

**SHERIFF, BROWARD COUNTY, FLORIDA**  
**SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2020

SHERIFF, BROWARD COUNTY, FLORIDA  
Fort Lauderdale, Florida

SPECIAL-PURPOSE FINANCIAL STATEMENTS  
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CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
SPECIAL-PURPOSE FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS .....	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS .....	5
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS .....	6
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS .....	7
REQUIRED SUPPLEMENTARY INFORMATION (unaudited)	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND .....	20
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION .....	21
COMBINING NON-MAJOR FUND FINANCIAL STATEMENTS	
COMBINING BALANCE SHEET – NON MAJOR GOVERNMENTAL FUNDS .....	22
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON MAJOR GOVERNMENTAL FUNDS .....	23
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS .....	24
COMPLIANCE REPORTS	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	
SCHEDULE OF FINDINGS .....	
MANAGEMENT LETTER .....	
INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, <i>FLORIDA STATUTES</i> .....	



RSM US LLP

## Independent Auditor's Report

Honorable Gregory Tony  
Broward County, Florida Sheriff  
Fort Lauderdale, Florida

### Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Broward County, Florida Sheriff (the Sheriff), as of and for the year ended September 30, 2020, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's special-purpose financial statements as listed in the table of contents.

### Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose 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 the special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these special-purpose 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 special-purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

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

## **Opinions**

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

As discussed in Note 1, the special-purpose financial statements were prepared for the purpose of complying with the financial reporting provisions of Section 218.39, *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General*, and do not purport to, and do not, present fairly the financial position of the Sheriff or Broward County, Florida as of September 30, 2020, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that budgetary comparison schedules be presented to supplement the special-purpose financial statements. Such information, although not a part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the special-purpose financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Sheriff's special-purpose financial statements. The combining non-major fund financial statements and combining statement of changes in fiduciary assets and liabilities – agency funds are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements.

The combining non-major fund financial statements and combining statement of fiduciary assets and liabilities – agency funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements and combining statement of fiduciary assets and liabilities – agency funds are fairly stated, in all material respects, in relation to the special-purpose 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 29, 2021 on our consideration of the Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

*RSM US LLP*

Fort Lauderdale, Florida  
March 29, 2021

SHERIFF, BROWARD COUNTY, FLORIDA  
SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS  
September 30, 2020

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Fund	Grants and Special Projects Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash	\$ 65,209,120	\$ 6,912,946	\$ 8,925,996	\$ 81,048,062
Due from other funds	7,493,213	-	-	7,493,213
Accounts receivable	29,253	-	106,877	136,130
Due from other governmental agencies (net of allowance for uncollectibles)	489,682	1,971,390	-	2,461,072
Due from Board of County Commissioners	4,929,978	436,006	-	5,365,984
Prepaid items	137,278	67,024	-	204,302
Inventory	6,084,493	-	-	6,084,493
<b>Total assets</b>	<b>\$ 84,373,017</b>	<b>\$ 9,387,366</b>	<b>\$ 9,032,873</b>	<b>\$ 102,793,256</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Due to Board of County Commissioners	\$ 35,692,092	\$ 62,104	\$ 346,501	\$ 36,100,697
Due to other funds	-	7,493,213	-	7,493,213
Accounts payable and accrued liabilities	42,165,736	1,064,273	150,936	43,380,945
Due to other governmental agencies	283,690	101,197	38,588	423,475
Due to individual depositors	9,728	-	-	9,728
Unearned revenue	-	135,977	-	135,977
<b>Total liabilities</b>	<b>78,151,246</b>	<b>8,856,764</b>	<b>536,025</b>	<b>87,544,035</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	12,430	-	12,430
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>12,430</b>	<b>-</b>	<b>12,430</b>
<b>Fund balance</b>				
Nonspendable	6,221,771	67,024	-	6,288,795
Restricted	-	2,468,797	8,496,848	10,965,645
Unassigned	-	(2,017,649)	-	(2,017,649)
<b>Total fund balance</b>	<b>6,221,771</b>	<b>518,172</b>	<b>8,496,848</b>	<b>15,236,791</b>
<b>Total liabilities and fund balance</b>	<b>\$ 84,373,017</b>	<b>\$ 9,387,366</b>	<b>\$ 9,032,873</b>	<b>\$ 102,793,256</b>

See accompanying notes to special-purpose financial statements.

SHERIFF, BROWARD COUNTY, FLORIDA  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
Year ended September 30, 2020

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Fund	Grants and Special Projects Fund	Other Governmental Funds	
<b>Revenues and appropriations</b>				
County appropriation	\$ 977,318,104	\$ -	\$ -	\$ 977,318,104
County law enforcement trust revenues	-	-	5,896,049	5,896,049
Operating grants, projects and contributions	-	28,488,787	11,573	28,500,360
Charges for services	-	-	1,286,697	1,286,697
<b>Total revenues and appropriations</b>	<u>977,318,104</u>	<u>28,488,787</u>	<u>7,194,319</u>	<u>1,013,001,210</u>
<b>Expenditures</b>				
Current				
General – crime prevention	414,585,617	29,429,832	5,762,974	449,778,423
Bailiffs – court services	8,845,760	-	-	8,845,760
Consolidated dispatch	45,870,990	-	-	45,870,990
Corrections and rehabilitation	281,129,990	-	-	281,129,990
Fire rescue and emergency services	162,002,140	-	-	162,002,140
Capital outlay	26,784,979	1,404,946	101,573	28,291,498
Debt Services				
Principal retirement	2,729,017	-	-	2,729,017
Interest and fiscal charges	191,636	-	-	191,636
<b>Total expenditures</b>	<u>942,140,129</u>	<u>30,834,778</u>	<u>5,864,547</u>	<u>978,839,454</u>
Excess (deficiency) of revenues and appropriations over expenditures	<u>35,177,975</u>	<u>(2,345,991)</u>	<u>1,329,772</u>	<u>34,161,756</u>
<b>Other financing sources (uses)</b>				
Transfers out to County/ excess appropriations	(35,177,975)	-	-	(35,177,975)
Sale of capital assets	-	722,903	-	722,903
<b>Total other financing sources (uses)</b>	<u>(35,177,975)</u>	<u>722,903</u>	<u>-</u>	<u>(34,455,072)</u>
<b>Net change in fund balance (deficit)</b>	<u>-</u>	<u>(1,623,088)</u>	<u>1,329,772</u>	<u>(293,316)</u>
<b>Fund balance at beginning of year</b>	4,869,010	2,143,253	7,167,076	14,179,339
<b>Changes in nonspendable for prepaids</b>	16,819	(1,993)	-	14,826
<b>Changes in nonspendable for inventory</b>	<u>1,335,942</u>	<u>-</u>	<u>-</u>	<u>1,335,942</u>
<b>Fund balance at end of year</b>	<u>\$ 6,221,771</u>	<u>\$ 518,172</u>	<u>\$ 8,496,848</u>	<u>\$ 15,236,791</u>

See accompanying notes to special-purpose financial statements.

