SPECIAL-PURPOSE FINANCIAL STATEMENTS

As of and for the Year Ended September 30, 2013

And Reports of Independent Auditor



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Report of Independent Auditor

The Honorable David A. Gee, Sheriff of Hillsborough County, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the major fund and the aggregate remaining fund information of the Hillsborough County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2013, and the related notes to the 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 an opinion 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 from 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 financial position of the major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2013, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Basis of Presentation

As discussed in Note 1, the accompanying special-purpose financial statements were prepared for the purpose of complying with Section 218.39(2), *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits*, and are not intended to be a complete presentation of the financial position and changes in financial position of the Sheriff. Additionally, the special-purpose financial statements present only the Sheriff and are not intended to present the financial position and changes in financial position of Hillsborough County, Florida, taken as a whole.

Change in Accounting Policy

As discussed in Note 1 to the special-purpose financial statements, the Sheriff discontinued the use of the fee fund, and accordingly has ceased presenting the fee fund as a separate and distinct Agency Fund. This activity is now recorded in the trust fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 26 and 27 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 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 special-purpose financial statements.

The Other Financial Information section is the responsibility of management and was derived from and relates 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 fund statements 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 a report dated December 13, 2013, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

This report is intended solely for the information and use of the Sheriff's management, the Hillsborough County Board of County Commissioners, the Florida Chief Financial Officer and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry Bekont LLP
Tampa, Florida

December 13, 2013



SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

		General		Non-Major cial Revenue Funds	Total Governmental Funds		
ASSETS							
Cash	\$	6,159,174	\$	2,022,054	\$	8,181,228	
Investments		54,689,294		3,299,242		57,988,536	
Accounts receivable		976,562		609,297		1,585,859	
Prepaid items		193,829		-		193,829	
Due from other governmental entities		4,282		-		4,282	
Due from the Board of County Commissioner	s	408,792		175,000		583,792	
Total assets	\$	62,431,933	\$	6,105,593	\$	68,537,526	
LIABILITIES AND FUND BALANCES							
Liabilities:	_		_				
Accounts payable	\$	14,276,795	\$	230,155	\$	14,506,950	
Wages and benefits payable		13,632,020		-		13,632,020	
Deposits		319,030		-		319,030	
Due to other governmental entities		2,002		344,770		346,772	
Due to the Board of County Commissioners		34,202,086		419,971		34,622,057	
Total liabilities		62,431,933		994,896		63,426,829	
Fund balances:							
Restricted for:				20.450		20, 450	
Communications 911		-		38,452		38,452	
Canteen		-		3,632,799		3,632,799	
Child protective investigations 9/11 memorial		-		1,188,174		1,188,174	
		-		246,000		246,000	
Underage drinking prevention Total fund balances		<u>-</u>		5,272		5,272	
		-		5,110,697		5,110,697	
Total liabilities and fund balances	\$	62,431,933	\$	6,105,593	\$	68,537,526	

SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Revenues: Intergovernmental revenue \$ Charges for services Operating grants Interest earnings Miscellaneous income Fines and forfeitures Total revenues Expenditures:	General 374,004,528 3,236,730 4,053,539 119,862 358,601 - 381,773,260	\$ 3,197,001 9,863,807 5,387,477 9,744 87,867 759,539 19,305,435	\$ 377,201,529 13,100,537 9,441,016 129,606 446,468
Charges for services Operating grants Interest earnings Miscellaneous income Fines and forfeitures Total revenues	3,236,730 4,053,539 119,862 358,601 - 381,773,260	\$ 9,863,807 5,387,477 9,744 87,867 759,539	\$ 13,100,537 9,441,016 129,606
Charges for services Operating grants Interest earnings Miscellaneous income Fines and forfeitures Total revenues	4,053,539 119,862 358,601 - 381,773,260	 5,387,477 9,744 87,867 759,539	13,100,537 9,441,016 129,606
Interest earnings Miscellaneous income Fines and forfeitures Total revenues	119,862 358,601 - 381,773,260	 9,744 87,867 759,539	129,606
Interest earnings Miscellaneous income Fines and forfeitures Total revenues	119,862 358,601 - 381,773,260	9,744 87,867 759,539	 129,606
Miscellaneous income Fines and forfeitures Total revenues	358,601 - 381,773,260	 87,867 759,539	 •
Total revenues	381,773,260	759,539	
Total revenues			759,539
Evpandituras	13,698,934		 401,078,695
Experiatures.	13,698,934		
General government:	13,698,934		
Personal services	•	-	13,698,934
Operating	239,526	-	239,526
Capital outlay	2,978	 	 2,978
Total general government	13,941,438		13,941,438
Public safety:			
Personal services	263,657,138	12,750,976	276,408,114
Operating	59,649,615	3,559,962	63,209,577
Capital outlay	15,946,795	 241,327	 16,188,122
Total public safety	339,253,548	 16,552,265	 355,805,813
Total expenditures	353,194,986	16,552,265	 369,747,251
Excess of revenues over expenditures	28,578,274	2,753,170	 31,331,444
Other financing sources (uses):			
Transfer-in from the Board of County Commissioners	2,700,000	-	2,700,000
Transfer-out to other governmental entity	-	(229,474)	(229,474)
Distribution of excess revenues to			
the Board of County Commissioners	(31,857,636)	(1,338,037)	(33, 195, 673)
Proceeds from the sale of capital assets	579,362	74,286	 653,648
Total other financing sources (uses)	(28,578,274)	 (1,493,225)	(30,071,499)
Excess of revenues over expenditures and			
other financial sources (uses)	-	1,259,945	1,259,945
Fund balance, beginning of year		3,850,752	 3,850,752
Fund balance, end of year \$		\$ 5,110,697	\$ 5,110,697

SPECIAL-PURPOSE STATEMENT OF NET POSITION — INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2013

Assets	
Cash	\$ 16,652,498
Accounts receivable	212,721
Total assets	16,865,219
Liabilities	
Accounts payable	194,090
Claims payable	14,913,575
Due to the Board of County Commissioners	1,757,554
Total liabilities	16,865,219
Net position	
Total net position	\$ -

SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – INTERNAL SERVICE FUNDS

Operating revenues:	
Charges for services	\$ 45,143,775
Miscellaneous income	 64,663
Total operating revenues	 45,208,438
Operating expenses:	
Claims expense	40,298,541
General and administrative	3,160,789
Total operating expenses	 43,459,330
Operating income	 1,749,108
Nonoperating revenues:	
Interest earnings	 8,446
Total nonoperating revenues	 8,446
Change in net position before transfers	1,757,554
Transfer-out to the Board of County Commissioners	 (1,757,554)
Changes in net position	-
Net position, beginning of year	
Net position, end of year	\$ -

SPECIAL-PURPOSE STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

Cash flows from operating activities:	
Cash received from other funds for goods and services	\$ 45,149,062
Cash received from others	861,190
Cash payments for claims	(37,763,632)
Cash payments to vendors for goods and services	 (2,972,623)
Net cash used in operating activities	 5,273,997
Cash flows from investing activities:	
Interest earnings	 8,446
Net cash provided by investing activities	 8,446
Cash flows from noncapital financing activities:	
Transfer-out to the Board of County Commissioners	 (1,757,554)
Net cash used in noncapital financing activities	 (1,757,554)
Net decrease in cash	3,524,889
Cash, beginning of year	 13,127,609
Cash, end of year	\$ 16,652,498
Reconciliation of operating income to net cash used in	
operating activities:	
Operating income	\$ 1,749,108
Adjustments to reconcile operating income to net cash used in	
operating activities:	
Increase (decrease) in cash resulting from changes in:	
Accounts receivable	(22,721)
Accounts payable	188,166
Claims payable	2,423,972
Due to the Board of County Commissioners	 935,472
Net cash used in operating activities	\$ 5,273,997

SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES — AGENCY FUNDS

SEPTEMBER 30, 2013

ACCETC		
ASSETS		
Cash	\$ 2,256	,862
Accounts receivable	45	,982
Due from other governmental entities	12	,386
Total assets	\$ 2,315	,230
LIABILITIES		
Deposits	\$ 2,315	,230
Total liabilities	\$ 2,315	,230

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1—Summary of significant accounting policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying special-purpose financial statements.

