

**HILLSBOROUGH COUNTY, FLORIDA  
SHERIFF**

**Special-Purpose Financial Statements  
Year Ended September 30, 2011**

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**

**Table of Contents**

Report of Independent Certified Public Accountants .....	1
<b>SPECIAL-PURPOSE FINANCIAL STATEMENTS:</b>	
Special-Purpose Balance Sheet – Governmental Funds .....	3
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	4
Special-Purpose Statement of Net Assets – Internal Services Funds.....	5
Special-Purpose Statement of Revenues, Expenses and Changes in Net Assets – Internal Services Funds.....	6
Special-Purpose Statement of Cash Flows – Internal Services Funds .....	7
Special-Purpose Balance Sheet – Agency Funds .....	8
Notes to Special-Purpose Financial Statements .....	9
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund (Budgetary Basis).....	22
Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund (Budgetary Basis).....	23
<b>OTHER FINANCIAL INFORMATION:</b>	
Fund Descriptions.....	24
Special-Purpose Combining Balance Sheet – Non-Major Special Revenue Funds.....	25
Special-Purpose Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Special Revenue Funds.....	27
Special-Purpose Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Special-Use Revenue Funds.....	29
Special-Purpose Combining Statement of Net Assets – Internal Services Funds.....	30
Special-Purpose Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Services Funds.....	31
Special-Purpose Combining Statement of Cash Flows – Internal Services Funds .....	32
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	33
<b>SUPPLEMENTARY INDEPENDENT AUDITORS’ REPORTS:</b>	
Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	35
Independent Certified Public Accountants Management Letter.....	37



## **Report of Independent Certified Public Accountants**

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

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, 2011. These special-purpose financial statements are the responsibility of the Sheriff's management. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 Government 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.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2011, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2011 on our consideration of the Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 22 and 23 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.

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements of the Sheriff taken as a whole. The accompanying Other Financial Information is presented for the purposes of additional analysis and is not a required part of the special-purpose financial statements. The accompanying Other Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The 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 information is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

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

*Cherry, Behant & Holland, L.L.P.*

Tampa, Florida  
December 14, 2011

**SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Special-Purpose Balance Sheet – Governmental Funds**  
**September 30, 2011**

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 47,555,041	\$ 7,034,067	\$ 54,589,108
Investments	79,742	25,136	104,878
Receivables	6,508	356,959	363,467
Due from other governments	400,819	20,304	421,123
Due from the Board of County Commissioners	481,516	-	481,516
Inventories	-	19,161	19,161
Total assets	<u>\$ 48,523,626</u>	<u>\$ 7,455,627</u>	<u>\$ 55,979,253</u>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ 2,859,775	\$ 314,201	\$ 3,173,976
Wages and benefits payable	10,278,375	-	10,278,375
Due to other governments	2,373,686	647,148	3,020,834
Due to the Board of County Commissioners	33,011,790	3,532,648	36,544,438
Total liabilities	<u>48,523,626</u>	<u>4,493,997</u>	<u>53,017,623</u>
Fund balances:			
Nonspendable:			
Inventories	-	19,161	19,161
Spendable, restricted for:			
Communications 911	-	86,951	86,951
Canteen Fund	-	1,204,432	1,204,432
Child Protection Investigations	-	1,177,453	1,177,453
Drug Enforcement Task Force	-	473,633	473,633
Total fund balances	<u>-</u>	<u>2,961,630</u>	<u>2,961,630</u>
Total liabilities and fund balances	<u>\$ 48,523,626</u>	<u>\$ 7,455,627</u>	<u>\$ 55,979,253</u>

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Special-Purpose Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Governmental Funds**  
**Year Ended September 30, 2011**

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Intergovernmental revenue	\$ 369,309,530	\$ 6,954,842	\$ 376,264,372
Charges for services	3,065,808	11,401,176	14,466,984
Operating grants	1,666,123	6,094,468	7,760,591
Interest earnings	200,924	13,186	214,110
Miscellaneous income	372,933	869,303	1,242,236
Fines and forfeitures	-	383,040	383,040
<b>Total revenues</b>	<u>374,615,318</u>	<u>25,716,015</u>	<u>400,331,333</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General government:</b>			
Personal services	13,911,975	-	13,911,975
Operating	280,068	-	280,068
Capital outlay	24,911	-	24,911
<b>Total general government</b>	<u>14,216,954</u>	<u>-</u>	<u>14,216,954</u>
<b>Public safety:</b>			
Personal services	259,320,671	13,358,321	272,678,992
Operating	58,443,347	4,789,939	63,233,286
Capital outlay	13,182,853	1,627,634	14,810,487
<b>Total public safety</b>	<u>330,946,871</u>	<u>19,775,894</u>	<u>350,722,765</u>
<b>Total expenditures</b>	<u>345,163,825</u>	<u>19,775,894</u>	<u>364,939,719</u>
<b>Excess of revenues over expenditures</b>	<u>29,451,493</u>	<u>5,940,121</u>	<u>35,391,614</u>
<b>Other financing sources (uses):</b>			
Transfer in from the Board of County Commissioners	2,700,000	-	2,700,000
Distribution of excess revenues to the Board of County Commissioners	(32,789,250)	(4,056,727)	(36,845,977)
Proceeds from the sale of capital assets	637,757	34,492	672,249
<b>Total other financing sources (uses)</b>	<u>(29,451,493)</u>	<u>(4,022,235)</u>	<u>(33,473,728)</u>
<b>Net change in fund balances</b>	-	1,917,886	1,917,886
Fund balances, beginning of year	-	1,043,744	1,043,744
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 2,961,630</u>	<u>\$ 2,961,630</u>

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Special-Purpose Statement of Net Assets –**  
**Internal Services Funds**  
**September 30, 2011**

**Assets**

Cash and cash equivalents	\$ 10,722,371
Accounts receivables, net	134,484
Equipment, net	44,554
Total assets	<u>10,901,409</u>

**Liabilities**

Accounts payable	34,297
Accounts payable - claims	17,427
Due to other governments	1,784
Claims payable	10,847,901
Total liabilities	<u>10,901,409</u>

**Net assets**

Unrestricted	-
Total net assets	<u>\$ -</u>



**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Special-Purpose Statement of Revenues, Expenses**  
**and Changes in Net Assets – Internal Services Funds**  
**Year Ended September 30, 2011**