SHERIFF, BROWARD COUNTY, FLORIDA

SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS  
AND LIABILITIES – AGENCY FUNDS  
September 30, 2020

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**ASSETS**

Cash	\$ 7,180,538
Accounts receivable	1,151,590
Due from Board of County Commissioners	6,979,414
Due from other governmental agencies (net of allowance for uncollectibles)	<u>827,970</u>
 Total assets	 <u>\$ 16,139,512</u>

**LIABILITIES**

Due to Board of County Commissioners (net allowance for uncollectables)	\$ 7,057,816
Due to other governmental agencies	3,185,864
Due to individuals	331,942
Accounts payable and accrued liabilities	401,136
Inmate escrow	472,842
Evidence seizures	1,764,457
Cash bond liability	<u>2,925,455</u>
 Total liabilities	 <u>\$ 16,139,512</u>

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See accompanying notes to special-purpose financial statements.



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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The Sheriff, Broward County, Florida (the Sheriff) is a Constitutional Office in Florida and the Chief Law Enforcement Officer in Broward County (the County). The Sheriff is elected by the electors of the County for terms of four (4) years. The Florida Legislature has recognized the independence of the Sheriff in Section 30.53, *Florida Statutes*, which specifically preserves such independence concerning the purchase of supplies and equipment, selection of personnel, and the hiring, firing, and setting of salaries of such personnel.

The special-purpose financial statements presented include the funds of the Sheriff and were prepared for complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*. The special-purpose financial statements are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* as a result the special- purpose financial statements are not intended to be a complete presentation of the financial position of the Sheriff or County, or the changes in financial position and where applicable, cash flows, in conformity with accounting principles generally accepted in the United States. The financial activities of the Sheriff, as a constitutional office, are included in the County's comprehensive annual financial report.

The Sheriff's Office is funded by appropriations requisitioned monthly from the County's Board of County Commissioners (Board). Section 218.36(2), *Florida Statutes*, provides that unexpended year end balances in the General Fund shall be distributed back to the Board.

Basis of Presentation: These special-purpose financial statements are fund financial statements that have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental and financial reporting principles. The Sheriff's significant accounting policies are described below.

The special-purpose financial statements were prepared in accordance with applicable GASB pronouncements for the financial reporting entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Sheriff, organizations for which the Sheriff is financially accountable and other organizations for which the nature and significance of their relationship with the Sheriff are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Sheriff is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Sheriff. Based upon the application of these criteria, there were no organizations that met the criteria for component units described above.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Sheriff considers revenues available if they are collected within 60 days of the end of the current fiscal period except for grants, which are considered collectible if they are collected within six months. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures for capital leases, as well as expenditures related to compensated absences, pension and other post-employment benefits are recorded only when payment is due. The Agency funds which are fiduciary funds report only assets and liabilities have no measurement focus and use the accrual basis of accounting.

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

Substantially all of the Sheriff's funding is appropriated by the Board. In applying the "susceptible to accrual" concept to intergovernmental revenues, there are essentially two types of revenues. In one type, monies must be expended on the specific purpose or project before any amounts will be paid to the Sheriff; therefore, revenues are recognized when the expenditures have been incurred. The majority of grant revenues are recorded in this manner however there are some where the cash is received in advance but the applicable eligibility requirements have not been met. Revenue for these grants is not recorded until all eligibility requirements have been met. In the other, monies are generally unrestricted and are revocable only for failure to comply with prescribed compliance or purpose requirements. These resources are reflected as revenues at the time of receipt or earlier if measurable and available to finance expenditures of the current period. Other revenues susceptible to accrual include interest and charges for services.

The Sheriff reports the following major governmental funds:

General Funds: The General Fund is used to account for all revenues, appropriations and expenditures applicable to the general operations of the Sheriff which are not properly accounted for in another fund. All operating revenues and appropriations which are not specifically restricted or designated as to use are recorded in the General Fund. General property taxes levied by the Board that are allocated to the Sheriff are reported as County Appropriation. Excess revenues and appropriations over expenditures (surplus) at year end that are due back to the County are reported as Transfers out to County / excess appropriations.

Grants and Special Projects Fund: The Grants and Special Projects Fund are used to account for all Federal, State and local grant related revenues and expenditures. The grants received in the fund are used to supplement the Sheriff's public safety services overall.

The Sheriff also reports the following fund types:

Special Revenue Funds: Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specific purposes. These include funds received from donations for youth-related programs, funds from the Broward County Law Enforcement Trust Fund and funds from various federal and state grantor agencies to be used for specific law enforcement purposes, and funds to be used for inmate welfare and victim witness purposes. All of the Special Revenue Funds are considered non-major funds for financial reporting purposes except for the Grants and Special Projects Fund, which is considered a major fund.

Agency Funds: Agency Funds are used to account for assets held by the Sheriff in a fiduciary capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Agency Funds are also used to account for charges to municipalities for services provided (contract cities). These assets include amounts held for inmates of the County jail system, surety (appearance) bonds of accused individuals, civil fees for services performed by the Sheriff, such as subpoena or summons, and other miscellaneous items.

Fund equity at the governmental fund financial reporting level is classified as "fund balance."

Fund Balance: Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Sheriff is bound to honor constraints for the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

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

Non-spendable: Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact. As of September 30, 2020, there were no amounts that were legally or contractually required to be maintained intact included in the non-spendable category. Non-spendable consists of prepaid items and inventory: \$137,278 of prepaid items in the General Fund; \$67,024 of prepaid items in the Grants and Special Projects Fund and \$6,084,493 of inventory in the General Fund.

Restricted: Fund balances are reported as restricted when there are limitations imposed on their use through the enabling legislation adopted either by the Sheriff or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted fund balance of the Grants and Special Projects Fund consists of amounts restricted for various projects funded primarily by federal and state grants. Restricted fund balance of the Non-major Governmental Funds consists of \$3,049,804 restricted for inmate welfare, \$5,299,959 restricted for law enforcement, and \$147,820 restricted for other purposes.

