,835,109	7,297,420	7,202,641	94,779
Capital Outlay	730,768	3,335,647	3,443,195	(107,548)
Debt Service:				
Principal	251,934	251,934	343,284	(91,350)
Interest	7,563	7,563	10,992	(3,429)
(Total Expenditures)	<u>(38,351,335)</u>	<u>(39,194,838)</u>	<u>(39,302,386)</u>	<u>(107,548)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(38,351,335)</u>	<u>(38,451,525)</u>	<u>(38,559,073)</u>	<u>(107,548)</u>
Other Financing Sources (Uses)				
Subscription-Based Information				
Technology Arrangement Proceeds	-	-	107,548	107,548
Transfers in from Board of County Commissioners	38,581,335	39,007,003	39,007,003	-
Transfers (out) to Board of County Commissioners	(230,000)	(555,478)	(555,478)	-
Total Other Financing Sources (Uses)	<u>38,351,335</u>	<u>38,451,525</u>	<u>38,559,073</u>	<u>107,548</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 to financial statements.

**NASSAU COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - INMATE COMMISSARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Inmate Commissary Fund</u>			Variance With Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 343,000	\$ 360,668	\$ 360,668	\$ -
Total Revenues	<u>343,000</u>	<u>360,668</u>	<u>360,668</u>	<u>-</u>
Expenditures				
Current:				
Public Safety:				
Personnel Services	148,600	117,162	117,162	-
Operating Expenditures	87,000	134,231	134,231	-
Contingency	<u>1,562,386</u>	<u>1,564,261</u>	<u>-</u>	<u>1,564,261</u>
(Total Expenditures)	<u>(1,797,986)</u>	<u>(1,815,654)</u>	<u>(251,393)</u>	<u>1,564,261</u>
Net Change in Fund Balance	(1,454,986)	(1,454,986)	109,275	1,564,261
Fund Balance, Beginning of Year	<u>1,454,986</u>	<u>1,454,986</u>	<u>1,454,986</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,564,261</u>	<u>\$ 1,564,261</u>

See accompanying notes to financial statements.

**NASSAU COUNTY SHERIFF
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023**

	<u>Custodial Funds</u>
Assets	
Cash	\$ 80,881
Other Receivables	212
Total Assets	<u>81,093</u>
 Liabilities	
Accounts Payable	50,948
Due to Other Funds	8,634
Due to Board of County Commissioners	1,834
Total Liabilities	<u>61,416</u>
 Fiduciary Net Position	 <u>\$ 19,677</u>

See accompanying notes to financial statements.

**NASSAU COUNTY SHERIFF
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Custodial Funds
Additions	
Inmate Funds Collected	\$ 1,233,681
Fines, Forfeitures, and Fees Collected	65,263
Total Additions	1,298,944
 Deductions	
Inmate Funds Disbursed	1,234,078
Fines, Forfeitures, and Fees Disbursed	65,263
Total Deductions	1,299,341
 Change in Net Position	 (397)
 Net Position, Beginning of Year	 20,074
 Net Position, End of Year	 \$ 19,677

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Nassau County, Florida Sheriff (the Sheriff) conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these financial statements.

Reporting Entity

Nassau 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).

The Sheriff is an elected official of the County, pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Sheriff is a part of the primary government of the County. The Sheriff is responsible for the administration and operation of the Sheriff's office, and the Sheriff's financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County.

The operations of the Sheriff are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Sheriff's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Sheriff's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with GAAP. The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557, *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 equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. GAAP sets forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures of each fund category) for the determination of major funds. Major funds are reported separately in the basic financial statements of the Sheriff.