Operating revenues:	
Charges for services	\$ 8,437,346
Miscellaneous income	66,387
Total operating revenues	<u>8,503,733</u>
Operating expenses:	
Claims expense	7,450,792
General and administrative	793,747
Operating	143,124
Personal services	120,855
Total operating expenses	<u>8,508,518</u>
Operating loss	<u>(4,785)</u>
Nonoperating revenues:	
Interest earnings	4,785
Total nonoperating revenues	<u>4,785</u>
Change in net assets	-
Net assets, beginning of year	-
Net assets, end of year	<u><u>\$ -</u></u>

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Special-Purpose Statement of Cash Flows -**  
**Internal Services Funds**  
**September 30, 2011**

Cash flows from operating activities:	
Cash received from other funds for goods and services	\$ 8,426,406
Cash received from others	377,183
Cash payments for claims	(4,481,734)
Cash payments to vendors for goods and services	(1,210,137)
Cash payments to employees	(120,855)
Net cash provided by operating activities	<u>2,990,863</u>
Cash flows from investing activities:	
Interest earned	4,785
Net cash provided by investing activities	<u>4,785</u>
Cash flows from capital and related financing activities:	
Interest earned	(46,583)
Net cash used in capital and related financing activities	<u>(46,583)</u>
Net increase in cash and cash equivalents	2,949,065
Cash and cash equivalents, beginning of year	7,773,306
Cash and cash equivalents, end of year	<u><u>\$ 10,722,371</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (4,785)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,029
Increase (decrease) in cash resulting from changes in:	
Accounts receivable	(10,940)
Due from other funds	(9,053)
Accounts payable	34,297
Accounts payable - claims	3,114
Due to other governments	1,784
Due to other funds	9,053
Claims payable	2,965,364
Net cash provided by operating activities	<u><u>\$ 2,990,863</u></u>

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Special-Purpose Balance Sheet - Agency Funds**  
**September 30, 2011**

**Assets**

Cash and cash equivalents	\$ 2,950,726
Accounts receivable	14,863
Due from other governmental agencies	1,138
Total assets	<u>\$ 2,966,727</u>

**Liabilities**

Accounts payable	\$ -
Deposits	2,966,727
Total liabilities	<u>\$ 2,966,727</u>

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 1 – Summary of Significant Accounting Policies**

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying special-purpose financial statements.

*Reporting Entity* – The Hillsborough County, Florida Sheriff (the “Sheriff”) is a separate constitutional officer as provided by Article VIII, Section 1(d), 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 (the “County”), and is, therefore, included as such in the Hillsborough County, Florida Comprehensive Annual Financial Report (“CAFR”).

*Basis of Presentation* – These special-purpose financial statements include the general fund, non-major special revenue funds, the agency funds, and the internal service funds of the Sheriff. The accompanying 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* (the “Rules”), which require the Sheriff to only present fund financial statements. 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 present a complete presentation of its financial position and changes in financial position.

The Sheriff reports the following major governmental fund:

*General Fund* – The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Sheriff that are not required either legally or by accounting principles generally accepted in the United States to be accounted for in another fund.

The Sheriff reports the following proprietary fund-type:

*Internal Services Funds* – Internal service funds are proprietary funds that are used to provide services to other funds of a government. The Internal Service Fund is used to account for the Sheriff’s self-insurance worker’s compensation, general legal liability, and occupational health clinic.

The Sheriff reports the following fiduciary fund-type:

*Agency Funds* – Agency funds are fiduciary funds that 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 a trustee or agent.

*Basis of Accounting* – 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.

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 1 – Summary of Significant Accounting Policies (continued)**

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Sheriff considers amounts available if collected on grants within 90 days after year-end and if collected within 30 days after year-end for all other revenue sources. Expenditures are recorded when the liability is incurred except for accumulated sick and vacation pay, which are not recorded until paid.

The Internal Service Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when 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 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.

The 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.

Substantially all of the Sheriff's funding is appropriated by the Board. In applying the "susceptible to accrual" concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Sheriff; therefore, revenues are recognized when the expenditures have been incurred. Grant revenues are recorded in this manner. In the other, monies are generally unrestricted and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if measurable and available to finance expenditures of the current period.

*Cash and Cash Equivalents and Investments* – Cash consists of checking and savings accounts, collectively designated as cash deposits. Cash deposits are carried at cost.

Investments consist of funds invested in the State Board of Administration of Florida's Fund B Surplus Funds Trust Fund ("Fund B"). Investments in Fund B are stated at fair value based on the estimated fair value of the Sheriff's share of Fund B's underlying portfolio.

*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 employees, but only to the extent that it is probable that the Sheriff will compensate the employees for the benefits through cash payments at termination or retirement.

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 1 – Summary of Significant Accounting Policies (continued)**

The Sheriff's sick time payable liability consisted of two parts as of September 30, 2011, 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 more than 960 hours. A liability is recorded in the County's basic financial statements for each employee in Plan A based on the employee's hourly pay rate. 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 more than 960 hours. A liability is recorded in the County's basic financial statements for each employee who has a termination payment under Plan B. Employees 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.

*Inventories* – Inventories consist primarily of materials and supplies and are valued at the lower of cost or market value using the weighted-average cost method. Inventories of the general fund are accounted for under the purchases method, whereby the cost is recorded as an expenditure when purchased. Inventories of non-major governmental funds are accounted for under the consumption method of accounting in which inventory acquisitions are recorded in inventory initially and charged as expenditures when used. Therefore, fund balance is nonspendable for the amount of inventory existing at year-end.

*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 assets 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 assets of the County at the time the assets are received. Donated and confiscated capital assets are recorded in the statement of net assets 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.

*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 Hillsborough County Board of County Commissioners (the "Board"). The amount of unrestricted excess at the end of the fiscal year is reported as a liability in the balance sheet and the transfer and distribution of total excess revenues are reported as a transfer out (other financing use) in the special-purpose statement of revenues, expenditures, and changes in fund balances.

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**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 amount that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Sheriff had \$19,161 in inventory included in nonspendable fund balance as of September 30, 2011.

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. As of September 30, 2011, the Sheriff had restricted fund balances as summarized below:

<b>Fund</b>	
911 Fund	\$ 86,951
Jail Inmate Canteen Fund	1,204,432
Child Investigations Fund	1,177,453
Drug Enforcement Task Force	473,633
Total	\$ 2,942,469

*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, 2011, 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, 2011, 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, 2011, 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.