Committed: Fund balances are reported as committed when they can be used only for specific purposes pursuant to the constraints imposed by formal action of the Sheriff through the adoption of a resolution. The Sheriff also may modify or rescind the commitment. The Sheriff does not have any committed fund balances as of September 30, 2020.

Assigned: Fund balances are reported as assigned when amounts are constrained by the Sheriff's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Sheriff has authorized the finance committee or the finance director to assign fund balances. The Sheriff does not have any assigned fund balances as of September 30, 2020.

Unassigned: Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Sheriff reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions: When both restricted and unrestricted resources are available for use for expenditures incurred, it is the Sheriff's policy to use restricted amounts first and then unrestricted amounts, as they are needed. For unrestricted amounts of fund balance, it is the Sheriff's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Fund Balance Policy: The Sheriff does not have a minimum fund balance policy.

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

Deposits and investments: Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments with a maturity date of three months or less when purchased. Certificates of deposit with maturities greater than three months are classified as investments. All investments are stated at fair value. The Sheriff had no such investments as of September 30, 2020.

Inventory and Prepaid Items: Inventories recorded in the General Fund consist of expendable supplies held in the Sheriff's operations. Inventories are stated at cost, principally on a weighted-average cost basis. This inventory is accounted for under the purchase method and is recorded as expenditures when purchased. Inventory in the Inmate Commissary Trust Fund is stated at the lower of cost or market (first-in, first-out) and consists primarily of snacks and personal sundries held for resale to prisoners. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets: Capital assets, which include vehicles, software, equipment, and building improvements, 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 government-wide financial statements of the County. The capitalization threshold set by the Sheriff is \$1,000.

Capital assets are depreciated using the straight-line method over five to seven years for motor vehicles; five years for communications equipment; three to ten years for furniture and other equipment; and 40 years for building improvements. The depreciation expense is recorded in the statement of activities as part of the basic government-wide financial statements of the County.

Accounts Payable and Accrued Liabilities: Balances consist primarily of accrued payroll and related expense for retirement and social security totaling approximately \$33.7 million and trade accounts payable of approximately \$9.6 million.

Compensated Absences: Employees of the Sheriff accumulate vacation and sick leave based on the number of years of continuous service in addition to unused holiday and overtime pay. Upon termination of employment, employees can receive payment for accumulated unused leave, if they meet certain criteria. The long-term liability for accumulated leave is recorded in the governmental activities column of the statement of net position as part of the basic financial statements of the County. A liability for these amounts is reported in governmental funds only if they have matured, due to employee retirement or resignation.

Pensions: In the governmental funds, no liability is recorded for the net pension liability and the expense is recorded when due and payable. In the government-wide statement of net position, liabilities are recognized for the Sheriff's proportionate share of each pension plan's net pension liability. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Post-Employment Benefits Other Than Pensions: The Sheriff's Office applies GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for measurement, recognition, and display of OPEB expenses, OPEB liabilities and deferred outflows/inflows of resources which are recorded in the governmental activities column of the statement of net position and statement of activities as part of the basic financial statements of the County. In the governmental funds, no liability is recorded for the total OPEB liability and the expense is recorded when due and payable.

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

Unearned Revenue: Unearned revenue includes amounts collected before revenue recognition criteria are met. The unearned items consist primarily of grant revenues.

Use of Estimates: The special-purpose financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities and deferred inflows of resources at the date of the special-purpose financial statements and revenue and expenditures during the period reported. These estimates include assessing collectability of accounts receivable. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the special-purpose financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

New Accounting Standards:

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This standard became effective immediately. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 90, *Majority Equity Interests*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*; Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*; Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*; Implementation Guide No. 2019-2, *Fiduciary Activities*. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, *Leases*; Implementation Guide No. 2019-3, *Leases*. Management is aware of this standard and intends to properly evaluate the impact and ensure that any accounting and reporting impact is properly addressed specifically with regards to implementation of Statement No. 84, *Fiduciary Activities and Statement* and Statement No. 87, *Leases*.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported and establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this statement on the special-purpose financial statements. The effective date of GASB 84 guidance is postponed by one year from the effective date within the original statement.

In June 2017, GASB Statement No. 87, *Leases*. This Statement outlines new guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The goal is to better align reporting these leases with their particular situations, as well as provide greater transparency and usefulness of financial statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the special-purpose financial statements. The effective date of GASB 87 guidance is postponed by eighteen months from the effective date within the original statement.

In August 2018, GASB Statement No. 90, *Majority Equity Interests*. This Statement clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. The requirements of this Statement are effective

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

for reporting periods beginning after June 15, 2019. Management is currently evaluating the impact of the adoption of this statement on the special-purpose financial statements. The effective date of GASB 90 guidance is postponed by one year from the effective date within the original statement.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*. This Statement provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. Management has determined that implementation of this statement will result in no modifications to the special-purpose financial statements and the applicable footnotes. The effective date of GASB 91 guidance is postponed by one year from the effective date within the original statement.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports; (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits; (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements; (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; (8) Terminology used to refer to derivative instruments. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the special-purpose financial statements. The effective date of GASB 92 guidance is postponed by one year from the effective date within the original statement.

In March of 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This Statement amends Statement No. 40, Deposit and Investment Risk Disclosures, Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, and Implementation Guide No. 2015-1. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management has determined that implementation of this statement will result in no modifications to the special-purpose financial statements and the applicable footnotes. The effective date of GASB 93 guidance is postponed by one year from the effective date within the original statement.

In April 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also

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

provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. Management has determined that implementation of this statement will result in no modifications to the special-purpose financial statements and the applicable footnotes.

In May of 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). Does not apply to certain contracts as defined in Statement No. 87, *Leases*, (b) Governments that provide the right to use their IT software and associated tangible capital assets to other entities through SBITAs (c) Contracts that meet the definition of a public-private and public-public partnership as in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, (d) Licensing arrangements that provide a perpetual license to governments to use a vendor's computer software, which are subject to Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, as amended. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. Management has determined that implementation of this statement will result in no modifications to the special-purpose financial statements and the applicable footnotes.

In June of 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform, mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation that meet the definition of a pension plan and for benefits provided through those plans. This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This requirements of this statement are effective for fiscal years beginning after June 15, 2021. Management has determined that implementation of this statement will result in no modifications to the special-purpose financial statements and the applicable footnotes.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents: In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Chief Financial Officer to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

As of September 30, 2020, all amounts were maintained in the qualified public depositories, the carrying amount was \$ 88,228,600 and bank balances were \$92,622,118.