■ **Governmental Funds**

● **Major Funds**

- ▶ **General Fund**—The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except for those required to be accounted for in another fund.
- ▶ **Inmate Commissary Fund**—This fund accounts for commissions received from pay telephones and commissary profits used for the benefit of inmates.
- ▶ **Capital Projects Fund**—This fund accounts for the transfers from the Board of County Commissioners related to the construction of facilities for the benefit of the Sheriff's Office operations.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

- **Other Governmental Funds**

- ▶ **Special Revenue Funds**—Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports three non-major special revenue funds in the financial statements under the following titles: Sheriff’s Investigative Fund, Federal Inmate Fund, and 911 Operations Fund. The Sheriff’s Investigative Fund accounts for monies used in accordance with Section 925.055, Florida Statutes. The Federal Inmate fund accounts for revenues and associated expenditures of housing federal inmates at the Nassau County Jail. The 911 Operations Fund accounts for the proceeds of telephone charges collected for the operation of the 911 emergency response system.

- **Fiduciary Funds**

- **Custodial Funds**—The custodial funds are fiduciary funds, which are used to account for assets received and held by the Sheriff in the capacity of a trustee or as an agent for individuals, government agencies, and other public organizations.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considered revenues to be available if they are collected within 31 days of the end of the current fiscal period, except for grant revenues, which are considered to be available if collected within 60 days. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

The custodial funds are accounted for using an economic resource measurement focus and accrual basis of accounting requiring a resource flow statement. Liabilities are recognized when an event occurs that compels the Sheriff to disburse fiduciary resources, which is when a demand for resources has been made or when no further action, approval, or condition is required to be taken by the beneficiary to release the assets.

Budgetary Requirement

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with Florida Statutes. The Inmate Commissary Fund and the Sheriff’s Investigative Fund expenditures are restricted by statute; therefore, these budgets are not approved by the Board.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

All budget amounts presented for the General Fund in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting. The Sheriff's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level.

Capital Assets

Capital assets, which include vehicles and equipment, are recorded as capital outlay expenditures in the governmental funds at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the statement of net position as part of the basic financial statements of the County (Statement of Net Position). Capital assets acquired under leases or Subscription-Based Information Technology Agreements (SBITAs) are capitalized at cost in the Statement of Net Position at the time the assets are received or access to the underlying software and/or hardware (for SBITAs) begins. Donated and confiscated capital assets are recorded in the Statement of Net Position at fair value at the time received. Capital assets are depreciated using the straight-line method over three to ten years. The depreciation expense is recorded in the Statement of Activities as part of the basic financial statements of the County.

Leases and Subscription-Based Information Technology Agreements

The Sheriff enters into leases and SBITAs, as needed, for various vehicles, equipment, and software. At the commencement of a lease or SBITA, the Sheriff initially measures the present value of payments expected to be made during the term of the agreement and records this amount as capital outlay expenditures and other finance source revenues. Subsequently, payments under the agreements are recorded as debt service principal and interest expenditures based on the discount rate that was used to measure the present value. Because of the current financial resources management focus, the accompanying fund financial statements do not report related right-of-use assets or long-term liabilities, and such amounts are instead reported in the government-wide financial statements of the County.

Accrued Compensated Absences

The Sheriff maintains a policy of granting employees Paid Time Off Leave (PTO Leave), which is accrued bi-weekly at an hourly rate determined based upon months of service with the Sheriff. PTO Leave may be used for annual, personal, or sick leave purposes. An employee can receive payment for such accumulated PTO Leave, up to a limit determined based upon months of service with the Sheriff, upon termination of employment.

The Sheriff also allows employees to accumulate compensatory time earned. Compensatory time earned is calculated bi-weekly and is limited to an accrual of 40 hours. An employee can receive payment for unused compensatory time upon termination of employment or at the discretion of the Sheriff.

Workers' Compensation and Group Health Insurance

The Board provides the Sheriff and his employees with workers' compensation and group health insurance coverage. Accidental death coverage for Law Enforcement Officers is also provided by the Board. The premiums for such coverage are paid by the Board and recorded on its records and, consequently, are not recorded on the Sheriff's records.