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 1 – Summary of Significant Accounting Policies (continued)**

*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.

*Subsequent Events* – The Sheriff has evaluated subsequent events through December 14, 2011, 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 – Cash, Cash Equivalents, 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.

At September 30, 2011, the carrying balances and fair value totaled \$51,859 for petty cash and cash held at jails, and \$68,210,346 for deposits. The bank balances consisted of \$70,274,765 for deposits. Bank deposits are insured by the Federal Deposit Insurance Corporation or covered by the State of Florida collateral pool, a multiple financial pool with the ability to assess its members for collateral shortfalls if a member institution fails.

Investment balances consisted of investments held in Fund B. The Sheriff's investment in Fund B represents the remainder of amounts invested on November 29, 2007, when the Florida State Board of Administration implemented a temporary freeze on investment held; 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 75.68% of original cost and the estimated weighted average life of Fund B investments is 4.82 years as of September 30, 2011. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life. At September 30, 2011, the cost basis of Fund B was \$138,574 and the estimated fair value of Fund B was \$104,878. Interest earnings reported in the general fund include changes in value associated with Fund B.

Additional information regarding Fund B may be obtained from the Florida State Board of Administration at <http://www.sbafla.com/prime>.



**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 3 – Accounts Receivable**

Accounts receivable are amounts due to the Sheriff from non-governmental entities. The receivables are composed of charges for copies, employee reimbursements and administrative charges. Most of the receivable recorded in non-major governmental funds is a receivable due to the jail inmate canteen fund and is for telephone commission earned during September 2011.

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

**Note 4 – Capital Assets**

Capital assets are recorded and capitalized at cost in the statement of net assets as part of the basic financial statements of the County.

A summary of changes in capital assets follows:

	<b>Balance September 30, 2010</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30, 2011</b>
Vehicles and equipment	\$ 128,506,311	\$ 16,956,874	\$ (9,922,828)	\$ 135,540,357
Accumulated depreciation	(92,857,927)	(15,650,636)	9,821,779	(98,686,784)
Capital assets, net	<u>\$ 35,648,384</u>	<u>\$ 1,306,238</u>	<u>\$ (101,049)</u>	<u>\$ 36,853,573</u>

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

**Note 5 – Accounts Payable**

Accounts payable in the governmental funds are amounts owed due to transactions with various vendors. Funds due to the Board of County Commissioners are amounts due to the Board. Funds due to other governments are amounts due to governmental entities other than the Board. Deposits are funds held in trust that are due to individuals.

**Note 6 – Lease Obligations**

The Sheriff occupies branch offices 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, 2011 were \$1,145,296.

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 6 – Lease Obligations (continued)**

Minimum future lease payments on noncancelable operating leases with more than one year remaining at September 30, 2011 are as follows:

2012	\$ 838,601
2013	461,600
2014	460,065
2015	648,140
2016	650,636
2017-2021	3,293,287
2022-2026	2,824,980
2027-2031	2,824,980
2032-2036	<u>2,683,731</u>
Total minimum lease payments	<u><u>\$14,686,020</u></u>

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.

In July of 2006, the Sheriff entered into a lease/interlocal agreement with the County for office space, adjacent land, and parking lots. The terms of the lease/interlocal agreement require the Sheriff to pay the County \$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 the portion of this lease utilized by Child Protection Investigations, the grantor authorized the prepayment of 12 months in April 2010. The Sheriff prepaid \$318,264 to the County for the period July 2011 through June 2012. These expenditures were recorded in fiscal year ended September 30, 2010. 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 above.

**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 assets in the County's basic financial statements. The following is a summary of changes in the accumulated compensated absences liability during fiscal year 2011:

Accumulated compensated absences, October 1, 2010	\$34,011,773
Additions	27,979,250
Deletions	<u>(31,527,210)</u>
Accumulated compensated absences, September 30, 2011	<u><u>\$30,463,813</u></u>

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 8 – Defined Benefit and Defined Contribution Pension Plan**

*Plan Description* – With a few exceptions, all full-time and part-time employees working for the Sheriff in regularly established positions are members of the 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 a maximum of five years. Under this program, an employee may retire and have his benefits accumulate in the FRS Trust Fund, earning interest, while continuing to work for a system employer. When the DROP period ends, employment terminates, the employee receives payment of the accumulated DROP benefits, and monthly Pension Plan and/or Investment 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.

Plan members hired prior to July 1, 2011 with 30 years of service regardless of age or at age 62 with 6 years of credited service 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 employee's five highest fiscal years of salary earned during credited service. Vested employees with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

Plan members hired on or after July 1, 2011 with 33 years of service regardless of age or at age 62 with 8 years of credited service 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 will be the average of the employee's eight highest fiscal years earned during credited service. Vested employees with less than 33 years of service may retire before age 62 and receive reduced retirement benefits.

There will be no Pension Plan Cost of Living Adjustment (COLA) on FRS service earned on or after July 1, 2011. A reduced COLA will be 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 State of Florida 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, 4050 Esplanade Way, Tallahassee, Florida 32399-0950. That report may also be viewed on the Florida Retirement System's web site located at [http://dms.myflorida.com/human\\_resource\\_support/retirement/publications](http://dms.myflorida.com/human_resource_support/retirement/publications).

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 8 – Defined Benefit and Defined Contribution Pension Plan (continued)**

*Funded Status* – The FRS Annual Report July 1, 2009 – June 30, 2010 available as mentioned above, stated that the FRS pension plan was 86.59% funded at July 1, 2010 since the actuarial value of assets was \$120.93 billion compared to the actuarial accrued liability of \$139.65 billion.

*Funding Progress* – Beginning July 1, 2011 all plan members (except those in DROP) will make a 3% employee contribution on a pretax basis. Governmental employers are required to make contributions to the FRS based on actuarially determined statewide contribution rates. The FRS establishes contribution rates annually. The contribution rates by job class at September 30, 2011 were as follows for both the defined benefit and defined contribution pension plans: regular 4.91%; special risk (e.g. law enforcement personnel) 14.10%; special risk administrative support 6.04%; county elected officials 11.14%; senior management 6.27%; and DROP 4.42%.

During the fiscal year ended September 30, 2011, the Sheriff contributed to the plan an amount equal to 17.28% 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, 2011, 2010, and 2009 were \$34,229,537, \$36,218,826, and \$34,270,136, respectively, and were equal to the required contributions for each fiscal year.