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(Continued)

SHERIFF, BROWARD COUNTY, FLORIDA  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2020

**NOTE 3 - CAPITAL ASSETS**

The following summarizes capital asset activity for the fiscal year ended September 30, 2020:

EXPENDITURES AND CHANGES IN FUND BALANCE					
	<u>Balance</u>	<u>Additions</u>	<u>Write-offs</u>	<u>In (Out)</u>	<u>Balance</u>
Capital assets, not being depreciated:					
Construction in progress	\$ 1,982,719	\$ 2,128,807	\$ -	\$ (1,942,139)	\$ 2,169,387
Total capital assets, not being depreciated	<u>1,982,719</u>	<u>2,128,807</u>	<u>-</u>	<u>(1,942,139)</u>	<u>2,169,387</u>
Capital assets, being depreciated:					
Lease - Motor vehicles	15,397,399	-	98,984	-	15,298,415
Lease - Communications equipment	8,707,226	-	15,422	-	8,691,804
Lease - Furniture and other equipment	640,270	39,473	119,496	-	560,247
Motor vehicles	124,480,963	12,656,263	6,363,856	1,843,060	132,616,430
Communications equipment	15,885,721	1,419,192	1,587,649	-	15,717,264
Furniture and other equipment	84,555,774	7,026,878	3,385,850	99,079	88,295,881
Software	25,396,877	379,896	-	-	25,776,773
Building improvements	40,572,615	4,640,990	-	-	45,213,605
Total capital assets, being depreciated	<u>315,636,845</u>	<u>26,162,692</u>	<u>11,571,257</u>	<u>1,942,139</u>	<u>332,170,419</u>
Less accumulated depreciation for:					
Lease - Motor vehicles	11,200,323	2,909,089	93,714	-	14,015,698
Lease - Communications equipment	1,065,817	1,548,591	627	-	2,613,781
Lease - Furniture and other equipment	382,864	127,741	95,597	-	415,008
Motor vehicles	78,766,045	12,238,875	6,213,925	-	84,790,995
Communications equipment	13,338,063	719,531	1,591,321	-	12,466,273
Furniture and other equipment	66,394,810	6,716,762	3,262,194	-	69,849,378
Software	23,806,751	912,210	-	-	24,718,961
Building improvements	8,128,467	1,291,199	-	-	9,419,666
Total accumulated depreciation	<u>203,083,140</u>	<u>26,463,998</u>	<u>11,257,378</u>	<u>-</u>	<u>218,289,760</u>
Total capital assets, being depreciated, net	<u>112,553,705</u>	<u>(301,306)</u>	<u>313,879</u>	<u>1,942,139</u>	<u>113,880,659</u>
Capital assets (net)	\$ 114,536,424	\$ 1,827,501	\$ 313,879	\$ -	\$ 116,050,046

These assets are capitalized at cost in the statement of net position and the related depreciation expense is recorded in the statement of activities as part of the governmental activities in the basic financial statements of the County and Sheriff's Comprehensive Annual Financial Report.

(Continued)



SHERIFF, BROWARD COUNTY, FLORIDA  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2020

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**NOTE 4 - FLORIDA RETIREMENT SYSTEM**

Funding Policy: Substantially, all full-time employees of the Sheriff are eligible to participate in the State of Florida Retirement System (System or FRS), a cost-sharing, multiple-employer defined benefit plan administered by the State of Florida, Division of Retirement. The system is a defined benefit plan for all state, and participating county, district school board, community college, and university employees (Pension Plan). The System also offers eligible employees participation in an alternative defined contribution plan (Investment Plan). The Sheriff participates in the Elected State Officers' Class investment plan. The plan is administered by the State of Florida. Contribution rates are established statewide for all participating governmental units. The System publishes an annual report that provides information about how progress is being made to accumulate sufficient assets to pay benefits when due. This report may be obtained by writing to Division of Retirement, Research, Education, and Policy Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1266, or accessing their Internet site at:

[http://dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://dms.myflorida.com/workforce_operations/retirement/publications/annual_reports).

The Sheriff is required to contribute an actuarially determined rate. The contribution requirements of the Sheriff are established and may be amended by the State of Florida. Effective July 1, 2011, employees participating in the FRS System were required to contribute 3% of their eligible salaries to the Pension Plan. The required employer contribution rates were as follows: special-risk employees 25.48%, county elected officials 48.82%, senior management 25.41%, regular 8.47%, and DROP employees 14.60% from July 1, 2019 through June 30, 2020; special-risk employees 24.45%, County elected officials 49.18%, senior management 27.29%, regular 10.00%, and DROP employees 16.98% from July 1, 2020 through June 30, 2021.

The Sheriff's contributions to the plan for the year ended September 30, 2020, was \$115,145,469, equal to the actuarially determined contributions for the year. The Sheriff's portion of the net pension liability and deferred inflows/outflows of resources and the associated footnotes are not reported in the special-purpose financial statements of the Sheriff, however they are reported in the Sheriff's Comprehensive Annual Financial Report and the basic financial statements of the County.

Pension Plan: For members first enrolled in FRS prior to July 1, 2011, the system provides for vesting of benefits after six years of creditable service. Regular risk employees are eligible for normal retirement at age 62. Special Risk employees are eligible for normal retirement at age 55. Early retirement may be taken any time after six years of service. If an eligible employee elects to take early retirement, there is a 5% benefit reduction for each year prior to Normal retirement.

For members first enrolled in FRS on or after July 1, 2011, the system provides for vesting of benefits after eight years of creditable service. Regular risk employees are eligible for normal retirement at age 65. Special Risk employees are eligible for normal retirement at age 60. Early retirement may be taken any time after eight years of service. If an eligible employee elects to take early retirement, there is a 5% benefit reduction for each year prior to normal retirement.

Plan Benefits: Benefits are computed on an employee's years of creditable service with FRS, a percentage value (1.6% for regular risk and 3.0% for special risk) and the employee's average final compensation. Average final compensation is the average of the five highest fiscal years of earnings for members first enrolled in FRS prior to July 1, 2011. Average final compensation for members enrolled after July 1, 2011, is the average of the eight highest fiscal years of earnings. The system also provides for death and disability benefits.