Risk Management

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and the public; or damage to property of others.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

The Sheriff participates in two Florida Sheriff's Self-Insurance Funds for risk related to professional liability and automobile risks. The funding agreements provide that each fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public officials' coverage. Coverage limits for automobile risks are a combined \$500,000 per accident for bodily injury and property damage.

In addition, the Sheriff has obtained an excess loss reimbursement policy to cover catastrophic inmate medical claims.

Fund Balance Reporting

The Sheriff implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes 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. The Sheriff does not have any non-spendable funds.
- **Restricted**—This component of fund balance 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., ordinance or resolution) of the County's governing board. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the Sheriff, or by an individual or body to whom the Sheriff has delegated this responsibility. By definition, fund balances are also assigned to the extent that they are needed to finance a subsequent year's budget deficit.
- **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) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Sheriff's policy to use committed resources first, then assigned, and then unassigned as needed.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

During the year ended September 30, 2023, the Sheriff adopted new accounting guidance by implementing the provisions of GASB Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*, which established criteria for identifying and reporting SBITAs. SBITAs with an initial term of one year or less are recorded in Operating Expenses when incurred. SBITAs with non-cancellable terms greater than one year are evaluated based on materiality levels established by the County. SBITAs that qualify for reporting under the new standard are initially recognized as a Capital Outlay Expense and Other Financing Source in the year of inception of the SBITA. Subsequent payments on the SBITAs are reported as debt service expenditures. A right-to-use asset and associated SBITA liability are recorded on the County-wide financial statements at the present value of the future SBITA payments, including any residual value guarantees that are reasonably certain of being required or purchase options that are reasonably certain of being exercised. A description of the Sheriff's SBITAs is included in Note 6. GASB 96 implementation required assessment of SBITAs as of October 1, 2022. Therefore, no restatement of prior periods was required as a result of implementation.

Note 2 - Cash

Cash Deposits

At September 30, 2023, the carrying amount of the Sheriff's deposits was \$6,236,772 and the bank balance was \$7,844,296. Cash on hand was \$3,667. Deposits in banks are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Sheriff are placed with qualified financial institutions, which means they are insured or collateralized.

Note 3 - Employee Retirement Plan

General Information About the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing, multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Sheriff are eligible to enroll as members of the state-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, *Florida Administrative Code* wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans and other non-integrated programs.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

FRS Pension Plan

Plan Description. The FRS Pension Plan (the Plan) is a cost-sharing multiple-employer qualified defined benefit pension plan, with DROP available for eligible employees. The general classes of membership applicable to the Sheriff are as follows:

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.
- *Special Risk Class*—Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk, who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Certain members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
Regular Class Members Initially Enrolled Before July 1, 2011:	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class Members Initially Enrolled on or After July 1, 2011:	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970 through June 30, 1974	2.00
Service on and after July 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022-2023 fiscal year were as follows:

<u>Class</u>	<u>Year Ended June 30, 2023</u>		<u>Year Ended June 30, 2024</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (2)</u>	<u>Employee</u>	<u>Employer (2)</u>
FRS, Regular	3.00	10.19	3.00	11.51
FRS, Elected County Officers	3.00	55.28	3.00	56.62
FRS, Senior Management Service	3.00	29.85	3.00	32.46
FRS, Special Risk Regular	3.00	26.11	3.00	30.61
DROP - Applicable to Members from all of the Above Classes	0.00	16.94	0.00	19.13
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

(2) These rates include the normal cost and unfunded actuarial liability contributions but do not include the contribution for HIS of 1.66% and 2.00% for the years ended June 30, 2023 and 2024, respectively, and the fee of 0.06% for administration of the FRS Investment Plan and provision of education tools for both plans.

The Sheriff's contributions (employer) to the FRS Plan totaled \$4,515,130 for the fiscal year ended September 30, 2023. This excludes the HIS defined benefit pension plan contributions.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Pension Liabilities. At September 30, 2023, the Sheriff's proportionate share of the FRS net pension liability was \$35,092,530. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's contributions to the FRS Plan compared to the contributions of all participating members.