Financial Reporting Entity – The Hillsborough County, Florida, Sheriff (Sheriff) is a separate constitutional officer as provided by Article VIII, Section 1(d), of the Florida Constitution, and for financial reporting purposes by Chapter 218, Florida Statutes. In addition, for financial reporting purposes, it is deemed to be a part of the primary government of Hillsborough County, Florida (County), and is, therefore, included as such in the Hillsborough County, Florida Comprehensive Annual Financial Report (CAFR).

Basis of Presentation – The accompanying special-purpose financial statements were prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General-Local Governmental Entity Audits (Rules). In conformity with the Rules, the Sheriff has not presented the government-wide financial statements, related disclosures or management's discussion and analysis, which are required to effect a complete presentation of its financial position and changes in financial position. The Sheriff is required to only present fund financial statements.

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Sheriff uses fund accounting to ensure and demonstrate compliance with legal, legislative, contractual, and other provisions. All of the Sheriff's funds may be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to report most of the Sheriff's basic services; these fund types which focus on how money or other spendable financial resources flow into and out of those funds. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Sheriff's general operations and the basic services it provides. The measurement focus is based upon determination of changes in financial position. The following is a description of the Sheriff's governmental funds:

- General Fund The general fund is the Sheriff's primary operating fund. It is used to account for all
 financial resources applicable to the general operations of the Sheriff that are not required either legally or
 by accounting principles generally accepted in the United States of America to be accounted for in
 another fund.
- Non-Major Special Revenue Funds The non-major special revenue funds are used to account for the
 proceeds of specific revenue sources designated for law enforcement, emergency 911 operations, child
 protective investigations, the detention facilities' canteen, the 9/11 memorial, and underage drinking
 prevention.

Proprietary funds are used to report functions presented as internal or external business-type activities and are classified as internal service funds or enterprise funds, respectively. In proprietary funds, operating revenues and expenses are distinguished from nonoperating revenues and expenses. Operating revenues consist primarily of charges for services. Operating expenses include such items as personnel and contractual services and costs of services provided. Nonoperating revenues and expenses include operating grants and investment earnings. The Sheriff uses internal service funds to account for self-insured workers' compensation, legal liability, and the employee medical plan, all of which are more fully described in Note 9.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1—Summary of significant accounting policies (continued)

Basis of Presentation (continued) – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Agency funds are the only type of fiduciary fund used by the Sheriff. The amounts in agency funds are custodial in nature and do not involve measurements of results of operations (assets equal liabilities.) The agency funds account for deposits held by the Sheriff as trustee or agent.

Measurement Focus and Basis of Accounting – Measurement focus indicates the types of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets less all liabilities.) Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special-purpose financial statements. Basis of accounting refers to the timing of the measurements made.

Governmental fund financial statements are presented using the current financial resources and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds show increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period.

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, money must be expended for specific purposes or projects before any intergovernmental revenues will be received by the Sheriff; therefore, revenues are recognized based on the timing of expenditures incurred and are considered available. In the other, intergovernmental revenues are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the availability period is met.

The availability period used for revenue recognition under the modified accrual basis of accounting is as follows: Intergovernmental and grant revenues are recognized when eligibility requirements are met and related amounts are available from grantors. The Sheriff considers these funds available if collected within ninety days after year end. Investment earnings such as interest earnings are recorded as earned. Other miscellaneous revenues are recorded as revenues when received because they are generally not measurable until actually received.

Internal service fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. With the economic resources measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. With the accrual method of accounting, revenues are recorded when earned and expenses are recorded at the time when liabilities are incurred. In the internal service funds, operating revenues and expenses are distinguished from nonoperating revenues and expenses. Operating revenues and expenses are those transactions related to the internal service funds' principal ongoing operations. Operating revenues consist primarily of charges for services. Operating expenses include such items as contractual services and costs of services provided. Nonoperating revenues and expenses are those transactions that are not directly related to the internal service funds' principal activities. Nonoperating revenues consist of investment earnings. These financial statements show increases (revenues) and decreases (expenses) in net position.

Agency fund financial statements are presented using the accrual basis of accounting. Since agency funds do not show revenues or expenditures, a measurement focus is not applicable for agency funds.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1—Summary of significant accounting policies (continued)

Change in Accounting Policy – Effective October 1, 2012, the Sheriff discontinued the use of the fee fund, and accordingly has ceased presenting it as a separate and distinct agency fund. The fee fund had been used primarily to account for fees held on behalf of the Board of County Commissioners (Board); these fees are generated by the Sheriff and remitted to the Board on a monthly basis; this activity is now recorded in the trust fund.

The following is a summary of the fee and trust funds as they were previously reported, and the presentation of the combined fund as reclassified in the accompanying special-purpose combining statement of changes in fiduciary assets and liabilities – agency funds at October 1, 2012:

	Trust Fund Fee Fund October 1, 2012 October 1, 2012 (As Previously Reported)				Trust Fund October 1, 2012 (Combined as Reclassified)			
Assets								
Cash	\$	1,347,755	\$	(6,964)	\$	1,340,791		
Accounts receivable		-		472		472		
Due from other governmental entities				6,492		6,492		
Total assets	\$	1,347,755	\$	-	\$	1,347,755		
Liabilities								
Deposits	\$	1,347,755	\$	-	\$	1,347,755		
Total liabilities	\$	1,347,755	\$	-	\$	1,347,755		

New Accounting Pronouncements – On October 1, 2012, the Sheriff implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. This Statement provides financial reporting guidance for deferred outflows and deferred inflows of resources and distinguishes them from assets and liabilities. The adoption of this pronouncement changed the use of the caption net assets to net position as presented in the accompanying special-purpose statement of net position – internal service funds and the related statements in the Other Financial Information section. The adoption of this pronouncement had no other significant impact on the accompanying special-purpose financial statements.

On October 1, 2012, the Sheriff elected the early implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify certain items as outflows or inflows of resources that were previously reported as assets and liabilities. Additionally this Statement provides guidance related to its impact and limitations on the use of the term *deferred*. The adoption of this pronouncement had no significant effect on the accompanying special-purpose financial statements.

Drug Enforcement Task Force Fund – Effective January 31, 2013 activities for the program that were accounted for within this fund came to an end and any remaining, unspent monies were transferred out to the sponsoring agency, at which time the Sheriff dissolved the fund. The Sheriff did not present a balance sheet for the drug enforcement task force's non-major special revenue fund as there were no assets or liabilities at September 30, 2013.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1—Summary of significant accounting policies (continued)

Cash and Investments – Cash consists of cash on hand and checking and savings accounts which are collectively designated as cash deposits. Cash deposits are carried at cost.

The Sheriff deposits cash in qualified public depositories. The deposits are fully insured by the Federal Deposit Insurance Corporation and/or secured by the multiple financial collateral pool established under Chapter 280, *Florida Statutes*. In accordance with these statutes, qualified public depositories are required to pledge eligible collateral in varying percentages. Any losses to public depositors are covered by applicable deposit insurance, by the sale of pledged securities, and if necessary, assessments against other qualified public depositories.

Section 218.415, *Florida Statutes*, authorizes the Sheriff to invest in obligations of the United States government, its agencies and instrumentalities, and certain other investments. The Sheriff's investments consist of funds held by the Florida State Board of Administration (SBA) Florida PRIME™ Fund (PRIME) and Fund B Surplus Funds Trust Fund (Fund B). The value of investments in Fund B is based on the estimated fair value of the Sheriff's share of Fund B's underlying portfolio. All investments are stated at fair value. Investment information is more fully described in Note 2.

Other Postemployment Benefits (OPEB) Disclosures – The Sheriff accounts for its postemployment benefits other than pensions in accordance with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension; OPEB disclosures are more fully presented in Note 10.

Compensated Absences – In accordance with GASB Statement No. 16, Accounting for Compensated Absences, the Sheriff determines the liability for compensated absences, as well as certain other salary-related costs associated with the payment of compensated absences that are recorded and reported by the County in its basic financial statements. Vacation leave is accrued as a liability as the benefits are earned by the employees. Sick leave is accrued as a liability as the benefits are earned by the extent that it is probable that the Sheriff will compensate the employees for the benefits through cash payments at retirement or other termination.