SHERIFF, BROWARD COUNTY, FLORIDA  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2020

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**NOTE 4 - FLORIDA RETIREMENT SYSTEM (Continued)**

The Deferred Retirement Option Program (DROP) is available under the Pension Plan when a member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in DROP, the member's retirement benefits accumulate in the FRS Trust Fund (increased by a cost of living adjustment each July) and earn monthly interest equivalent to an annual rate of 1.30% if the effective DROP commencement date is on or after July 1, 2011, or an annual rate of 6.50% if the DROP commencement date is before July 1, 2011.

Investment Plan: In 2000, the Florida Legislature created the FRS investment Plan, a defined contribution program available to FRS members beginning in 2002. The FRS Investment Plan is available as an option for current and future FRS members. The FRS Investment Plan is a defined contribution plan, in which employer and employee contributions are defined by law, but benefit depends in part on the performance of the investment funds.

The FRS Investment Plan is funded by employer and employee contributions that are based on the salary and FRS membership class (Regular Class, Special Risk Class, etc.) of each employee. An employee is vested upon completion of one year of service in the FRS Investment Plan. The Investment Plan directs contributions to individual member accounts, and allocates contributions and account balance among various investment funds.

Plan Benefits: Employee contributions are immediately vested. If employment is terminated prior to meeting the vesting requirements of the Investment Plan, the employee will be entitled to a refund of contributions. The Investment Plan retirement benefit is the value of the account at termination.

Other Plans: Employees acquired through inter-local agreements with cities in the County had the option of staying with their city's retirement plan, to which the Sheriff contributes the same actuarially determined rate as FRS, or electing to go with FRS. The contribution requirements for employees covered by the cities for the year ended September 30, 2020, was \$8,667,754, which is equal to the required contribution for each year. The City is obligated for all pension amounts other than the current contribution, and therefore a liability, if any, is reported by the city or other government.

**NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Plan Description: The Sheriff's plan (a single employer plan) provides postemployment health insurance benefits for employees and sworn officers upon retirement and subsidizes a portion of the premiums. The provisions of the plan for the Sheriff may be amended through negotiations between the Sheriff and its employee bargaining units. The plan has no assets and does not issue separate financial reports.

Funding Policy and Annual OPEB Cost: Retirees of the Sheriff's plan and their beneficiaries pay the same blended rates as active employees. However, the Sheriff's provides a discount of 2% for each year of service, prorated on a monthly basis, with the Sheriff up to 50% of the blended rates to retirees and their beneficiaries who meet certain qualifications. The Sheriff also pays 100% of the premiums for line-of-duty disabled retirees in accordance with Florida Statutes. Employees hired on or after October 1, 2007 are not eligible for these amounts. The Sheriff makes no advance funding contributions to the plan; rather, it pays the discounts for retirees and their beneficiaries when due. In addition, the Sheriff's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits that it includes in the Employer Contributions. This offset equals the total age-adjusted costs paid by the Sheriff or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

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(Continued)

**NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

The Sheriff follows the guidance contained in Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, (GASB 75); for certain post-employment health care benefits provided by the Sheriff for the fiscal year ended September 30, 2020. The Sheriff's OPEB liability and deferred inflows/outflows of resources and the associated footnotes are not reported in the special-purpose financial statements of the Sheriff, however they are reported in the Sheriff's Comprehensive Annual Financial Report and the basic financial statements of the County.

**NOTE 6 - COMPENSATED ABSENCES**

The following changes in compensated absences occurred during the year ended September 30, 2020:

Balance at October 1, 2019	\$ 63,792,758
Additions	66,310,279
Payments	<u>(56,526,296)</u>
Balance at September 30, 2020	73,576,741
Less current portion	<u>(43,856,180)</u>
Long-term portion	<u><u>\$ 29,720,561</u></u>

Compensated absences is generally liquidated by the General Fund. The liability for compensated absences is reported in the governmental activities of the statement of net position as part of the basic financial statements of the County. The current portion of compensated absences is calculated based upon a three year average amount as it represents the average one year payout based on a three year history.

**NOTE 7 - RELATED PARTY TRANSACTIONS**

The charges from The Board of County Commissioners includes an allocation of certain costs for motor pool, communications, legal fees, printing, subpoenas, warehouse use, maintenance, and printing. Expenditures for these services for the year ended September 30, 2020, were \$1,326,489. The Sheriff also utilizes the self-insurance program of the Board for coverage against Workers' Compensation claims. Additionally, certain other insurance coverage is purchased by the Board from an insurance carrier on behalf of the Sheriff. For the year ended September 30, 2020 self-insurance costs and other insurance coverage charged to the Sheriff were \$4,688,504 and \$1,900,531 respectively. The County also provides certain office space to the Sheriff at no charge.

In addition, the Sheriff provided police services to certain County agencies in the amount of \$55,701,938 for the year ended September 30, 2020. Contract services revenues and related expenditures are reported in a special revenue fund in the County financials.

SHERIFF, BROWARD COUNTY, FLORIDA  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2020

**NOTE 8 - CONTRACT SERVICES**

The Sheriff provides police services along with fire rescue and emergency services to various municipalities and other governmental agencies throughout Broward County. These services are performed in accordance with mutually agreed-upon contracts. The Sheriff's annual budget includes an appropriation for these contract agreements. Payments received by the Sheriff in accordance with their respective contracts are remitted to the Board. During the year ended September 30, 2020, these services amounted to \$313,652,723. The Sheriff has recorded receivables from several municipalities for services rendered which are reported in the Sheriff's Agency funds. Contract services revenues and related expenditures are reported in a special revenue fund in the County financials.

**NOTE 9 - INTER-FUND RECEIVABLES AND PAYABLES**

Inter-fund receivables and payables balances at September 30, 2020, are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 7,493,213	\$ -
Grants and Special Projects Fund	-	7,493,213
	<u>\$ 7,493,213</u>	<u>\$ 7,493,213</u>

These inter-fund balances relate primarily to payroll costs that are paid through the General Fund and subsequently reimbursed by the other funds as well as other general inter-fund-operating transactions.

**NOTE 10 - RISK MANAGEMENT**

The Sheriff is self-insured for its workers' compensation program up to \$2,500,000 per claim. Excess Insurance is purchased for any amount paid above the retention level on a per claim basis. The County, through an independent actuary, evaluates the Sheriff's workers' compensation claim portfolio at the end of each year to determine the workers' compensation self-insured allocation. The administration of the workers' compensation program was transferred in its entirety to the Sheriff, effective 10/1/2012.