Further information about the Sheriff's net pension liability, pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures related to the FRS Plan can be found in the County-wide annual financial report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature established and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs.

Benefits Provided. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under one of the State-administered retirement systems must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66% of payroll. The contribution rate increased to 2.00% of payroll effective July 1, 2023, pursuant to Section 112.363, Florida Statutes. The Sheriff contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Sheriff's contributions to the HIS Plan totaled \$370,537 for the fiscal year ended September 30, 2023 (modified accrual basis).

Pension Liabilities. At September 30, 2023, the Sheriff's proportionate share of the HIS net pension liability was \$8,280,988. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's contributions to the HIS Plan compared to the contributions of all participating members.

Further information about the Sheriff's net pension liability, pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures related to the HIS Plan can be found at the County-wide level.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

FRS – Defined Contribution Pension Plan

The Sheriff contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the State Board of Administration (SBA) and is reported in the SBA’s annual financial statements and in the State of Florida Annual Comprehensive Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. The Sheriff employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the FRS defined benefit plan. These blended rates include the applicable rates for the unfunded actuarial accrued liability of the FRS defined benefit plan, the 1.66% and 2.00% HIS contribution rates for the years ended June 30, 2023 and 2024, respectively, and the .06% administrative fee. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members’ accounts (employer and employee) during the 2022-2023 fiscal year were as follows:

<u>Class</u>	<u>Year Ended June 30, 2023</u>		<u>Year Ended June 30, 2024</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.30	3.00	8.30
FRS, Elected County Officers	3.00	11.34	3.00	13.34
FRS, Senior Management Service	3.00	7.67	3.00	9.67
FRS, Special Risk Regular	3.00	14.00	3.00	16.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Sheriff.

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

For the fiscal year ended September 30, 2023, the Sheriff's pension expense related to the Investment Plan totaled \$788,639.

Note 4 - Other Postemployment Benefits (OPEB)

The County offers certain postemployment health care benefits that are considered part of an OPEB plan for financial accounting purposes. The OPEB plan is a single-employer benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees.

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected. Special risk employees of the Sheriff's office begin to receive a subsidy if they have obtained 25 years of service and become fully subsidized once they reach 30 years of service. All other employees of the Sheriff's office receive a 100% subsidy if they have reached 30 years of service. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes.

Currently, the Sheriff has 258 active employees and 32 retired employees who are considered participants in the OPEB plan for purposes of computing the OPEB obligation. The Sheriff's portion of the OPEB obligation for the year totaled \$7,450,435. This liability will be included in long-term liabilities in the County-wide financial statements. Details of the annual cost, the accrued obligation, and the other required disclosures can be found in the County-wide annual financial report.

Note 5 - Capital Assets

The tangible personal property used by the Sheriff in its governmental fund operation, including right-to-use assets under leases and SBITAs, is reported as capital assets in the statement of net assets as part of the basic financial statements of the County. Upon acquisition, such assets are recorded as expenditures in the governmental fund types of the Sheriff and capitalized at cost in the capital asset accounts of the County. The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office. Information on vehicles and equipment used in the operations of the Sheriff's office are presented below:

	<u>Balance October 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance September 30, 2023</u>
Capital Assets				
Construction in Process	\$ 3,700,325	\$ 1,070,592	\$ -	\$ 4,770,917
Machinery and Equipment	24,175,500	3,447,475	(151,221)	27,471,754
Accumulated Depreciation	<u>(16,203,975)</u>	<u>(2,441,645)</u>	<u>125,346</u>	<u>(18,520,274)</u>
Capital Assets, Net	<u>\$ 11,671,850</u>	<u>\$ 2,076,422</u>	<u>\$ (25,875)</u>	<u>\$ 13,722,397</u>

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Depreciation expense was recorded in the County's government-wide financial statements in the amount of \$2,441,645.