*Actuarial Methods and Assumptions* – In the July 1, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included (a) a 7.75% investment rate of return and (b) projected salary increases of 5.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postemployment benefit increases. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility over a five-year smoothing period.

The Sheriff's pension expenditures/expenses and associated pension liabilities payables which are included in accrued liabilities at year-end, are reported in compliance with GASB Technical Bulletin 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/ Expenses and Liabilities by Cost-Sharing Employers*. This technical bulletin requires recognition of pension expenditures/expenses in the period in which payments relate even if the payments are not due until the next fiscal period.

**Note 9 – Deferred Compensation**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The plan, available to all full-time County employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 10 – Risk Management**

*Workers' Compensation* – The Sheriff is exposed to the risk of loss related to workers' compensation claims. Effective October 1, 2006, the Sheriff established an Internal Service Fund where assets are set aside to pay workers' compensation claims. The Sheriff retains self-insurance up to \$500,000 for workers' compensation claims; those exceeding \$500,000 are covered by excess workers' compensation liability insurance. The Sheriff is insured by the Florida Sheriff's Association for workers' compensation claims incurred prior to October 1, 2006. Settlements for claims in excess of this coverage are funded through appropriations from the Board. No claims settlements have exceeded insurance coverage in the past three years.

*General Liability* – The Sheriff is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. During 2008, the Sheriff established a self-insurance program for general liability claims. General liabilities 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.

Self-insured claims, liability limitations, and methods used to limit the exposures are as follows:

*General Liability Claims* – The Sheriff's exposure for general liability, including vehicle, property, and bodily injury, is subject to the State of Florida sovereign immunity laws, which provide loss limits of \$200,000 per person and \$300,000 per occurrence. Negligence claims in excess of the statutory limits can only be recovered through an act of the State of Florida Legislature.

GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, requires that liabilities for self-insured claims be reported 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 as of September 30, 2011. The Sheriff reserved such liabilities as accrued claims expenses as of September 30, 2011.

*Occupational Health Clinic* – Effective October 1, 2011, the Sheriff established an Internal Service Fund to account for the revenues, expenditures, and net assets related to the Occupational Health Clinic. The Occupational Health Clinic was established in an effort to reduce claims expense by handling certain medical processes in-house. Some of these medical processes include providing fitness-for-duty examinations, pre-employment physical examinations, random drug testing or routine screening, specialty teams' physical examinations, and intake services for workers' compensation incidents. This fund will be funded by the Workers' Compensation Fund to the extent costs are associated with workers compensation incidents. The remaining funding will come from the General Fund.

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 10 – Risk Management (continued)**

Changes in the liability for claims during the year for the workers' compensation and general liability were as follows:

	<b>Workers' Compensation</b>	<b>General Liability</b>	<b>Total</b>
Balance at October 1, 2009	\$ 7,801,074	\$ 1,925,218	\$ 9,726,292
Claims and changes in estimates	1,135,731	492,821	1,628,552
Claims payments	<u>(2,560,390)</u>	<u>(897,604)</u>	<u>(3,457,994)</u>
Balance at October 1, 2010	6,376,415	1,520,435	7,896,850
Claims and changes in estimates	5,868,526	1,582,266	7,450,792
Claims payments	<u>(3,446,718)</u>	<u>(1,035,016)</u>	<u>(4,481,734)</u>
Balance at September 30, 2011	<u>\$ 8,798,223</u>	<u>\$ 2,067,685</u>	<u>\$ 10,865,908</u>

**Note 11 – Postemployment Benefits (OPEB)**

*Plan Description* – The Sheriff offers a single-employer postretirement healthcare defined benefit plan administered by the Sheriff. Pursuant to the provisions of Section 112.0801, *Florida Statutes*, former employees and eligible dependents who retire from the Sheriff may continue to participate in the Sheriff's fully insured health and hospitalization plans for medical and prescription drug coverage. The Sheriff subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide 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. In addition to the implicit subsidy, the Sheriff provides a premium stipend of \$5 for each year of service. The stipend is payable to retirees ages 62 to 65 for Regular employees and to retiree's ages 55 to 65 for Special Risk employees. Participants do not have to take medical coverage to receive the stipend, but they must have been eligible for medical coverage at retirement. Also, retirees are required to enroll in the Federal Medicare program for the primary coverage as soon as they are eligible.

*Funding Policy* – For the Postemployment Healthcare Benefits Plan, contribution requirements of the Sheriff are established and may be amended through recommendations of the Sheriff. The Sheriff has not advanced-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. For the 2010-11 fiscal year, the Sheriff provided contributions of \$2,405,983 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 \$2,684,815. Contributions are based on a projected pay-as-you-go financing.

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 11 – Postemployment Benefits (OPEB) (continued)**

*Annual OPEB Cost and Net OPEB Obligation* – The Sheriff engaged an actuarial firm to determine the estimated obligation associated with the postemployment health insurance benefits as of September 30, 2011, as well as the actuarially required contribution (ARC) for funding this obligation. The net OPEB obligation (NOO) is the net amount for which the Sheriff would be obligated and is equivalent to the ARC less retiree claims and stipends to be paid by the Sheriff. The ARC is the portion of the total actuarial accrued liability allocated to the current fiscal year needed to pay both normal costs (current and future benefits earned) and to amortize the unfunded actuarial accrued liability (past benefits earned, but not previously funded). 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 NOO:

	<b>Fiscal Year End September 30, 2011</b>
(1) Normal cost	\$ 1,246,302
(2) Amortization of unfunded accrued liability	1,249,147
(3) Interest	112,295
(4) Annual required contribution	2,607,744
(5) Interest on net OPEB obligation (asset) (NOO)	85,983
(6) Amortization of NOO	(72,967)
(7) Total expense or annual OPEB cost (AOC)	2,620,760
(8) Actual credit (contribution) toward OPEB cost	(2,405,983)
(9) Change in NOO	214,777
(10) NOO beginning of year	1,910,724
(11) NOO end of year	\$ 2,125,501

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, 2011 and the two preceding years were as follows:

<b>Fiscal Year</b>	<b>AOC</b>	<b>Net Contribution</b>	<b>Percent of AOC Contributed</b>	<b>NOO</b>
September 30, 2011	\$ 2,620,760	\$ 2,405,983	91.8%	\$ 2,125,501
September 30, 2010	\$ 2,603,986	\$ 2,492,052	95.7%	\$ 1,910,724
September 30, 2009	\$ 2,448,266	\$ 2,354,824	96.2%	\$ 1,798,790