The Sheriff is responsible for all claims, including the amounts needed to pay claims incurred while the workers compensation program was under the responsibility of the County's Risk Management Program, with the exception of all Firefighters claims incurred prior to October 1, 2003, which remain the sole and exclusive responsibility of the County. The Fire Rescue services were transferred from the County to the Sheriff on October 1, 2003, pursuant to an agreement. Reserves are established for all losses and a claims liability is recorded in the self-insurance internal service fund in the basic financial statements of the County.

The Sheriff's Self-Insurance Program is responsible for general, professional and auto liability claims, within the Self Insured Retention ("SIR") Limit of \$750,000 per occurrence and will be funded through the County's annual budgetary process. Excess coverage for losses above the SIR, up to \$2,500,000 per occurrence, is provided through commercial excess insurance coverage. This insurance coverage is purchased primarily due to the fact that there is no immunity in federal courts from cases involving 1983 civil rights violations. The state statutory sovereign immunity limits do not apply to civil rights claims, which are primarily filed in the federal courts. Claims and settlements have not exceeded coverage limits in each of the last three years.

(Continued)

SHERIFF, BROWARD COUNTY, FLORIDA  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2020

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**NOTE 11 - LITIGATION AND CONTINGENCIES**

The Sheriff is involved in numerous litigation matters and claims arising from the ordinary course of operations. The results of litigation proceedings cannot be predicted with certainty and the Sheriff has instructed legal counsel to defend its position vigorously. In the unforeseen circumstance that judgments, if any, against the Sheriff are in excess of funds budgeted or insurance coverage, additional appropriations will be provided by the County. In the opinion of management, the outcome of these matters will not materially affect the financial position of the Sheriff and amounts of any potential obligations that are probable have been included in the claims liability amounts reported in the County's self-insurance fund.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Sheriff expects such amounts, if any, to be immaterial.

**NOTE 12 - CONFISCATED PROPERTY**

Property confiscated by the Sheriff is retained until a court decree is received. At that time, the goods are 1) put up for auction and the net proceeds remitted to the County's Law Enforcement Trust Fund, 2) traded at their estimated values for usable goods which are recorded as capital assets at their estimated values, 3) recorded as capital assets at an estimated value, or 4) destroyed if there is no value. Confiscated property is inventoried only when it is recorded as a capital asset.

Proceeds from confiscated property that are remitted to the County's Law Enforcement Trust Fund are held by the County and are available to the Sheriff only for law enforcement purposes. The Sheriff must request and obtain the County's approval before funds are released for such purposes. In some cases, proceeds from confiscated property are remitted to a contract city's Law Enforcement Trust Fund if required by the contract between the city and the Sheriff and the confiscation is derived from the efforts of personnel permanently assigned to the city.

SHERIFF, BROWARD COUNTY, FLORIDA  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2020

**NOTE 13 – CAPITAL LEASES**

The Sheriff has entered into several long term capital leases for the acquisition of capital equipment. A summary of the long term debt is as follows:

EXPENDITURES AND CHANGES IN FUND BALANCE					
	<u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>2020</u>	<u>One Year</u>
2014 Vehicles	\$ 166,454	\$ -	\$ 166,454	\$ -	\$ -
2019 Lease Voice IP Phones System - Pompano	139,805	-	31,682	108,123	33,283
2019 Lease Portable Radios - Agencywide	<u>7,770,926</u>	<u>-</u>	<u>2,530,881</u>	<u>5,240,045</u>	<u>2,589,851</u>
Capital assets (net)	<u>\$ 8,077,185</u>	<u>\$ -</u>	<u>\$ 2,729,017</u>	<u>\$ 5,348,168</u>	<u>\$ 2,623,134</u>

The 2019 Radio lease represents the purchase of radios for the Department of Law enforcement, Detention, and Fire Rescue for which a yearly payment is spread over three years based on an annual compounding interest rate of 2.33%. As of September 30, 2020, the outstanding balance was \$5,240,045. The assets acquired under the lease are reported at a cost of \$7,770,926 less accumulated depreciation of \$1,681,778. Debt service requirements to maturity were as follow:

	<u>Beginning Balance</u>		<u>Interest</u>		<u>Principal</u>		<u>Ending Balance</u>
FY 09/30/21	\$ 5,240,045	\$	122,093	\$	2,589,851	\$	2,650,194
FY 09/30/22	2,650,194		61,750		2,650,194		-

The 2019 VOIP Phone System lease represents a purchase of equipment for the Pompano District for which a monthly payment is spread over five years based on an annual compounding interest rate of 4.70%. As of September 30, 2020, the outstanding balance was \$108,123. The assets acquired under the lease are reported at a cost of \$167,506 less accumulated depreciation of \$60,488. Debt service requirements to maturity were as follow:

	<u>Beginning Balance</u>		<u>Interest</u>		<u>Principal</u>		<u>Ending Balance</u>
FY 09/30/21	\$ 108,123	\$	4,594	\$	33,283	\$	74,840
FY 09/30/22	74,840		2,912		34,965		39,875
FY 09/30/23	39,875		1,146		36,732		3,143
FY 09/30/24	3,143		13		3,143		0

SHERIFF, BROWARD COUNTY, FLORIDA  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2020

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**NOTE 13 – CAPITAL LEASES (continued)**

The debt service payments will be funded through the Sheriff's General Fund are paid out of the General Fund. A summary of the debt service payments follows:

	Fiscal Year Ended <u>September 30, 2020</u>	
	FY2021	\$ 2,749,821
	FY2022	2,749,821
	FY2023	37,878
	FY2024	<u>3,156</u>
Total minimum lease payments		5,540,676
Less amount representing interest		<u>(192,508)</u>
Present value of minimum lease payments		<u>\$ 5,348,168</u>

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(Continued)