Note 6 - Changes in Long-Term Debt

The Sheriff's long-term debt is not recorded in the accompanying financial statements but is recorded in the statement of net position as part of the basic financial statements of the County.

The following is a summary of the changes in long-term debt of the Sheriff for the year ended September 30, 2023:

	<u>Balance October 1, 2022</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2023</u>
Liability Under Leases	\$ 105,838	\$ -	\$ (105,838)	\$ -
Liability Under SBITAs	98,913	107,548	(91,350)	115,111
Note Payable	366,088	-	(146,095)	219,993
Accrued Compensated Absences	1,837,997	1,932,916	(1,652,003)	2,118,910
Other Postemployment Benefits	7,415,314	35,121	-	7,450,435
Net Pension Liabilities:				
FRS Plan	30,711,604	4,380,926	-	35,092,530
HIS Plan	5,421,854	2,859,134	-	8,280,988
Totals	<u>\$ 45,957,608</u>	<u>\$ 9,315,645</u>	<u>\$ (1,995,286)</u>	<u>\$ 53,277,967</u>

See Note 3 for more information on the net pension liabilities related to the FRS and HIS Pension Plans.

Accrued compensated absences represent the vested portion of accrued leave and are liquidated by the general fund and 911 operations fund. See Note 1 for a summary of the Sheriff's compensated absences policy.

A description of the Sheriff's policies on OPEB are described in Note 4.

Leases

In October of 2018, the Sheriff entered into a lease agreement with Axon for the purchase of taser equipment. The lease agreement requires annual installments of \$105,839 for five years until October of 2023 with no interest. There are no variable payment components, escalation provisions, or residual value guarantees by the lessee associated with this agreement.

Assets associated with equipment leases and related amortization for the year ended September 30, 2023, are:

	<u>October 1, 2022</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>September 30, 2023</u>
Assets Under Leases - Equipment	\$ 211,677	\$ -	\$ -	\$ 211,677
Accumulated Amortization	(105,839)	(105,838)	-	(211,677)
Net Assets Under Leases - Equipment	<u>\$ 105,838</u>	<u>(105,838)</u>	<u>-</u>	<u>\$ -</u>

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Lease payments made under this agreement during the fiscal year ended September 30, 2023, were \$105,838. As of September 30, 2023, there are no future minimum lease payments due under this lease.

SBITAs

Effective October 1, 2022, the Sheriff recognized a 31-month subscription with SHI for Microsoft 365 Enterprise software. The SBITA requires annual installments of \$51,872 at the beginning of each subscription year for two remaining years until May of 2024, with the subscription term ending in May of 2025. The subscription is subject to a stated interest rate of 3.238%.

On May 1, 2023, the Sheriff entered into a 36-month subscription with RSA Security for the use of two-factor authentication software. The SBITA requires an up-front payment of \$9,320 for initial installation of remote access, and annual license installments of \$33,587 at the beginning of each subscription year, from May 2023 through May 2025, with the subscription term ending in April 30, 2026. The subscription is subject to a stated interest rate of 2.363%.

Assets associated with SBITAs and related amortization for the year ended September 30, 2023, are:

	<u>October 1, 2022</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>September 30, 2023</u>
Assets Under SBITAs - Software	\$ 98,913	\$ 107,548	\$ -	\$ 206,461
Accumulated Amortization	-	(53,212)	-	(53,212)
Net Assets Under SBITAs - Software	<u>\$ 98,913</u>	<u>\$ 54,336</u>	<u>\$ -</u>	<u>\$ 153,249</u>

Payments under these SBITAs totaled \$94,779 for the year ended September 30, 2023, including \$91,350 in principal and \$3,429 in interest expense. The principal and interest components of future minimum SBITA payments under the agreements described above are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 82,299	\$ 3,160
2025	32,812	775
Total	<u>\$ 115,111</u>	<u>\$ 3,935</u>

Note Payable

In July 2020, the Sheriff entered into a promissory note agreement with First Port City Bank to purchase Virtualization Infrastructure Equipment. The note is secured by the equipment as detailed in the promissory note documents and is due in monthly installments of \$12,805 at a stated interest rate of 2.5% per annum.