The Sheriff's sick time liability consisted of two parts as of September 30, 2013, resulting from Hillsborough County Civil Service Rules that state sick leave termination payments are to be made under two conditions. Compensation for employees in *Plan A* includes a sick leave payment at termination for all hours of sick time accrued up to 480 hours and half of the sick time accrued over 960 hours. Compensation for employees in *Plan B* includes a sick leave payment at termination for the employee's unused sick leave hours at February 2, 1997, with payment only for each hour of sick time accrued up to 480 hours and half of the sick time accrued over 960 hours. A liability is recorded in the County's basic financial statements for each employee who has a termination payment under *Plan A* or *Plan B*. Employees in *Plan B* hired after February 2, 1997, will not receive a sick leave payment at termination, so no sick leave liability is recorded for these employees.

The compensated absences liability also included other salary-related costs incrementally associated with the payment of compensated absences such as the Sheriff's share of Social Security and Medicare taxes as well as the Sheriff's required pension contributions to the Florida Retirement System, as more fully described in Note 7.

Use of Estimates – The preparation of financial statements requires management to make use of estimates that affect reported amounts. Actual results could differ from estimates.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1—Summary of significant accounting policies (continued)

Capital Assets – Capital assets, which include vehicles and equipment, are recorded as capital outlay expenditures in the governmental funds at the time capital assets 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. Capital assets acquired under capital leases are capitalized at cost in the statement of net position of the County at the time the assets are received. Donated and confiscated capital assets are recorded in the statement of net position of the County at fair value at the time received. Capital assets are depreciated using the straight-line method over the estimated useful lives of the related assets. The depreciation expense is recorded in the statement of activities as part of the basic financial statements of the County.

The Sheriff implemented GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets prospectively, so only intangible assets acquired or generated on or after October 1, 2009 have been capitalized. Intangible assets are assets that lack physical substance, are non-financial in nature, and have initial useful lives of over one year. Intangible assets under this Statement include internally or externally generated software, but exclude investments and capital leases. Intangible assets are capitalized and treated like capital assets for accounting purposes, but are amortized rather than depreciated. The Sheriff uses a capitalization threshold of \$5,000 for intangible assets.

There are three stages involved with regard to internally generated software. (a) The *preliminary project* stage includes conceptual formulation, surveying the existence of needed technology, evaluation of alternatives, and final selection of alternatives for the development of the software. (b) The *application development* stage includes designing the software, including configuration and interfaces, coding, installation to hardware, and testing, including the parallel processing phase. (c) The *post-implementation/operation* stage includes training and software maintenance. Only application development stage costs are capitalized as intangible assets. Preliminary project stage costs are expensed. Data conversion is considered a part of the application development stage only to the extent it is necessary to make the software operational, that is, in condition for use. Otherwise data conversion is considered a post-implementation/operation stage activity. Purchased software is handled in the same manner as internally generated software. During fiscal year 2013 the Sheriff capitalized \$148,016 of software. See Note 4 for more information on capital assets.

Funding – Substantially all of the Sheriff's funding is appropriated by the Board.

Distribution of Excess Revenues – Florida Statutes provide that the excess of the Sheriff's appropriations over expenditures held by the Sheriff at the end of the fiscal year are to be refunded to the Board. The amount of unrestricted excess at the end of the fiscal year is reported as a liability in the balance sheet and as a distribution of excess revenues (other financing use) in the Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balances.

Risk Financing and Related Insurance Issues – In accordance with GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, the Sheriff reports liabilities for self-insured claims if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported based on an actuarial valuation at a certain date. As more fully described at Note 9, the Sheriff reserved such liabilities as claims payable as of September 30, 2013.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1—Summary of significant accounting policies (continued)

Governmental Fund Balances – In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The Sheriff had no nonspendable fund balances at September 30, 2013.

Spendable fund balances are classified based on a hierarchy of the Sheriff's ability to control the spending of these fund balances.

Restricted fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are fund balances constrained for specific purposes imposed by the Sheriff's formal action of highest level of decision making authority. As of September 30, 2013, the Sheriff had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2013, the Sheriff had no assigned fund balances.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2013, the Sheriff had no unassigned fund balances because all excess revenues within the general fund are required to be remitted to the Board and there were no negative residual balances in the special revenue funds.

Subsequent Events – In accordance with GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, the Sheriff has evaluated subsequent events through December 13, 2013, in connection with the preparation of these special-purpose financial statements, which is the date the special-purpose financial statements were available to be issued.

Note 2—Deposits and investments

The Sheriff's policy is to follow the guidelines in Section 219.075, *Florida Statutes*, regarding the deposit of funds received and the investment of surplus funds. Sections 219.075 and 218.415, *Florida Statutes*, authorize the Sheriff to invest in the SBA pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission registered money market funds with the highest quality rating from a nationally recognized rating agency; direct obligations of the United States Treasury; federal agencies and instrumentalities, or interest-bearing time deposits and savings accounts held in federal or state-chartered banks and saving and loan associations doing business in Florida, provided that any such deposits are secured by collateral as may be prescribed.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 2—Deposits and investments (continued)

At September 30, 2013, cash included \$27,090,588 of cash on-hand and cash deposited in banks and \$57,988,536 invested at the SBA. Bank deposits are insured by the Federal Deposit Insurance Corporation or covered by the State of Florida collateral pool, a multiple financial institution collateral pool established under Chapter 280, *Florida Statutes*, with the ability to assess its members for collateral shortfalls if a member institution fails.

In accordance with GASB Statement 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments are carried and reported at fair value, except for investments in 2a-7-like pools, which are reported at amortized cost. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Sheriff's investment activities consisted of investments held at the SBA in PRIME and Fund B.

The Sheriff's investment in PRIME represents the majority of funds placed with the SBA. The SBA manages PRIME, a 2a-7-like pool, carried at amortized cost. A 2a-7-like pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which regulates money market funds. Therefore, PRIME operates essentially as a money market fund and the Sheriff's position in PRIME is considered to be equivalent to its fair value. The SBA has taken a variety of actions to stabilize and strengthen PRIME. Since December 2007, the SBA has obtained ratings for PRIME from Standard & Poor's Rating Services. PRIME has received ratings of AAAm each year, which is the highest rating category for a government investment pool fund.

Regulatory oversight of the SBA is provided by three State of Florida elected officials designated as trustees: the Governor serves as Chairman; the Chief Financial Officer serves as Treasurer; and the Attorney General serves as Secretary. External oversight is provided by the Investment Advisory Council, which reviews investment performance, strategy and decision-making, and provides insight, advice and counsel on these and other matters when appropriate. A six-member participant Local Government Advisory Council was created to review the administration of the fund and make recommendations to the trustees and audit oversight is provided by the Auditor General.

The Sheriff's investment in SBA's Fund B represents the remainder of amounts invested on November 29, 2007, when the SBA implemented a temporary freeze on investments held. Due to financial market turmoil and concerns about the Florida Local Government Investment Pool's credit quality, the SBA split the Investment Pool into two funds in December 2007: 86% was allocated to PRIME™ designated to hold high-quality moneymarket appropriate securities and 14% was allocated to Fund B, a fluctuating net asset value (NAV) pool, designated to hold higher-risk securities such as those in default, having payment extensions or having significant changes in credit risk. Fund B is unrated and is not evidenced by securities that exist in physical or book entry form. Participants are prohibited from withdrawing funds from Fund B, and a formal withdrawal policy has not been developed. The estimated fair value of Fund B underlying investments is 113.26% of original cost and the estimated weighted average life of Fund B investments is 4.04 years as of September 30, 2013. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life. Of the Sheriff's \$872,496 originally placed in Fund B, 94.02% was liquidated and moved to PRIME by September 30, 2013. As a result, the Sheriff's investment in Fund B at year end at "amortized cost" was \$52,209 compared to the net asset value (fair value) at year-end of \$59,133, which is recorded in the special-purpose financial statements. The difference between these two amounts was the Sheriff's unrealized gain in Fund B at year-end of \$6,924.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 2—Deposits and investments (continued)

Interest earnings shown in the special-purpose financial statements are presented net of all fair value changes through year end. As a result, any change in the unrealized gain associated with Fund B during the fiscal year is already included as a part of interest earnings reported in the special-purpose financial statements for the general fund. Additional information regarding Fund B may be obtained from the SBA at http://www.sbafla.com/prime.

Note 3—Accounts receivable

Accounts receivables in the general fund are amounts due from non-governmental entities. The receivables are comprised of administrative charges, employee reimbursements, and charges for services. Most of the receivables recorded in non-major governmental funds relate to a receivable due to the canteen fund for telephone commissions earned during September 2013.

Funds due from other governmental entities are amounts due from governmental entities other than the Board and are owed to the Sheriff as reimbursement of expenditures covered under a grant, law enforcement services rendered under contractual agreements, reimbursement of task force expenditures, or reimbursement for the cost of housing federal prisoners.

Note 4—Capital assets

Capital assets are defined as those assets with an initial, individual cost of over \$1,000. Capital contributions are recorded at their estimated fair value after the receipt of the asset and formal acceptance of the Sheriff. Depreciation is calculated using the straight-line method over each asset's estimated useful life. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All capital assets are recorded and capitalized at cost in the statement of net position as part of the basic financial statements of the County. Capital asset activity for the year ending September 30, 2013 is presented below:

	Balance			Balance
	October 1,			September 30,
	2012	Additions	Reductions	2013
Vehicles and equipment	\$ 138,339,147	\$ 26,236,445	\$ (10,766,942)	\$ 153,808,650
Software	2,564,708	148,016	-	2,712,724
Accumulated depreciation	(109,537,569)	(18,484,029)	10,525,061	(117,496,537)
Capital assets, net	\$ 31,366,286	\$ 7,900,432	\$ (241,881)	\$ 39,024,837

The land and buildings used by the Sheriff such as the main operations center, garage, jails, and radio maintenance facility are provided by the Board. Except for an interlocal lease agreement for land and buildings used at the training facilities, the Board provides the land and buildings at no cost to the Sheriff.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 5—Commitments

Interlocal Agreement – In July of 2006, the Sheriff entered into an interlocal lease agreement with the Board for office space, adjacent land, and parking lots. The terms of the interlocal agreement require the Sheriff to pay the Board \$16,949,880 by making monthly lease payments for 30 years. The agreement requires that the payments be made from non-ad valorem funds such as grant or special revenues. For a portion of this lease utilized by Child Protective Investigations, the Sheriff paid \$320,063 to the Board for the period July 2012 through June 2013. The agreement recognizes that the ability to make payments is subject to the availability of funds and allows that should such funds not be available, the payment may be deferred until funds are available. This lease is included in the schedule of future minimum lease payments below.

Operating Leases – The Sheriff has entered into numerous operating leases. The Sheriff occupies community substations at various locations and pays rent under operating leases of more than one year. Additionally, the Sheriff operates a training facility in southeastern Hillsborough County on land owned by the Board and leases the land under an interlocal lease agreement. Rent expenditures for the fiscal year ended September 30, 2013 were \$861,562.

Minimum future lease payments on non-cancelable operating leases with more than one year remaining at September 30, 2013 are as follows:

2014	\$ 1,108,615
2015	1,084,382
2016	988,755
2017	991,343
2018	717,227
2019-2023	3,132,317
2024-2028	2,840,950
2029-2033	2,840,950
2034-2038	1,562,523
Total minimum lease payments	\$ 15,267,062

These leases are cancelable if funds are not appropriated for their purpose and are not enforceable against a new administration with the exception of one lease agreement.

Inmate-Related Contracts – The Sheriff has agreements for the provision of inmate medical and food services at its detention facilities. The contracts are paid for by the Sheriff through its annual budget. The medical services contract is a two (2) year contract ending September 30, 2014 with a single year renewal option. Using the compensation-rate-per-inmate basis the future contract commitment to the vendor is estimated to be approximately \$22.0 million per year. The food service contract was initially a four (4) year contract ending in September 2013 with two additional renewals of which one began October 1, 2013. Using a cost-per-meal-per-inmate basis the future contract commitment is estimated to be approximately \$3.8 million per year based upon current year experience. Both contracts can be cancelled with 120 days' written notice.

No liability is recorded in these special-purpose financial statements as any future commitments will be budgeted and paid for in subsequent years. For the fiscal year ended September 30, 2013 the Sheriff paid approximately \$21.7 million and \$3.6 million for inmate medical and food services, respectively.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 6—Contingencies

Litigation – The Sheriff is involved from time to time in certain routine litigation, as plaintiff and defendant, the substance of which, in the opinion of management, would not materially affect the financial position of the Sheriff. The Sheriff is not in a position at this time to predict the final outcome of lawsuits or claims or the amount of costs and/or recoveries.

Grants – The Sheriff is the recipient of grants that are subject to special compliance requirements and audits by the grantor agencies that may result in disallowed expenditure amounts. The amounts constitute a contingent liability of the Sheriff. In the opinion of management, no future disallowed expenditures would be material to these special-purpose financial statements. Accordingly, such liabilities are not reflected within these special-purpose financial statements.

Note 7—Accumulated compensated absences

The amount of vested accumulated compensated absences payable based upon the Sheriff's annual leave and sick policy is reported as a liability in the statement of net position in the County's basic financial statements. The following is a summary of changes in the accumulated compensated absences liability:

Accumulated compensated absences, October 1, 2012	\$ 29,876,844
Additions	31,353,773
Reductions	(33,079,862)
Accumulated compensated absences, September 30, 2013	\$ 28,150,755

Note 8—Defined benefit and defined contribution pension plans

Description of Plans – With a few exceptions, all full-time and part-time employees working for the Sheriff are members of the State-administered Florida Retirement System (FRS), a multiple-employer cost-sharing public retirement system administered by the State of Florida. The FRS offers members both a defined benefit plan (Pension Plan) and/or a defined contribution plan (Investment Plan) to provide retirement, disability, and death benefits for active members, retirees, surviving beneficiaries, and Deferred Retirement Option Program (DROP) participants.

DROP is a program that provides for payment of retirement benefits for FRS members for up to five years. Under this program, employees in the Pension Plan may retire and have their benefits accumulate in the FRS Trust Fund, earning interest, while continuing to work for a system employer. When the DROP period ends for a member, employment terminates, the member receives payment of the accumulated DROP benefits, and monthly Pension Plan retirement benefits begin.

Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 22B, Florida Administrative Code. Effective July 1, 2011, the Florida Legislature passed Senate Bill 2100 making changes to the FRS. Benefits are computed on the basis of age, average final compensation, and service credit.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 8—Defined benefit and defined contribution pension plans (continued)

Description of Plans (continued) – Members hired prior to July 1, 2011 at age 62 with 6 years of credited service or 30 years of service regardless of age are entitled to an annual retirement benefit payable monthly for life, equal to 1.6% of their final average compensation for each year of credited service. Average final compensation is the average of the member's five highest fiscal years of salary earned during credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special risk class members such as sworn law enforcement officers and correctional officers who retire at or after age 55 with 6 years of credited service, or with 25 years of service regardless of age, are entitled to retirement benefits payable monthly for life.

Members hired on or after July 1, 2011 at age 65 with 8 years of credited service or with 33 years of service regardless of age are entitled to annual retirement benefits payable monthly for life, equal to 1.6% of their final average compensation for each year of credited service. Average final compensation is the average of the member's eight highest fiscal years of salary earned during credited service. Vested members with less than 33 years of service may retire before age 65 and receive reduced retirement benefits. Special risk class members such as sworn law enforcement officers and correctional officers who retire at or after age 60 with 8 years of credited service, or with 30 years of service regardless of age, are entitled to retirement benefits payable monthly for life.

There is no Pension Plan Cost of Living Adjustment (COLA) on FRS service earned on or after July 1, 2011. A reduced COLA is calculated if a member's retirement or DROP participation date is effective on or after August 1, 2011. The reduced COLA will be calculated by taking the total years of service earned prior to July 1, 2011 and dividing it by the total years of service at retirement, then multiplying it by 3%.

The Sheriff has no responsibility to the FRS other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by accessing the following website:

http://www.dms.myflorida.com/human_resource_support/retirement/publications/annual_reports.

Funded Status – The FRS Annual Report's financial statements for July 1, 2011 - June 30, 2012, available as mentioned above, stated in the schedule of funding progress that the System pension plan was 86.38% funded at July 1, 2012, since the actuarial value of assets was \$127.89 billion compared to the actuarial accrued liability entry age of \$148.05 billion.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 8—Defined benefit and defined contribution pension plans (continued)

Funded Status (continued) – Effective July 1, 2011, FRS members are required to contribute 3% of pretax salaries. Participating employer contributions are based upon statewide rates established by the state of Florida. These rates are applied to employee salaries as follows:

Special risk (e.g. law enforcement personnel), 14.90% and 19.06% from October 1, 2012 through June 30, 2013, and July 1, 2013 through September 30, 2013, respectively;

Regular, 5.18% and 6.95% from October 1, 2012 through June 30, 2013, and July 1, 2013 through September 30, 2013, respectively;

DROP, 5.44% and 12.84% from October 1, 2012 through June 30, 2013, and July 1, 2013 through September 30, 2013, respectively;

Senior management, 6.30% and 18.31% from October 1, 2012 through June 30, 2013, and July 1, 2013 through September 30, 2013, respectively;

Special risk/not eligible for retirement coverage (e.g. rehired retirees), 3.86% and 8.03% from October 1, 2012 through June 30, 2013, and July 1, 2013 through September 30, 2013, respectively;

Regular/not eligible for retirement coverage (e.g. rehired retirees), 1.60% and 3.39% from October 1, 2012 through June 30, 2013, and July 1, 2013 through September 30, 2013, respectively;

During the fiscal year ended September 30, 2013, the Sheriff contributed to the FRS an amount equal to 12.89% of covered payroll. Contribution rates are established statewide for all participating governmental units. The Sheriff's contributions to the FRS for the fiscal years ended September 30, 2013, 2012, and 2011 were \$26,616,421, \$22,875,460, and \$34,229,537, respectively, which were equal to the required contributions for each fiscal year.

Note 9—Risk management

The Sheriff is exposed to various risks of loss related to injuries to employees; torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Sheriff has established self-insurance internal service funds that include both *risk management* and *employee medical insurance* activities.

Risk management handles risks related to workers' compensation, and general and automotive liability. As permitted by Florida law, the Sheriff is substantially self-insured for workers' compensation claims. The Sheriff has authorized a commercial third-party administrator to administer the Sheriff's workers' compensation claims payments. The Sheriff is also self-insured against general liability and automotive claims with limited liability per Section 768.28, *Florida Statutes*, of \$200,000 per person and \$300,000 per occurrence. Negligence claims in excess of the statutory limits can only be recovered through federal lawsuits or acts of the Florida Legislature.

The Sheriff also provides a medical plan for its employees, their eligible dependents, and certain former employees. The medical plan fund was established in order to account for participant and employer contributions and finance its uninsured risks of loss.

Based on actuarial estimates, liabilities have been established in the self-insurance funds for claims reported but not paid, and incurred but not reported. In addition, premiums charged to customer funds are recorded as revenues in the self-insurance funds and as insurance assessment expenditures in the customer funds. This note provides the disclosures required by GASB Statement No. 10.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 9—Risk management (continued)

Workers' Compensation – Prior to October 1, 2006 a fully insured workers' compensation program was in effect; accordingly the Sheriff retains no future liabilities or reserve requirements related to claims incurred prior to October 1, 2006. Effective October 1, 2006, the Sheriff established an internal service fund where assets are set aside to pay workers' compensation claims. The Sheriff retained self-insurance coverage up to \$500,000 through September 18, 2012, and \$650,000 thereafter through the fiscal year ended September 30, 2013; those claims exceeding the self-insurance caps are covered by excess workers' compensation liability insurance. There have been seven claims with an actuarially projected incurred loss amount which exceeded self-insurance coverage since the inception of the workers' compensation self-insurance program. Effective October 1, 2013 the Sheriff will not be renewing its excess insurance coverage.

Legal Liability – During 2008, the Sheriff established a self-insurance program for general liability claims. Legal liability claims are administered internally. The liabilities currently provided are based upon the Sheriff's estimate after considering the available facts. The claims estimation process involves substantial uncertainties, including the ultimate outcome of certain legal actions that may affect the adequacy of amounts provided; however, management believes the amounts provided are appropriate.

Medical Plan (Plan) – Effective October 1, 2011, the Sheriff established an internal service fund to account for the revenues, expenditures, and net position related to medical insurance provided as a benefit to employees. The Sheriff entered into an administrative services agreement with a commercial insurance carrier to provide administrative support for the Plan. The responsibilities of the Sheriff include the determination of benefit rights, development of rules and regulations as deemed necessary to carry out the provisions of the Plan, and reimbursement of all claim payments to the third-party administrator of the Plan. The Sheriff is self-insured up to the point of coverage under stop-loss insurance which covers claims in excess of \$500,000.

The following schedule represents the changes in claims liability for the past two fiscal years for the Sheriff's self-insured programs:

	Workers'		Legal		Medical		
	Compensation		Liability		Plan		Total
Balance at October 1, 2011	\$	8,798,223	\$	2,067,685	\$	-	\$ 10,865,908
Claims and changes in estimates		1,096,499		199,902		34,847,101	36,143,502
Claims payments		(2,902,650)		(613,057)		(31,004,101)	(34,519,808)
Balance at October 1, 2012		6,992,072		1,654,530		3,843,000	12,489,602
Claims and changes in estimates		4,376,917		2,109,690		34,682,893	41,169,500
Claims payments		(3,517,980)		(1,576,654)		(33,650,893)	(38,745,527)
Balance at September 30, 2013	\$	7,851,009	\$	2,187,566	\$	4,875,000	\$ 14,913,575

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 10—Other Postemployment Benefits (OPEB)

OPEB Plan Description – The Sheriff provides the following health benefits to retirees, eligible dependents and certain former employees: (a) The Sheriff is required by Section 112.0801, Florida Statutes to allow retirees and certain former employees and eligible dependents to continue to participate in the Sheriff's fully insured health and hospitalization plan for medical and prescription drug coverage at the same group insurance rates that current employees are charged. Although retirees pay for healthcare at group rates, they are receiving a valuable benefit because these rates are typically lower than the rates associated with the experience rating for their age bracket. The availability of this lower cost health insurance represents an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. (b) In addition to the implicit subsidy, the Sheriff provides a health insurance stipend (HIS) of \$5 for each year of service. The stipend is payable to regular retired employees ages 62 to 65 and to special risk retirees from ages 55 to 65. Participants do not have to take medical coverage to receive the stipend, but they must have been eligible for medical coverage at retirement.

Annual OPEB Cost and Net OPEB Obligation – The Sheriff engaged an actuarial firm to determine the estimated obligation associated with the other postemployment benefits as of September 30, 2013, as well as the annual required contribution for funding this obligation. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost (current and future benefits earned) each year and to amortize any unfunded actuarial liabilities over a period of time not to exceed thirty years and is the portion of the total actuarial accrued liability allocated to the current fiscal year. The net OPEB obligation is the net amount for which the Sheriff would be obligated and is equivalent to the annual required contribution less retiree claims and stipends to be paid by the Sheriff.

The following table shows the Sheriff's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Sheriff's net OPEB obligation:

	_	otember 30, 2013
(1) Normal cost	\$	1,871,312
(2) Amortization of unfunded accrued liability		2,008,184
(3) Interest		174,577
(4) Annual required contribution		4,054,073
(5) Interest on net OPEB obligation (asset)		119,204
(6) Amortization of net OPEB obligation		(101,159)
(7) Total expense or annual OPEB cost		4,072,118
(8) Actual credit (contribution) toward OPEB cost		(3,100,236)
(9) Change in net OPEB obligation		971,882
(10) Net OPEB obligation, beginning of year		2,648,971
(11) Net OPEB obligation, end of year	\$	3,620,853

Fiscal Voor End

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 10—Other Postemployment Benefits (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation (continued) – The Sheriff's annual OPEB cost, OPEB contributions net of amounts received from retirees, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2013 and the two preceding years were as follows:

					Percent of		
		Annual		Net	Annual OPEB Cost		Net OPEB
_	Fiscal Year	OPEB Cost	Co	ontribution	Contributed	(Obligation
	September 30, 2013	\$ 4,072,118	\$	3,100,236	76.1%	\$	3,620,853
	September 30, 2012	2,746,411		2,222,941	80.9%		2,648,971
	September 30, 2011	2,620,760		2,405,983	91.8%		2,125,501

The Sheriff recognizes OPEB expenditures as amounts are funded. The amount of annual required contribution in excess of contributions funded is a long term obligation and, accordingly, is presented on the government-wide statement of net position in the County's basic financial statements.

Funding Policy, Status and Progress – For the Other Postemployment Benefits Plan (Plan), contribution requirements of the Sheriff are established and may be amended through recommendations of the Sheriff. Under GASB Statement No. 45, in order for OPEB obligations to be considered funded an irrevocable trust fund must be used. Since that would be considered very restrictive, the Sheriff has not advanced-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. For the 2012-13 fiscal year, the Sheriff provided contributions of \$3,100,236 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance,) retention costs, and HIS payments (net of retiree contributions) totaling \$3,198,266. Required contributions are based on a projected pay-as-you-go financing.

The following table shows the funding progress as of September 30, 2013 and the two preceding years:

	Actuarial Valuation Date					
	September 30, Septe	mber 30, September 30,				
	2013	2012 2011				
Actuarial value of assets	\$ - \$	- \$ -				
Actuarial accrued liability	\$ 48,003,037 \$ 30),052,448 \$ 29,661,199				
Unfunded actuarial accrued liability	\$ 48,003,037 \$ 30),052,448 \$ 29,661,199				
Funded ratio	0.0%	0.0% 0.0%				
Covered payroll	\$ 207,854,882 \$ 204	1,302,092 \$ 197,577,835				
Unfunded actuarial accrued liability as a percentage of covered payroll	23.1%	14.7% 15.0%				

Actuarial Methods and Assumptions – The calculation of these actuarial estimates is based on a number of estimates and assumptions, including interest rates on investments, the healthcare cost trend, future employment and average retirement age, life expectancy, and healthcare costs per employee, many of which factors are subject to future economic and demographic variations. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 10—Other Postemployment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions (continued) – Projections for benefits for financial reporting purposes are based on the substantive Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age actuarial cost method was used to estimate the unfunded actuarial liability and to determine the annual required contribution. Other actuarial assumptions included a 4.5% investment rate of return, a 4.5% discount rate, a 2.5% inflation rate, an initial pre-Medicare annual healthcare cost trend rate of 8.5%, and an initial post-Medicare annual healthcare cost trend rate of 7.0% grading to an ultimate rate of 5.0% for fiscal year ended September 30, 2023. The Sheriff's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period used by the Sheriff at September 30, 2013 was 30 years.

The Sheriff has made total contributions to the County's Self-Insurance Internal Service Fund for OPEB in the amount of \$4,099,705, which exceeded the net OPEB obligation for September 30, 2013 by \$478,852. However, the amount considered to be "funded" was zero (\$0) since these funds have not been placed in an irrevocable trust fund. Refer to the Hillsborough County, Florida CAFR for the year ended September 30, 2013 for more detailed information on the funding status for the County as a whole.



SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (BUDGETARY BASIS)

	Budgeted	Amounts	Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental revenue	\$374,004,528	\$374,004,528	\$374,004,528	\$ -
Charges for services	-	-	1,173,673	1,173,673
Interest earnings	-	-	119,862	119,862
Miscellaneous income			358,325	358,325
Total revenues	374,004,528	374,004,528	375,656,388	1,651,860
Expenditures:				
Current:				
General government:				
Personal services	14,651,424	14,648,424	13,698,934	949,490
Operating	307,736	307,736	239,526	68,210
Capital outlay		3,000	2,978	22
Total general government	14,959,160	14,959,160	13,941,438	1,017,722
Public safety:				
Personal services	283,327,811	279,727,811	261,902,897	17,824,914
Operating	65,573,488	65,573,488	57,340,956	8,232,532
Capital outlay	10,144,069	13,744,069	11,190,514	2,553,555
Total public safety	359,045,368	359,045,368	330,434,367	28,611,001
Total expenditures	374,004,528	374,004,528	344,375,805	29,628,723
Excess of revenues over expenditures			31,280,583	31,280,583
Other financing sources (uses): Distribution of excess revenues to				
the Board of County Commissioners	-	-	(31,814,759)	(31,814,759)
Proceeds from sale of capital assets			534,176	534,176
Total other financing sources (uses)	_		(31,280,583)	(31,280,583)
Net change in fund balances	-	-	-	-
Fund balance, beginning of year				
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (BUDGETARY BASIS)

SEPTEMBER 30, 2013

Note 1—Budgetary process and requirement

The Sheriff follows the procedures noted below in establishing the budgetary data reflected in the special-purpose financial statements:

- Prior to May 1, the Sheriff submits to the Board a tentative budget for the ensuing year.
- A public hearing is conducted to obtain taxpayer comments.
- At the public hearing, the Board may amend, modify, increase, or reduce the tentative budget.
- The Sheriff has 30 days to appeal budget changes.
- Prior to October 1, the budget is legally enacted through the passage of a resolution by the Board.
- Formal budgetary control is maintained during the year for certain governmental fund types as further described in Note 2, below.

Actual expenditures may not exceed budget appropriations at the fund level. Appropriations lapse at the end of the fiscal year for governmental funds to the extent they have not been expended.

Note 2—Budgetary information

An annual budget is adopted for the general fund. The budget is prepared on a basis of accounting that differs from financial statement presentation because revenues and related expenditures are not budgeted for operating grants, certain law enforcement services, telephone commissions, and proceeds from the sale of capital assets. Adjustments necessary to convert the results of operations at the end of the year from the budgetary basis of accounting to accounting principles generally accepted in the United States of America (GAAP) basis of accounting are as follows:

	I	Budgetary Basis	Rec	lassifications		GAAP Basis
General fund						
Revenues:						
Charges for services	\$	1,173,673	\$	2,063,057	\$	3,236,730
Operating grants		-		4,053,539		4,053,539
Miscellaneous income		358,325		276		358,601
Expenditures:						
Public Safety:						
Personal services		261,902,897		1,754,241	2	263,657,138
Operating		57,340,956		2,308,659		59,649,615
Capital outlay		11,190,514		4,756,281		15,946,795
Other financing sources (uses): Transfer-in from						
the Board of County Commissioners		_		2,700,000		2,700,000
Distribution of excess revenues to						
the Board of County Commissioners		31,814,759		42,877		31,857,636
Proceeds from the sale of capital assets		534,176		45,186		579,362

An annual budget is adopted for the Special Use Fund; annual budgets are not prepared for other special revenue funds or for internal service funds maintained by the Sheriff.



FUND DESCRIPTIONS

SEPTEMBER 30, 2013

Non-Major Special Revenue Funds

Communications 911 Fund – used to account for the Sheriff's 911 operations.

Canteen Fund – used to account for revenue from inmate phone calls and the sale of sundry items, such as snacks and toiletry items, and expended on inmate program-related supplies and services.

Child Protective Investigations Fund – used to account for child protective investigations' operations.

Special Use Fund – used to account for specific revenues designated for law enforcement.

Drug Enforcement Task Force Fund – used to account for the receipt and disbursement of funds from the Florida Department of Law Enforcement to other organizations.

9/11 Memorial Fund – used to account for activities related to the construction of the 9/11 Memorial.

Underage Drinking Prevention Fund – used to account for overtime incurred related to activities to prevent underage drinking.

Internal Service Funds

Workers' Compensation Fund – used to account for revenues, expenditures, net position and cash flows related to the Sheriff's self-insurance program for workers' compensation.

Legal Liability Fund – used to account for revenues, expenditures, net position and cash flows related to the Sheriff's self-insurance program for legal liability.

Medical Plan Fund – used to account for revenues, expenditures, net position and cash flows related to the Sheriff's self-insurance employee medical plan.

Agency Funds

Cash Bond Fund – accounts for bail bond deposit and refund activity as directed by the courts.

Flexible Spending Account Fund – accounts for flexible spending plan funds held on behalf of participating employees.

Inmate Accounts Fund – accounts for inmate funds on deposit by an inmate or on an inmate's behalf. Funds may be used by inmates for bail, canteen purchases, etc. and/or are refunded to the inmate upon release.

Trust Fund – accounts for revenues collected by the Sheriff and remitted to the Board, evidence money, abandoned property and other miscellaneous deposits.

SPECIAL-PURPOSE COMBINING BALANCE SHEET – NON-MAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2013

		nunications 11 Fund	Canteen Fund	 ld Protective vestigations Fund	Sp	ecial Use Fund
ASSETS						
Cash	\$	39,398	\$ 356,060	\$ 1,573,708	\$	27,454
Investments		-	2,829,633	-		243,771
Accounts receivable		-	600,933	30		8,334
Due from the Board of County Commissione	rs		-			175,000
Total assets	\$	39,398	\$ 3,786,626	\$ 1,573,738	\$	454,559
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	946	\$ 153,827	\$ 40,794	\$	34,588
Due to other governmental entities		-	-	344,770		-
Due to the Board of County Commissioners		<u> </u>	-	 		419,971
Total liabilities		946	153,827	 385,564		454,559
Fund balances:						
Restricted for:						
Communications 911		38,452	-	-		-
Canteen		-	3,632,799	-		-
Child protective investigations		-	-	1,188,174		-
9/11 memorial		-	-	-		-
Underage drinking prevention			-	 		-
Total fund balances		38,452	3,632,799	 1,188,174		-
Total liabilities and fund balances	\$	39,398	\$ 3,786,626	\$ 1,573,738	\$	454,559

(Continued)

SPECIAL-PURPOSE COMBINING BALANCE SHEET – NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)

SEPTEMBER 30, 2013

	N	9/11 Iemorial Fund	D	nderage Frinking Ention Fund	Total
ASSETS					
Cash	\$	24,900	\$	534	\$ 2,022,054
Investments		221,100		4,738	3,299,242
Accounts receivable		-		-	609,297
Due from the Board of County Commissioners		-		-	175,000
Total assets	\$	246,000	\$	5,272	\$ 6,105,593
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$	-	\$	-	\$ 230,155
Due to other governmental entities		-		-	344,770
Due to the Board of County Commissioners		-			 419,971
Total liabilities		-			994,896
Fund balances:					
Restricted for:					
Communications 911		-		-	38,452
Canteen		-		-	3,632,799
Child protective investigations		-		-	1,188,174
9/11 memorial		246,000		-	246,000
Underage drinking prevention				5,272	5,272
Total fund balances		246,000		5,272	5,110,697
Total liabilities and fund balances	\$	246,000	\$	5,272	\$ 6,105,593

SPECIAL-PURPOSE COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS

YEAR ENDED SEPTEMBER 30, 2013

		munications 11 Fund		Canteen Fund	Child Protective Investigations Fund	Special Use Fund
Revenues:	_		_		_	
Intergovernmental	\$	-	\$	-	\$ -	\$ 2,935,401
Charges for services		-		2,684,665	7,123,409	55,733
Operating grants		516,600		-	4,870,877	-
Interest earnings		-		7,813	1,931	-
Miscellaneous income		494		470	30,787	56,116
Fines and forfeitures		<u> </u>		-		759,539
Total revenues		517,094		2,692,948	12,027,004	3,806,789
Expenditures:						
Public safety:						
Personal services		478,243		1,390,795	9,760,009	1,111,601
Operating		52,399		211,947	1,703,750	1,414,614
Capital outlay		2,194		-	239,133	
Total expenditures		532,836		1,602,742	11,702,892	2,526,215
Excess (deficiency) of revenues over						
(under) expenditures		(15,742)		1,090,206	324,112	1,280,574
Other financing sources (uses):						
Transfer-out to other governmental entity		-		-	-	-
Distribution of excess revenues to						
the Board of County Commissioners		-		-	-	(1,338,037)
Proceeds from the sale of capital assets		-		-	16,823	57,463
Total other financing sources (uses)		-		-	16,823	(1,280,574)
Net change in fund balances		(15,742)		1,090,206	340,935	-
Fund balance, beginning of year		54,194		2,542,593	847,239	
Fund balance, end of year	\$	38,452	\$	3,632,799	\$ 1,188,174	\$ -

(Continued)

SPECIAL-PURPOSE COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)

		Drug orcement Force Fund	N	9/11 Iemorial Fund	D	nderage Prinking ention Fund	Total
Revenues:	•		•	0.40.000	•	45.000	A 0.40 7 .004
Intergovernmental	\$	-	\$	246,000	\$	15,600	\$ 3,197,001
Charges for services		-		-		-	9,863,807
Operating grants		-		-		-	5,387,477
Interest earnings		-		-		-	9,744
Miscellaneous income		-		-		-	87,867
Fines and forfeitures		-			-	-	759,539
Total revenues				246,000	_	15,600	19,305,435
Expenditures: Public safety:							
Personal services		-		-		10,328	12,750,976
Operating		177,252		-		-	3,559,962
Capital outlay		-		-		-	241,327
Total expenditures		177,252		-		10,328	16,552,265
Excess (deficiency) of revenues over (under) expenditures		(177,252)		246,000		5,272	2,753,170
Other financing sources (uses): Transfer-out to other governmental entity Distribution of excess revenues to		(229,474)		-		-	(229,474)
the Board of County Commissioners		-		-		-	(1,338,037)
Proceeds from the sale of capital assets				-	_		74,286
Total other financing sources (uses)		(229,474)		-		-	(1,493,225)
Net change in fund balances		(406,726)		246,000		5,272	1,259,945
Fund balance, beginning of year		406,726		-			3,850,752
Fund balance, end of year	\$	-	\$	246,000	\$	5,272	\$ 5,110,697

SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL USE FUND

		Budgeted	Ame	ounts		Actual		riance with nal Budget Positive
	Original			Final	Amounts		(Negative)
Revenues:				_		_		
Intergovernmental	\$	2,455,401	\$	2,935,401	\$	2,935,401	\$	-
Charges for services		-		-		55,733		55,733
Miscellaneous income		-		-		56,116		56,116
Fines and forfeitures						759,539		759,539
Total revenues		2,455,401		2,935,401		3,806,789		871,388
Expenditures:								
Public safety:								
Personal services		1,132,675		1,137,675		1,111,601		26,074
Operating		1,187,026		1,747,726		1,414,614		333,112
Capital outlay		135,700		50,000				50,000
Total public safety expenditures		2,455,401		2,935,401		2,526,215		409,186
Excess of revenues over expenditures		-		-		1,280,574		1,280,574
·								
Other financing sources (uses):								
Distribution of excess revenues to								
the Board of County Commissioners		-		-		(1,338,037)		(1,338,037)
Proceeds from the sale of capital assets		-		-		57,463		57,463
Total other financing sources (uses)		-		-		(1,280,574)		(1,280,574)
Net change in fund balances		-		-		-		-
Fund balance, beginning of year						-		-
Fund balance, end of year	\$		\$		\$	-	\$	-

SPECIAL-PURPOSE COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2013

	Workers' Compensation Fund	Legal Liability Fund	Medical Plan Fund	Total Internal Service Funds
Assets				
Cash	\$ 7,798,259	\$ 2,086,623	\$ 6,767,616	\$16,652,498
Accounts receivables	111,778	100,943		212,721
Total assets	7,910,037	2,187,566	6,767,616	16,865,219
Liabilities Accounte poveble	59,028		125.062	194,090
Accounts payable	•	2 107 566	135,062	•
Claims payable	7,851,009	2,187,566	4,875,000	14,913,575
Due to the Board of County Commissioners Total liabilities	7,910,037	2,187,566	1,757,554 6,767,616	1,757,554 16,865,219
Net position				
Total net position	\$ -	\$ -	\$ -	\$ -

SPECIAL-PURPOSE COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – INTERNAL SERVICE FUNDS

	Workers' Compensation Fund	Legal Liability Fund	Medical Plan Fund	Total Internal Service Funds
Operating revenues:				
Charges for services	\$ 4,592,637	\$ 2,045,419	\$38,505,719	\$45,143,775
Miscellaneous income		64,663		64,663
Total operating revenues	4,592,637	2,110,082	38,505,719	45,208,438
Operating expenses:				
Claims expense	3,505,958	2,109,690	34,682,893	40,298,541
General and administrative	1,093,427	1,331	2,066,031	3,160,789
Total operating expenses	4,599,385	2,111,021	36,748,924	43,459,330
Operating income (loss)	(6,748)	(939)	1,756,795	1,749,108
Nonoperating revenue:				
Interest earnings	6,748	939	759	8,446
Total nonoperating revenues	6,748	939	759	8,446
Changes in net position before transfers	-	-	1,757,554	1,757,554
Transfer-out to the Board of County Commissioners	-		(1,757,554)	(1,757,554)
Changes in net position	-	-	-	-
Net position, beginning of year				
Net position, end of year	\$ -	\$ -	\$ -	\$ -

SPECIAL-PURPOSE COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

	Workers' Compensation Fund	Legal Liability Fund	Medical Plan Fund	Total Internal Service Funds
Cash flows from operating activities:	_			
Cash received from other funds for goods				
and services	\$ 4,592,637	\$ 2,050,706	\$38,505,719	\$45,149,062
Cash received from others	796,527	64,663	-	861,190
Cash payments for claims	(3,517,980)	(1,576,654)	(32,668,998)	(37,763,632)
Cash payments to vendors for goods				
and services	(1,034,399)	(1,331)	(1,936,893)	(2,972,623)
Net cash provided by (used in)				
operating activities	836,785	537,384	3,899,828	5,273,997
Cash flows from investing activities:				
Interest earnings	6,748	939	759	8,446
Net cash provided by investing activities	6,748	939	759	8,446
Cash flows from noncapital financing activities: Transfer-out to the Board of County Commissioners Net cash used in noncapital financing activities	<u>-</u>		(1,757,554)	(1,757,554)
Net increase (decrease) in cash	843,533	538,323	2,143,033	3,524,889
Cash, beginning of year	6,954,726	1,548,300	4,624,583	13,127,609
Cash, end of year	\$ 7,798,259	\$ 2,086,623	\$ 6,767,616	\$16,652,498
•	ψ 1,100,200	Ψ 2,000,020	Ψ 0,707,010	Ψ10,002,400
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities Increase (decrease) in cash resulting from changes in:		\$ (939)	\$ 1,756,795	\$ 1,749,108
Accounts receivable	(74,431)	5,287	46,423	(22,721)
Accounts payable	59,028	-	129,138	188,166
Claims payable	858,936	533,036	1,032,000	2,423,972
Due to the Board of County Commissioners		-	935,472	935,472
Net cash provided by operating activities	\$ 836,785	\$ 537,384	\$ 3,899,828	\$ 5,273,997

SPECIAL-PURPOSE COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2013

	Balance October 1, 2012		Additions	Reductions		Balance September 30, 2013	
Inmate Accounts Fund							
Assets:							
Cash	\$	8,302	\$ 6,788,048	\$	(6,789,128)	\$	7,222
Accounts receivable		60,335	3,500,861		(3,517,740)		43,456
Due from other governmental entities		985	 1,826		(2,709)		102
Total assets	\$	69,622	\$ 10,290,735	\$	(10,309,577)	\$	50,780
Liabilities:							
Accounts payable	\$	-	\$ 554	\$	(554)	\$	-
Deposits		69,622	3,744,753		(3,763,595)		50,780
Total liabilities	\$	69,622	\$ 3,745,307	\$	(3,764,149)	\$	50,780
Trust Fund							
Assets:							
Cash	\$	1,340,791	\$ 9,230,597	\$	(10,372,810)	\$	198,578
Accounts receivable		472	20,304		(20,113)		663
Due from other governmental entities		6,492	197,029		(191,237)		12,284
Total assets	\$	1,347,755	\$ 9,447,930	\$	(10,584,160)	\$	211,525
Liabilities:							
Accounts payable	\$	-	\$ 406,993	\$	(406,993)	\$	-
Due to other funds		-	2,405,002		(2,405,002)		-
Due to the Board of County Commissioners	3	-	2,903,562		(2,903,562)		-
Deposits		1,347,755	2,361,319		(3,497,549)		211,525
Total liabilities	\$	1,347,755	\$ 8,076,876	\$	(9,213,106)	\$	211,525

(Continued)

SPECIAL-PURPOSE COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS (CONTINUED)

	Balance October 1, 2012		Additions		Reductions		Balance September 30, 2013	
Cash Bond Fund		2012		Auditions	 Reductions		2013	
Assets:								
Cash	\$	1,977,432	\$	2,938,583	\$ (3,049,246)	\$	1,866,769	
Total assets	\$	1,977,432	\$	2,938,583	\$ (3,049,246)	\$	1,866,769	
Liabilities:								
Deposits	\$	1,977,432	\$	2,968,265	\$ (3,078,928)	\$	1,866,769	
Total liabilities	\$	1,977,432	\$	2,968,265	\$ (3,078,928)	\$	1,866,769	
Flexible Spending Account Fund								
Assets:								
Cash	\$	139,164	\$	3,190,961	\$ (3,145,832)	\$	184,293	
Accounts receivable		630		1,537	(304)		1,863	
Total assets	\$	139,794	\$	3,192,498	\$ (3,146,136)	\$	186,156	
Liabilities:								
Accounts payable	\$	-	\$	921,018	\$ (921,018)	\$	-	
Deposits		139,794		975,591	(929,229)		186,156	
Total liabilities	\$	139,794	\$	1,896,609	\$ (1,850,247)	\$	186,156	
Total Agency Funds								
Assets:								
Cash	\$	3,465,689	\$	22,148,189	\$ (23,357,016)	\$	2,256,862	
Accounts receivable		61,437		3,522,702	(3,538,157)		45,982	
Due from other governmental entities		7,477		198,855	 (193,946)		12,386	
Total assets	\$	3,534,603	\$	25,869,746	\$ (27,089,119)	\$	2,315,230	
Liabilities:								
Accounts payable	\$	-	\$	407,547	\$ (407,547)	\$	-	
Due to the Board of County Commissioners	;	-		2,903,562	(2,903,562)		-	
Deposits		3,534,603		10,049,928	(11,269,301)		2,315,230	
Total liabilities	\$	3,534,603	\$	13,361,037	\$ (14,580,410)	\$	2,315,230	

SUPPLEMENTARY REPORTS OF INDEPENDENT AUDITOR	



Report of Independent Auditor 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 Government Auditing Standards

To the Honorable David A. Gee, Sheriff of Hillsborough County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the major fund and the aggregate remaining fund information of the Hillsborough County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, and have issued our report thereon dated December 13, 2013, for the purpose of compliance with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General-Local Governmental Entity Audits.

Internal Control over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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 special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

Cherry Bekont LLP

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tampa, Florida December 13, 2013



Independent Auditor's Management Letter

To the Honorable David A. Gee, Sheriff of Hillsborough County, Florida

We have audited the special-purpose financial statements of the Hillsborough County, Florida, Sheriff (the "Sheriff"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated December 13, 2013.

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. We have issued our Report of Independent Auditor 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 *Government Auditing Standards*. Disclosures in that report, which is dated December 13, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

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. No recommendations were made in the preceding annual financial audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit of the special-purpose financial statements of the Sheriff, nothing came to our attention that would cause us to believe that the Sheriff was in noncompliance with Section 218.415 regarding the investment of public funds.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *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 the management letter, unless disclosed in the notes to the financial statements. The Sheriff is a separately elected county official established pursuant to the Constitution of the State of Florida, which is disclosed in Note 1 of the footnotes accompanying the special-purpose financial statements. There are no component units related to the Sheriff.

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, *Rules of the Auditor General.* Accordingly, this management letter is not suitable for any other purpose.

Tampa, Florida December 13, 2013

Kerry Bekont LLP