**REQUIRED SUPPLEMENTARY INFORMATION**



SHERIFF, BROWARD COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – GENERAL FUND  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
Year ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
County appropriation	\$ 962,841,240	\$ 1,048,996,128	\$ 977,318,104	\$ (71,678,024)
Expenditures:				
General – crime prevention:				
Personal services	375,107,990	370,634,468	364,830,852	5,803,616
Operations	57,947,640	57,733,934	49,754,764	7,979,170
Capital outlay	16,283,150	23,116,420	15,833,521	7,282,899
Contingencies/reserves/transfers	7,958,370	57,714,309	-	57,714,309
Total general – crime prevention	457,297,150	509,199,131	430,419,138	78,779,993
Bailiffs – court services:				
Personal services	10,054,240	10,054,240	8,806,542	1,247,698
Operations	60,130	60,130	39,218	20,912
Total bailiffs – court services	10,114,370	10,114,370	8,845,760	1,268,610
Consolidated Dispatch				
Personal services	41,362,810	45,832,810	45,394,025	438,785
Operations	945,540	486,540	476,965	9,575
Capital Outlay	20,000	9,000	-	9,000
Transfers/reserves	-	105,200	-	105,200
Total consolidated dispatch	42,328,350	46,433,550	45,870,990	562,560
Corrections and Rehabilitation				
Personal services	222,878,050	223,578,050	222,542,200	1,035,850
Operations	60,698,250	63,004,965	58,587,790	4,417,175
Capital outlay	4,585,710	6,513,112	4,419,210	2,093,902
Transfers/reserves	-	89,007	-	89,007
Total corrections and rehabilitation	288,162,010	293,185,134	285,549,200	7,635,934
Fire rescue and emergency services:				
Personal services	135,746,220	146,957,840	143,325,765	3,632,075
Operations	18,853,940	18,986,600	18,676,376	310,225
Capital outlay	5,061,470	10,349,995	6,532,248	3,817,747
Transfers/Reserves	5,277,730	13,769,508	-	13,769,508
Total fire rescue and emergency services	164,939,360	190,063,943	168,534,389	21,529,555
Debt Services				
Principal retirement	-	-	2,729,017	(2,729,017)
Interest and fiscal charges	-	-	191,636	(191,636)
Total debt services	-	-	2,920,653	(2,920,653)
Total expenditures	962,841,240	1,048,996,128	942,140,129	106,855,999
Excess of revenues over expenditures	-	-	35,177,975	35,177,975
Unexpended County appropriations, net of advance for prepaid items	-	-	(35,177,975)	(35,177,975)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	4,869,010	-
Changes in reserves for prepaids	-	-	16,819	-
Changes in reserves for inventory	-	-	1,335,943	-
Fund balance at end of year	-	-	\$ 6,221,772	-

See accompanying note to required supplementary information

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
Year ended September 30, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BUDGETARY PROCESS**

The Sheriff's budget is submitted annually to the Board pursuant to Section 30.49, *Florida Statutes*. Sections 30 and 129.03(2), *Florida Statutes*, which govern the preparation, adoption and administration process of the Sheriff's annual budget. A budget is prepared annually by the Sheriff for the General Fund and is submitted to the Board for approval. Any subsequent amendments to the budget must also be approved by the Board. The budget is prepared on the modified accrual basis of accounting. Budgetary control is maintained at the major object expenditure level and expenditures may not legally exceed appropriations at the department level. Budgetary changes at the department level within the major object expenditure classification are made at the discretion of the Sheriff. Supplemental appropriations of \$86,154,888 were approved by the Board during the year. Appropriations lapse at year end. Budgets prepared for the Grants and Special Projects Fund and the other non-major governmental funds are not submitted to the Board for approval.

**COMBINING NONMAJOR FUND FINANCIAL STATEMENTS**

**NON MAJOR GOVERNMENTAL FUNDS**

SHERIFF, BROWARD COUNTY, FLORIDA  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2020

	Community Programs <u>Fund</u>	Law Enforcement Trust <u>Fund</u>	Inmate Commissary Trust <u>Fund</u>	Victim Witness <u>Witness</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ 164,040	\$ 5,611,961	\$ 2,962,379	\$ 187,616	\$ 8,925,996
Accounts receivable	-	-	106,877	-	106,877
<b>Total assets</b>	<u>\$ 164,040</u>	<u>\$ 5,611,961</u>	<u>\$ 3,069,256</u>	<u>\$ 187,616</u>	<u>\$ 9,032,873</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities					
Due to Board of County Commissioners	\$ -	\$ 161,353	\$ -	\$ 185,148	\$ 346,501
Accounts payable and accrued liabilities	16,220	112,864	19,452	2,400	\$ 150,936
Due to other governmental agencies	-	38,520	-	68	38,588
Total liabilities	<u>16,220</u>	<u>312,737</u>	<u>19,452</u>	<u>187,616</u>	<u>536,025</u>
Fund balance					
Restricted	<u>147,820</u>	<u>5,299,224</u>	<u>3,049,804</u>	<u>-</u>	<u>8,496,848</u>
<b>Total fund balance</b>	<u>147,820</u>	<u>5,299,224</u>	<u>3,049,804</u>	<u>-</u>	<u>8,496,848</u>
<b>Total liabilities and fund balance</b>	<u>\$ 164,040</u>	<u>\$ 5,611,961</u>	<u>\$ 3,069,256</u>	<u>\$ 187,616</u>	<u>\$ 9,032,873</u>

SHERIFF, BROWARD COUNTY, FLORIDA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
Year ended September 30, 2020

	Community Programs <u>Fund</u>	Law Enforcement Trust <u>Fund</u>	Inmate Commissary Trust <u>Fund</u>	Victim Witness <u>Fund</u>	<u>Total</u>
<b>Revenues</b>					
County law enforcement trust revenues	\$ -	\$ 5,896,049	\$ -	\$ -	\$ 5,896,049
Operating grants, projects and contributions	11,573	-	-	-	11,573
Charges for services	-	-	1,172,485	114,212	1,286,697
<b>Total revenues</b>	<u>11,573</u>	<u>5,896,049</u>	<u>1,172,485</u>	<u>114,212</u>	<u>7,194,319</u>
<b>Expenditures</b>					
Current:					
General – crime prevention	22,512	5,115,061	519,051	106,350	5,762,974
Capital outlay	23,538	70,173	-	7,862	101,573
<b>Total expenditures</b>	<u>46,050</u>	<u>5,185,234</u>	<u>519,051</u>	<u>114,212</u>	<u>5,864,547</u>
<b>Net change in fund balance</b>	<u>(34,477)</u>	<u>710,815</u>	<u>653,434</u>	<u>-</u>	<u>1,329,772</u>
<b>Fund balance at beginning of year</b>	<u>182,297</u>	<u>4,588,409</u>	<u>2,396,370</u>	<u>-</u>	<u>7,167,076</u>
<b>Fund balance at end of year</b>	<u>\$ 147,820</u>	<u>\$ 5,299,224</u>	<u>\$ 3,049,804</u>	<u>\$ -</u>	<u>\$ 8,496,848</u>

**AGENCY FUNDS**

SHERIFF, BROWARD COUNTY, FLORIDA  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS  
September 30, 2020

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	Civil/Detail Division	Cash Bonds Division	Inmate Welfare Fund	Evidence	Total
<b>ASSETS</b>					
Cash	\$ 1,907,855	\$ 2,921,954	\$ 554,654	\$ 1,796,075	\$ 7,180,538
Accounts receivable	878,289	3,501	269,800	-	1,151,590
Due from Board of County Commissioners	6,979,414	-	-	-	6,979,414
Due from other governmental agencies (net of allowance for uncollectibles)	827,970	-	-	-	827,970
	<u>827,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>827,970</u>
<b>Total assets</b>	<b><u>\$ 10,593,528</u></b>	<b><u>\$ 2,925,455</u></b>	<b><u>\$ 824,454</u></b>	<b><u>\$ 1,796,075</u></b>	<b><u>\$ 16,139,512</u></b>
<b>LIABILITIES</b>					
Due to Board of County Commissioners (net allowance for uncollectables)	7,057,816	-	-	-	7,057,816
Due to other governmental agencies	3,185,864	-	-	-	3,185,864
Due to individuals	331,942	-	-	-	331,942
Accounts payable and accrued liabilities	17,906	-	351,612	31,618	401,136
Inmate escrow	-	-	472,842	-	472,842
Evidence seizures	-	-	-	1,764,457	1,764,457
Cash bond liability	-	2,925,455	-	-	2,925,455
	<u>-</u>	<u>2,925,455</u>	<u>-</u>	<u>-</u>	<u>2,925,455</u>
<b>Total Liabilities</b>	<b><u>\$ 10,593,528</u></b>	<b><u>\$ 2,925,455</u></b>	<b><u>\$ 824,454</u></b>	<b><u>\$ 1,796,075</u></b>	<b><u>\$ 16,139,512</u></b>

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RSM US LLP

**Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of the Special-Purpose Financial Statements Performed  
in Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

Honorable Gregory Tony  
Broward County, Florida Sheriff  
Fort Lauderdale, 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 special-purpose financial statements of each major fund, and the aggregate remaining fund information of the Broward County, Florida Sheriff (the Sheriff), as of and for the year ended September 30, 2020, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's special-purpose financial statements, and have issued our report thereon dated March 29, 2021. Our report included an emphasis of matter paragraph to reflect that these financial statements were prepared to comply with Section 218.39, Florida Statutes and Section 10.557(3), *Rules of the Auditor General for Local Government Entity Audits* and are intended to present the financial position, and the changes in financial position of each fund of the Sheriff and do not represent a complete presentation of the financial statements of Broward County, Florida.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the special-purpose 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 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 result 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.

*RSM US LLP*

Fort Lauderdale, Florida  
March 29, 2021

BROWARD COUNTY, FLORIDA SHERIFF  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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**Section I – Summary of Auditor's Results**

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not to be material weakness(es)? No

Noncompliance material to financial statements noted? No

**Section II – Prior Year Findings and Recommendations**

**IC 2019-001 Revenue, Unavailable and Unearned Revenue**

Corrected.

**Broward County, Florida Sheriff**

Management Letter in Accordance  
With Chapter 10.550, *Rules of the Auditor General*  
of the State of Florida  
Year Ended September 30, 2020

## Contents

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Management letter in accordance with the rules of the auditor general of the State of Florida	28-29
Appendix A – Current year findings and recommendations	30
Appendix B – Status of prior year findings and recommendations	31



RSM US LLP

## Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

The Honorable Gregory Tony  
Broward County, Florida Sheriff  
Fort Lauderdale, Florida

### Report on the Special-Purpose Financial Statements

We have audited the special-purpose financial statements of each major fund and the aggregate remaining fund information of the Broward County, Florida Sheriff (the Sheriff), as of and for the year ended September 30, 2020, and have issued our report thereon dated March 29, 2021, which was prepared to comply with State of Florida reporting requirements.

### 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*, of the State of Florida.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special-Purpose 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, if any, which are dated March 29, 2021, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1 of Chapter 10.550 *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address the recommendation made in the preceding financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4 of Chapter 10.550, *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 Special-Purpose Financial Statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Sheriff did not include any component units.

### Financial Management

Section 10.554(1)(i)2 of Chapter 10.550, *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. The recommendations to improve the Sheriff's financial management have been addressed in "Current Year's Recommendations to Improve Financial Management" in Appendix A to this report. Management's responses to the recommendations to improve the Sheriff's financial management have been addressed in "Current Year's Recommendations to Improve Financial Management" in Appendix A to this report. We did not audit the Sheriff's response, and accordingly, we express no opinion on it.

**Additional Matters**

Section 10.554(1)(i)3 of Chapter 10.550, *Rules of the Auditor General*, requires us to 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 Special-Purpose 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 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.

*RSM US LLP*

Fort Lauderdale, Florida  
March 29, 2021

## **Broward County, Florida Sheriff**

### **Appendix A – Current Year Findings and Recommendations**

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#### **2020-001 – Workers’ Compensation Self-Insurance Estimated Liability (Comment has been repeated from 2019-001)**

**Criteria:** The actuarial analysis of information should be performed based on historical trends for a population with similar risk profile, which best serves to provide a more accurate analysis of the estimated liability.

**Condition:** We noted that the data provided to the Sheriff’s actuary for their analysis was not requested by the actuary to be compiled in a manner that provided enough information based on cumulative historical trends for cases with similar risk profiles. For example, cases that are specific to participants that are affected by cardiac and hypertension matters.

**Cause:** Management was not aware of the need to provide the data in a manner that separated risk factors.

**Effect:** The actuarially determined loss liability could potentially not fully represent the exposure.

**Recommendation:** We recommend that the Sheriff’s risk department provide cumulative historical information of like kind risk data to its actuary for analysis. An example of a segregated like kind risk data would include cardiac and hypertension cases, or other lifetime related cases.

**Views of responsible officials and planned corrective actions:** Management will be scheduling a meeting with the Actuaries and the Information Technology Department to understand the data requirements and further explore the feasibility of identifying and tracking the historical claim information as specified above.



**Broward County, Florida Sheriff**

**Appendix B – Status of Prior Year Findings and Recommendations**

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No.	Prior Year's Observations	Observation is Still Relevant	Comment No Longer Relevant
2019-001	Workers' Compensation Self- Insurance Estimated Liability	X- See 2020-001	