Maturities of notes payable are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 149,844	\$ 3,842	\$ 153,686
2025	70,149	488	70,637
Total	<u>\$ 219,993</u>	<u>\$ 4,330</u>	<u>\$ 224,323</u>

**NASSAU COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS**

Note 7 - Interfund Receivables, Payables, and Transfers

Interfund receivables and payables at September 30, 2023, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 2,099	\$ -
Special Revenue Funds:		
Inmate Commissary	6,535	-
Fiduciary Funds:		
Inmate Trust	-	8,634
Totals	\$ 8,634	\$ 8,634

Interfund balances generally result from funds being deposited in one fund but not remitted to another fund until the subsequent month. All interfund balances are expected to be liquidated within three months.

Interfund transfers during the year ended September 30, 2023, consist of the following:

	Transfer in	Transfer out
Capital Projects Fund	\$ 87,867 ⁽¹⁾	\$ -
Federal Inmate Fund	-	87,867 ⁽¹⁾
Total	\$ 87,867	\$ 87,867

Transfer Purpose

⁽¹⁾ Capital Projects Funding

Note 8 - Other Disclosures – Expenditures in Excess of Appropriations

For the year ended September 30, 2023, the Sheriff's General Fund incurred expenditures in excess of appropriations totaling \$107,548. This resulted from accounting entries that were required at the inception of a subscription agreement in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

OTHER FINANCIAL INFORMATION

**NASSAU COUNTY SHERIFF
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2023**

	<u>Sheriff Investigative</u>	<u>Federal Inmate</u>	<u>911 Operations</u>	<u>Total Other Governmental Funds</u>
Assets				
Cash in Bank	\$ 9,790	\$ 213,096	\$ 104,985	\$ 327,871
Cash on Hand	3,167	-	-	3,167
Due from Other Governments	-	44,039	-	44,039
Total Assets	<u>12,957</u>	<u>257,135</u>	<u>104,985</u>	<u>375,077</u>
Liabilities and Fund Balances				
Accounts Payable	-	-	1,706	1,706
Due to Board of County Commissioners	-	248,663	92,336	340,999
Other Current Liabilities	-	8,472	10,943	19,415
Total Liabilities	<u>-</u>	<u>257,135</u>	<u>104,985</u>	<u>362,120</u>
Fund Balances				
Committed:				
Investigative	<u>12,957</u>	<u>-</u>	<u>-</u>	<u>12,957</u>
Total Fund Balances	<u>12,957</u>	<u>-</u>	<u>-</u>	<u>12,957</u>
Total Liabilities and Fund Balances	<u>\$ 12,957</u>	<u>\$ 257,135</u>	<u>\$ 104,985</u>	<u>\$ 375,077</u>

**NASSAU COUNTY SHERIFF
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Sheriff Investigative</u>	<u>Federal Inmate</u>	<u>911 Operations</u>	<u>Total Other Governmental Funds</u>
Revenues				
Intergovernmental Revenue	\$ -	\$ 494,984	\$ -	\$ 494,984
Miscellaneous	6,971	-	-	6,971
Total Revenues	<u>6,971</u>	<u>494,984</u>	<u>-</u>	<u>501,955</u>
Expenditures				
Current:				
Public Safety:				
Personnel Services	-	139,553	201,600	341,153
Operating Expenditures	22,156	16,759	193,128	232,043
Capital Outlay	-	2,142	92,143	94,285
(Total Expenditures)	<u>(22,156)</u>	<u>(158,454)</u>	<u>(486,871)</u>	<u>(667,481)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,185)</u>	<u>336,530</u>	<u>(486,871)</u>	<u>(165,526)</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	-	-	579,207	579,207
Transfers (out) to Board of County Commissioners	-	(248,663)	(92,336)	(340,999)
Transfers (out) to Other Funds	-	(87,867)	-	(87,867)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(336,530)</u>	<u>486,871</u>	<u>150,341</u>
Net Change in Fund Balance	(15,185)	-	-	(15,185)
Fund Balance, Beginning of Year	<u>28,142</u>	<u>-</u>	<u>-</u>	<u>28,142</u>
Fund Balance, End of Year	<u>\$ 12,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,957</u>