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

**HILLSBOROUGH COUNTY, FLORIDA**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**  
**September 30, 2011**

**Note 11 – Postemployment Benefits (OPEB) (continued)**

*Funded Status and Funding Progress* – The following table shows the funding progress as of September 30, 2011 and the two preceding years:

	<b>Actuarial Valuation Date</b>		
	<b>September 30, 2011</b>	<b>September 30, 2010</b>	<b>September 30, 2009</b>
Actuarial Value of Assets	\$ -	\$ -	\$ -
Actuarial Accrued Liability	\$ 29,661,199	\$ 32,061,719	\$ 30,510,067
Unfunded Actuarial Accrued Liability (UAAL)	\$ 29,661,199	\$ 32,061,719	\$ 30,510,067
Funded Ratio	0.0%	0.0%	0.0%
Covered Payroll	\$ 197,577,835	\$ 191,149,425	\$ 187,095,661
UAAL as a Percentage of Covered Payroll	15.0%	16.8%	16.3%

*Actuarial Methods and Assumptions* – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. 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. 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 Sheriff's initial OPEB actuarial valuation for the 2010-11 fiscal year used the entry age normal cost actuarial method to estimate the unfunded actuarial liability and to determine the annual required contribution. The actuary used the fair value method to determine the value of assets. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.5% rate of return on invested assets, which is the Sheriff's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.5% per year, and an annual healthcare cost trend rate of 17.0% for the initial year, 9.5% pre Medicare and 7.5% post Medicare for the 2011-12 fiscal year, reduced to an ultimate rate of 5.5% for the fiscal year ending September 30, 2018. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The unfunded actuarial accrued liability was amortized over 30 years in calculating the Sheriff's 2010-11 fiscal year annual required contribution.



**REQUIRED SUPPLEMENTARY INFORMATION**

**HILLSBOROUGH COUNTY, FLORIDA**

**Sheriff**

**Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – General Fund (Budgetary Basis)  
Year Ended September 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 369,309,530	\$ 369,309,530	\$ 369,309,530	\$ -
Charges for services	-	-	1,569,524	1,569,524
Interest income	-	-	200,924	200,924
Miscellaneous income	-	-	1,010,403	1,010,403
Total revenues	<u>369,309,530</u>	<u>369,309,530</u>	<u>372,090,381</u>	<u>2,780,851</u>
Expenditures:				
Current:				
General government:				
Personal services	14,146,286	14,546,286	13,911,975	634,311
Operating	287,761	437,761	280,068	157,693
Capital outlay	-	50,000	24,911	25,089
Total general government	<u>14,434,047</u>	<u>15,034,047</u>	<u>14,216,954</u>	<u>817,093</u>
Public safety:				
Personal services	278,389,694	275,589,694	257,537,625	18,052,069
Operating	69,119,391	64,819,391	57,794,706	7,024,685
Capital outlay	7,366,398	13,866,398	9,751,846	4,114,552
Total public safety	<u>354,875,483</u>	<u>354,275,483</u>	<u>325,084,177</u>	<u>29,191,306</u>
Total expenditures	<u>369,309,530</u>	<u>369,309,530</u>	<u>339,301,131</u>	<u>30,008,399</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>32,789,250</u>	<u>32,789,250</u>
Other financing uses:				
Distribution of excess revenues to the Board of County Commissioners	<u>-</u>	<u>-</u>	<u>(32,789,250)</u>	<u>(32,789,250)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(32,789,250)</u>	<u>(32,789,250)</u>
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HILLSBOROUGH COUNTY, FLORIDA**

**Sheriff**

**Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – General Fund (Budgetary Basis)**

**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 June 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 all governmental fund types.

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, police services and telephone commissions, transfers in from the Board are not budgeted, and proceeds from the sale of capital assets are budgeted as miscellaneous income. 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:

	<u>Budgetary Basis</u>	<u>Reclassifications</u>	<u>GAAP Basis</u>
<b>General fund</b>			
Revenues:			
Charges for services	\$ 1,569,524	\$ 1,496,284	\$ 3,065,808
Operating grants	-	1,666,123	1,666,123
Miscellaneous income	1,010,403	(637,470)	372,933
Expenditures:			
Public Safety:			
Personal services	257,537,625	1,783,046	259,320,671
Operating	57,794,706	648,641	58,443,347
Capital outlay	9,751,846	3,431,007	13,182,853
Other financing sources:			
Transfer in from the Board of County Commissioners	-	2,700,000	2,700,000
Proceeds from the sale of capital assets	-	637,757	637,757

An annual budget in accordance with GAAP 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.

## **HILLSBOROUGH COUNTY, FLORIDA**

### **Sheriff**

### **Fund Descriptions**

**September 30, 2011**

#### **Non-Major Special Revenue Funds**

*Communications 911 Fund* – The Communications 911 Fund is a non-major special revenue fund used to account for revenues and expenditures for the Sheriff's 911 operations.

*Jail Inmate Canteen Fund* – The Jail Inmate Canteen Fund is a non-major special revenue fund used to account for revenue and expenditures related to the sale of sundry items, such as snacks and toiletry articles, from the jail's commissary to inmates and revenue from inmate phone calls used to fund inmate programs.

*Child Protection Investigation Fund* – The Child Protection Investigation Fund is a non-major special revenue fund used to account for revenues and expenditures for child protection investigations.

*Special Use Fund* – The Special Use Fund is a non-major special revenue fund used to account for specific revenue sources designated for law enforcement within the County.

*Drug Enforcement Task Force Fund* – The Drug Enforcement Task Force Fund is a non-major special revenue fund used to account for the receipt and disbursement of funds from the Florida Department of Law Enforcement to other organizations.

#### **Internal Services Funds**

*Workers' Compensation Fund* – The Workers' Compensation Fund is used to account for the Sheriff's self-insurance program for workers' compensation.

*General Legal Liability Fund* – The General Legal Liability Fund is used to account for the Sheriff's self-insurance program for legal liability.

*Occupational Health Clinic Fund* – The Occupational Health Clinic Fund is used to account for the Sheriff's internal health clinic.

#### **Agency Funds**

*Inmate Commissary Account Fund* – The Inmate Commissary Fund accounts for funds that may be accessed by inmates for the purpose of bail or purchase of goods through commissary.

*Trust Fund* – The Trust Fund is used to account for evidence money, abandoned property and other miscellaneous deposits.

*Fee Fund* – The Fee Fund is used primarily to account for fee funds held on behalf of the Board.

*Cash Bond Fund* – The Cash Bond Fund is used to account for bail bond deposit activity.

*Flexible Spending Account Fund* – The Flexible Spending Account Fund is used to account for Flexible Spending plan funds held on behalf of participating employees.

**Hillsborough County, Florida**  
**Sheriff**  
**Special-Purpose Combining Balance Sheet -**  
**Non-Major Special Revenue Funds**  
**September 30, 2011**

	<u>Communications 911 Fund</u>	<u>Jail Inmate Canteen Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 87,863	\$ 833,050
Investments	-	25,136
Receivables	-	354,918
Due from other governments	-	13,200
Due from the Board of County Commissioners	-	-
Inventories	-	19,161
Total assets	<u>\$ 87,863</u>	<u>\$ 1,245,465</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 912	\$ -
Due to other governments	-	21,872
Due to the Board of County Commissioners	-	-
Total liabilities	<u>912</u>	<u>21,872</u>
Fund balances:		
Nonspendable:		
Inventories	-	19,161
Spendable, restricted for:		
Communications 911	86,951	-
Canteen Fund	-	1,204,432
Child Protection Investigations	-	-
Drug Enforcement Task Force	-	-
Total fund balances	<u>86,951</u>	<u>1,223,593</u>
Total liabilities and fund balances	<u>\$ 87,863</u>	<u>\$ 1,245,465</u>

**Hillsborough County, Florida**  
**Sheriff**  
**Special-Purpose Combining Balance Sheet –**  
**Non-Major Special Revenue Funds (continued)**  
**September 30, 2011**

	<b>Child Protection Investigations Fund</b>	<b>Special Use Fund</b>	<b>Drug Task Force Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash	\$ 1,837,681	\$ 3,801,840	\$ 473,633	\$ 7,034,067
Investments	-	-	-	25,136
Receivables	16	2,025	-	356,959
Due from other governments	-	7,104	-	20,304
Inventories	-	-	-	19,161
<b>Total assets</b>	<b>\$ 1,837,697</b>	<b>\$ 3,810,969</b>	<b>\$ 473,633</b>	<b>\$ 7,455,627</b>
<b>Liabilities:</b>				
Accounts payable	\$ 39,376	\$ 273,913	\$ -	\$ 314,201
Due to other governments	620,868	4,408	-	647,148
Due to the Board of County	-	3,532,648	-	3,532,648
<b>Total liabilities</b>	<b>660,244</b>	<b>3,810,969</b>	<b>-</b>	<b>4,493,997</b>
<b>Fund balances:</b>				
Reserved for inventories	-	-	-	19,161
Reserved for	-	-	-	86,951
Reserved for canteen fund	-	-	-	1,204,432
Reserved for Child Protection	1,177,453	-	-	1,177,453
Reserved for Drug	-	-	473,633	473,633
<b>Total fund balances</b>	<b>1,177,453</b>	<b>-</b>	<b>473,633</b>	<b>2,961,630</b>
<b>Total liabilities and fund</b>	<b>\$ 1,837,697</b>	<b>\$ 3,810,969</b>	<b>\$ 473,633</b>	<b>\$ 7,455,627</b>

**Hillsborough County, Florida**  
**Sheriff**  
**Special-Purpose Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances – Non-Major Special Revenue Funds**  
**Year Ended September 30, 2011**

	<b>Communications 911 Fund</b>	<b>Jail Inmate Canteen Fund</b>
Revenues:		
Intergovernmental	\$ -	\$ -
Charges for services	-	3,527,829
Operating grants	735,531	-
Interest income	-	6,561
Miscellaneous income	-	801,542
Fines and forfeitures	-	-
Total revenues	735,531	4,335,932
Expenditures:		
Public safety:		
Personal services	374,602	2,008,520
Operating	314,842	1,932,368
Capital outlay	-	-
Total expenditures	689,444	3,940,888
Excess of revenues over expenses	46,087	395,044
Other financing sources (uses):		
Distribution of excess revenues to the Board of County Commissioners	-	-
Proceeds from the sale of capital assets	-	-
Total other financing sources (uses)	-	-
Net change in fund balances	46,087	395,044
	-	
Fund balance, beginning of year	40,864	828,549
Fund balance, end of year	\$ 86,951	\$ 1,223,593

**Hillsborough County, Florida**  
**Sheriff**  
**Special-Purpose Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances – Non-Major Special Revenue Funds (continued)**  
**Year Ended September 30, 2011**

	<b>Child Protection Investigations Fund</b>	<b>Special Use Fund</b>	<b>Drug Enforcement Task Force Fund</b>	<b>Total</b>
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 6,954,842	\$ -	\$ 6,954,842
Charges for services	7,806,385	66,962	-	11,401,176
Operating grants	4,885,304	-	473,633	6,094,468
Interest income	6,625	-	-	13,186
Miscellaneous income	18,914	48,847	-	869,303
Fines and forfeitures	-	383,040	-	383,040
Total revenues	<u>12,717,228</u>	<u>7,453,691</u>	<u>473,633</u>	<u>25,716,015</u>
<b>Expenditures:</b>				
Public safety:				
Personal services	10,013,728	961,471	-	13,358,321
Operating	1,631,629	911,100	-	4,789,939
Capital outlay	68,749	1,558,885	-	1,627,634
Total expenditures	<u>11,714,106</u>	<u>3,431,456</u>	<u>-</u>	<u>19,775,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,003,122</u>	<u>4,022,235</u>	<u>473,633</u>	<u>5,940,121</u>
Other financing sources (uses):				
Distribution of excess revenues to the Board of County Commissioners	-	(4,056,727)	-	(4,056,727)
Proceeds from the sale of capital assets	-	34,492	-	34,492
	<u>-</u>	<u>(4,022,235)</u>	<u>-</u>	<u>(4,022,235)</u>
Net change in fund balances	1,003,122	-	473,633	1,917,886
Fund balance, beginning of year	174,331	-	-	1,043,744
Fund balance, end of year	<u>\$ 1,177,453</u>	<u>\$ -</u>	<u>\$ 473,633</u>	<u>\$ 2,961,630</u>



**Hillsborough County, Florida**  
**Sheriff**  
**Special-Purpose Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance – Budget and Actual –**  
**Special-Use Revenue Fund**  
**Year Ended September 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Intergovernmental	\$6,954,842	\$6,954,842	\$6,954,842	\$ -
Charges for services	-	-	66,962	66,962
Miscellaneous income	-	-	48,847	48,847
Fines and forfeitures	-	-	383,040	383,040
Total revenues	<u>6,954,842</u>	<u>6,954,842</u>	<u>7,453,691</u>	<u>498,849</u>
Expenditures:				
Public safety:				
Personal services	1,046,653	1,046,653	961,471	85,182
Operating	2,471,189	2,471,189	911,100	1,560,089
Capital outlay	3,437,000	3,437,000	1,558,885	1,878,115
Total public safety expenditures	<u>6,954,842</u>	<u>6,954,842</u>	<u>3,431,456</u>	<u>3,523,386</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>4,022,235</u>	<u>4,022,235</u>
Other financing sources (uses):				
Distribution of excess revenues to the Board of County Commissioners	-	-	(4,056,727)	(4,056,727)
Proceeds from the sale of capital assets	-	-	34,492	34,492
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,022,235)</u>	<u>(4,022,235)</u>
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Hillsborough County, Florida**  
**Sheriff**  
**Special-Purpose Combining Statement of Net Assets -**  
**Internal Services Funds**  
**September 30, 2011**

	<b>Workers' Compensation Fund</b>	<b>General Legal Liability Fund</b>	<b>Occupational Health Clinic Fund</b>	<b>Total Internal Services Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 8,766,497	\$ 1,955,874	\$ -	\$ 10,722,371
Accounts receivables, net	22,673	111,811	-	134,484
Due from other funds	9,053	-	-	9,053
Equipment, net	-	-	44,554	44,554
<b>Total assets</b>	<b>8,798,223</b>	<b>2,067,685</b>	<b>44,554</b>	<b>10,910,462</b>
<b>Liabilities</b>				
Accounts payable	-	-	34,297	34,297
Accounts payable - claims	-	17,427	-	17,427
Due to other governments	-	580	1,204	1,784
Due to other funds	-	-	9,053	9,053
Claims payable	8,798,223	2,049,678	-	10,847,901
<b>Total liabilities</b>	<b>8,798,223</b>	<b>2,067,685</b>	<b>44,554</b>	<b>10,910,462</b>
<b>Net assets</b>				
Unrestricted	-	-	-	-
<b>Total net assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Hillsborough County, Florida**  
**Sheriff**  
**Special-Purpose Combining Statement of Revenues, Expenses**  
**and Changes in Net Assets – Internal Services Funds**  
**Year Ended September 30, 2011**

	<b>Self-Insurance Workers' Compensation</b>	<b>Legal Liability Fund</b>	<b>Occupational Health Clinic Fund</b>	<b>Total Internal Services Funds</b>
Operating revenues:				
Charges for services	\$ 6,926,061	\$1,511,285	\$ -	\$ 8,437,346
Miscellaneous income	-	66,196	191	66,387
Total operating revenues	<u>6,926,061</u>	<u>1,577,481</u>	<u>191</u>	<u>8,503,733</u>
Operating expenses:				
Claims expense	5,868,526	1,582,266	-	7,450,792
General and administrative	793,747	-	-	793,747
Operating	-	-	143,124	143,124
Personal services	-	-	120,855	120,855
Total operating expenses	<u>6,662,273</u>	<u>1,582,266</u>	<u>263,979</u>	<u>8,508,518</u>
Operating income (loss)	<u>263,788</u>	<u>(4,785)</u>	<u>(263,788)</u>	<u>(4,785)</u>
Nonoperating revenue:				
Interest earnings	-	4,785	-	4,785
Total nonoperating revenues	<u>-</u>	<u>4,785</u>	<u>-</u>	<u>4,785</u>
Changes in net assets before interfund transfers	263,788	-	(263,788)	-
Transfers between funds				
Transfer out to other funds	(263,788)	-	-	(263,788)
Transfer in from other funds	-	-	263,788	263,788
Changes in net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year	-	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Hillsborough County, Florida**  
**Sheriff**  
**Special-Purpose Combining Statement of Cash Flows –**  
**Internal Services Funds**  
**Year Ended September 30, 2011**

	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Legal</u> <u>Liability</u> <u>Fund</u>	<u>Occupational</u> <u>Health</u> <u>Clinic Fund</u>	<u>Total</u> <u>Internal</u> <u>Services Funds</u>
Cash flows from operating activities:				
Cash received from other funds for goods and services	\$ 6,917,008	\$ 1,500,345	\$ 9,053	\$ 8,426,406
Cash received from others	310,796	66,196	191	377,183
Cash payments for claims	(3,446,718)	(1,035,016)	-	(4,481,734)
Cash payments to vendors for goods and services	(1,104,543)	-	(105,594)	(1,210,137)
Cash payments to employees	-	-	(120,855)	(120,855)
Net cash provided by (used in) operating activities	<u>2,676,543</u>	<u>531,525</u>	<u>(217,205)</u>	<u>2,990,863</u>
Cash flows from investing activities:				
Interest earned	-	4,785	-	4,785
Net cash provided by investing activities	<u>-</u>	<u>4,785</u>	<u>-</u>	<u>4,785</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	-	263,788	263,788
Transfers to other funds	(263,788)	-	-	(263,788)
Net cash provided by (used in) noncapital financing activities	<u>(263,788)</u>	<u>-</u>	<u>263,788</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of equipment	-	-	(46,583)	(46,583)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(46,583)</u>	<u>(46,583)</u>
Net increase in cash and cash equivalents	2,412,755	536,310	-	2,949,065
Cash and cash equivalents, beginning of year	6,353,742	1,419,564	-	7,773,306
Cash and cash equivalents, end of year	<u>\$ 8,766,497</u>	<u>\$ 1,955,874</u>	<u>\$ -</u>	<u>\$ 10,722,371</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 263,788	\$ (4,785)	\$ (263,788)	\$ (4,785)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	2,029	2,029
Increase (decrease) in cash resulting from changes in:				
Accounts receivable	-	(10,940)	-	(10,940)
Due from other funds	(9,053)	-	-	(9,053)
Accounts payable	-	-	34,297	34,297
Accounts payable - claims	-	3,114	-	3,114
Due to other governments	-	580	1,204	1,784
Due to other funds	-	-	9,053	9,053
Claims payable	2,421,808	543,556	-	2,965,364
Net cash provided by (used in) operating activities	<u>\$ 2,676,543</u>	<u>\$ 531,525</u>	<u>\$ (217,205)</u>	<u>\$ 2,990,863</u>

**Hillsborough County, Florida**  
**Sheriff**  
**Combining Statement of Changes in**  
**Assets and Liabilities – Agency Funds**  
**September 30, 2011**

	Balance September 30, 2010	Additions	Deductions	Balance September 30, 2011
<b>Inmate Commissary Account Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 96,933	\$ 5,467,053	\$ (5,431,035)	\$ 132,951
Accounts receivable	2,917	6,772	(7,098)	2,591
Due from other governmental agencies	1,947	676	(1,485)	1,138
Total assets	<u>\$ 101,797</u>	<u>\$ 5,474,501</u>	<u>\$ (5,439,618)</u>	<u>\$ 136,680</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 19,952	\$ (19,952)	\$ -
Deposits	101,797	5,389,934	(5,355,051)	136,680
Total liabilities	<u>\$ 101,797</u>	<u>\$ 5,409,886</u>	<u>\$ (5,375,003)</u>	<u>\$ 136,680</u>
<b>Trust Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 666,568	\$ 20,872,051	\$ (20,815,881)	\$ 722,738
Total assets	<u>\$ 666,568</u>	<u>\$ 20,872,051</u>	<u>\$ (20,815,881)</u>	<u>\$ 722,738</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 3,242,400	\$ (3,242,400)	\$ -
Due to other funds	-	14,731,375	(14,731,375)	-
Due to the Board of County Commissioners	-	421,675	(421,675)	-
Deposits	666,568	3,845,179	(3,789,009)	722,738
Total liabilities	<u>\$ 666,568</u>	<u>\$ 22,240,629</u>	<u>\$ (22,184,459)</u>	<u>\$ 722,738</u>
<b>Fee Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ (17,454)	\$ 2,698,209	\$ (2,692,324)	\$ (11,569)
Accounts receivable	549	19,499	(8,479)	11,569
Due from other governmental agencies	16,905	242,101	(259,006)	-
Total assets	<u>\$ -</u>	<u>\$ 2,959,809</u>	<u>\$ (2,959,809)</u>	<u>\$ -</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,516	\$ (1,516)	\$ -
Due to the Board of County Commissioners	-	2,916,485	(2,916,485)	-
Deposits	-	157,891	(157,891)	-
Total liabilities	<u>\$ -</u>	<u>\$ 3,075,892</u>	<u>\$ (3,075,892)</u>	<u>\$ -</u>

**Hillsborough County, Florida**  
**Sheriff**  
**Combining Statement of Changes in**  
**Assets and Liabilities – Agency Funds (continued)**  
**September 30, 2011**

	Balance September 30, 2010	Additions	Deductions	Balance September 30, 2011
<b>Cash Bond Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 2,305,871	\$ 3,297,783	\$ (3,583,974)	\$ 2,019,680
Total assets	<u>\$ 2,305,871</u>	<u>\$ 3,297,783</u>	<u>\$ (3,583,974)</u>	<u>\$ 2,019,680</u>
<b>Liabilities</b>				
Deposits	\$ 2,305,871	\$ 3,341,114	\$ (3,627,305)	\$ 2,019,680
Total liabilities	<u>\$ 2,305,871</u>	<u>\$ 3,341,114</u>	<u>\$ (3,627,305)</u>	<u>\$ 2,019,680</u>
<b>Flexible Spending Account Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 58,835	\$ 1,599,455	\$ (1,571,364)	\$ 86,926
Accounts receivable	2,024	908	(2,229)	703
Total assets	<u>\$ 60,859</u>	<u>\$ 1,600,363</u>	<u>\$ (1,573,593)</u>	<u>\$ 87,629</u>
<b>Liabilities</b>				
Accounts payable	\$ 5,606	\$ 699,003	\$ (704,609)	\$ -
Deposits	55,253	740,248	(707,872)	87,629
Total liabilities	<u>\$ 60,859</u>	<u>\$ 1,439,251</u>	<u>\$ (1,412,481)</u>	<u>\$ 87,629</u>
<b>Total Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 3,110,753	\$ 33,934,551	\$ (34,094,578)	\$ 2,950,726
Accounts receivable	5,490	27,179	(17,806)	14,863
Due from other governmental agencies	18,852	242,777	(260,491)	1,138
Total assets	<u>\$ 3,135,095</u>	<u>\$ 34,204,507</u>	<u>\$ (34,372,875)</u>	<u>\$ 2,966,727</u>
<b>Liabilities</b>				
Accounts payable	\$ 5,606	\$ 3,962,871	\$ (3,968,477)	\$ -
Due to other funds	-	14,731,375	(14,731,375)	-
Due to the Board of County Commissioners	-	3,338,160	(3,338,160)	-
Deposits	3,129,489	13,474,366	(13,637,128)	2,966,727
Total liabilities	<u>\$ 3,135,095</u>	<u>\$ 35,506,772</u>	<u>\$ (35,675,140)</u>	<u>\$ 2,966,727</u>

**SUPPLEMENTARY INDEPENDENT AUDITORS' REPORTS**



**Report of Independent Certified Public Accountants 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***

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

We have audited 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, 2011, and have issued our report thereon dated December 14, 2011 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*. 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.

**Internal Control Over Financial Reporting**

Management of the Sheriff is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sheriff's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

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

*Cherry, Behant & Holland, L.L.P.*

Tampa, Florida  
December 14, 2011



## **Independent Certified Public Accountants Management Letter**

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, 2011, and have issued our report thereon dated December 14, 2011.

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 Certified Public Accountants 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 this report, which is dated December 14, 2011 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-Local Governmental Entity Audits*, 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 auditors' reports.

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations in the prior year.

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, nothing came to our attention that would cause us to believe that the Sheriff was in noncompliance with Section 218.415, *Florida Statutes*.

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 violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *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. There are no component units related to the Sheriff.

Pursuant to Chapter 119, *Florida Statutes*, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Sheriff's management and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Cherry, Behawt & Holland, L.L.P.*

Tampa, Florida  
December 14, 2011