CUSTODIAL FUNDS

Individual Depositors/Suspense—Accounts for fees charged for the service of process in civil cases. These non-refundable fees are set by Section 30.231, Florida Statutes. On a monthly basis, these fees are deposited to the General Fund of the Board of County Commissioners. Accounts for the receipt and disbursement of funds received for various purposes, such as faulty equipment for inspection and purge money for child support. Disbursement of these funds is made in accordance with the purpose of the receipt.

Inmate Trust—Accounts for inmates' personal cash receipts and disbursements. Individual inmate account records are maintained. This fund makes disbursements requested by inmates to the extent of their available funds.

**NASSAU COUNTY SHERIFF
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 SEPTEMBER 30, 2023**

	<u>Individual Depositors/ Suspense</u>	<u>Inmate Trust</u>	<u>Total</u>
Assets			
Cash	\$ 1,080	\$ 79,801	\$ 80,881
Other Receivables	180	32	212
Total Assets	<u>1,260</u>	<u>79,833</u>	<u>81,093</u>
Liabilities			
Accounts Payable	-	50,948	50,948
Due to Other Funds	-	8,634	8,634
Due to Board of County Commissioners	1,260	574	1,834
Total Liabilities	<u>1,260</u>	<u>60,156</u>	<u>61,416</u>
Net Position	<u>\$ -</u>	<u>\$ 19,677</u>	<u>\$ 19,677</u>

**NASSAU COUNTY SHERIFF
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Individual Depositors/ Suspense	Inmate Trust	Total
Additions			
Inmate Funds Collected	\$ -	\$ 1,233,681	\$ 1,233,681
Fines, Forfeitures, and Fees Collected	65,263	-	65,263
Total Additions	<u>65,263</u>	<u>1,233,681</u>	<u>1,298,944</u>
Deductions			
Inmate Funds Disbursed	-	1,234,078	1,234,078
Fines, Forfeitures, and Fees Disbursed	65,263	-	65,263
Total Deductions	<u>65,263</u>	<u>1,234,078</u>	<u>1,299,341</u>
Change in Net Position	<u>-</u>	<u>(397)</u>	<u>(397)</u>
Net Position, Beginning of Year	<u>-</u>	<u>20,074</u>	<u>20,074</u>
Net Position, End of Year	<u>\$ -</u>	<u>\$ 19,677</u>	<u>\$ 19,677</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***

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 Nassau County, Florida, Sheriff (the Sheriff) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated March 6, 2024.

Report on 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 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 or significant deficiencies may exist that were not identified.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

The Honorable Bill Leeper
Nassau County Sheriff
Nassau 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***

Report on 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, non-compliance 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 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 Sheriff's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 6, 2024
Gainesville, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

We have examined Nassau County, Florida, Sheriff's (the Sheriff) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2023, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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 fiscal year ended September 30, 2023.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, the Sheriff, its management, and the Board of County Commissioners of Nassau County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



March 6, 2024
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

MANAGEMENT LETTER

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

Report on the Financial Statements

We have audited the financial statements of the Nassau County, Florida, Sheriff (the Sheriff) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 6, 2024.

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 Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with the American Institute of Certified Public Accountants *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 March 6, 2024, 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 such 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 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

The Honorable Bill Leeper
Nassau County Sheriff
Nassau County, Florida

MANAGEMENT LETTER

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.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and 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.

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.



March 6, 2024
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA