



**HILLSBOROUGH COUNTY, FLORIDA
SHERIFF**

FINANCIAL STATEMENTS

As of and for the Year Ended September 30, 2015

And Reports of Independent Auditor

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
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Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying 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, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each fund of Hillsborough County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2015, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Reclassification

As discussed in Note 1 to the financial statements, the Sheriff no longer accounts for amounts received to operate the 911 Communications Center for Hillsborough County as operating grants and has accounted for these amounts as charges for services. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 24 and 25 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 financial statements that collectively comprise the Sheriff's basic financial statements. The other financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, 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.



Tampa, Florida
December 15, 2015

FINANCIAL STATEMENTS

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
BALANCE SHEET – GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	<u>General Fund</u>	<u>Non-Major Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 55,974,154	\$ 12,496,444	\$ 68,470,598
Accounts Receivable	76,561	666,335	742,896
Prepaid Items	23,000	-	23,000
Due from Other Governmental Entities	411,429	10,771	422,200
Due from the Board of County Commissioners	658,016	-	658,016
Total Assets	<u>\$ 57,143,160</u>	<u>\$ 13,173,550</u>	<u>\$ 70,316,710</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 5,297,151	\$ 178,488	\$ 5,475,639
Wages and Benefits Payable	18,626,503	-	18,626,503
Deposits	269,803	-	269,803
Due to Other Governmental Entities	5,040	1,581,009	1,586,049
Due to the Board of County Commissioners	32,763,468	595,668	33,359,136
Total Liabilities	<u>56,961,965</u>	<u>2,355,165</u>	<u>59,317,130</u>
Fund Balances:			
Restricted for:			
BOCC Special Projects Fund		3,173,815	3,173,815
Inmate Welfare Fund	-	6,008,435	6,008,435
Child Protective Investigations Fund	-	1,627,626	1,627,626
Communications 911 Fund	-	8,509	8,509
Marijuana Eradication Program	1,694	-	1,694
Assigned for:			
Mental Health Diversion Program	179,501	-	179,501
Total Fund Balances	<u>181,195</u>	<u>10,818,385</u>	<u>10,999,580</u>
Total Liabilities and Fund Balances	<u>\$ 57,143,160</u>	<u>\$ 13,173,550</u>	<u>\$ 70,316,710</u>

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS***FISCAL YEAR ENDED SEPTEMBER 30, 2015*

	General Fund	Non-Major Special Revenue Funds	Total Governmental Funds
Revenues:			
Intergovernmental	\$ 383,586,414	\$ 2,822,059	\$ 386,408,473
Charges for Services	3,126,938	11,668,211	14,795,149
Operating Grants	1,878,583	2,542,544	4,421,127
Interest Earnings	161,117	16,108	177,225
Miscellaneous Income	469,825	107,159	576,984
Fines and Forfeitures	-	823,732	823,732
Total Revenues	<u>389,222,877</u>	<u>17,979,813</u>	<u>407,202,690</u>
Expenditures:			
General Government:			
Personal Services	13,749,426	-	13,749,426
Operating	289,977	-	289,977
Capital Outlay	15,290	-	15,290
Total General Government	<u>14,054,693</u>	<u>-</u>	<u>14,054,693</u>
Public Safety:			
Personal Services	270,974,033	12,629,122	283,603,155
Operating	58,334,607	3,337,758	61,672,365
Capital Outlay	15,557,840	325,053	15,882,893
Total Public Safety	<u>344,866,480</u>	<u>16,291,933</u>	<u>361,158,413</u>
Total Expenditures	<u>358,921,173</u>	<u>16,291,933</u>	<u>375,213,106</u>
Excess of Revenues Over Expenditures	<u>30,301,704</u>	<u>1,687,880</u>	<u>31,989,584</u>
Other Financing Sources (Uses):			
Transfer-In from the Board of County Commissioner	-	3,200,000	3,200,000
Distribution of Excess Revenues to the Board of County Commissioners	(30,614,123)	(1,569,677)	(32,183,800)
Proceeds From the Sale of Capital Assets	360,617	38,480	399,097
Total Other Financing Sources (Uses)	<u>(30,253,506)</u>	<u>1,668,803</u>	<u>(28,584,703)</u>
Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	48,198	3,356,683	3,404,881
Fund Balance, Beginning of Fiscal Year	132,997	7,461,702	7,594,699
Fund Balance, End of Fiscal Year	<u>\$ 181,195</u>	<u>\$ 10,818,385</u>	<u>\$ 10,999,580</u>

See Notes to Financial Statements.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2015

ASSETS

Cash and Cash Equivalents	\$	19,546,501
Accounts Receivable		<u>77,355</u>
Total Assets	\$	<u><u>19,623,856</u></u>

LIABILITIES

Accounts Payable	\$	42,870
Claims Payable		14,873,453
Due to the Board of County Commissioners		<u>4,707,533</u>
Total Liabilities		<u><u>19,623,856</u></u>

NET POSITION

Total Net Position	\$	<u><u>-</u></u>
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HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS***FISCAL YEAR ENDED SEPTEMBER 30, 2015*

Operating Revenues:	
Charges for Services	\$ 45,233,386
Miscellaneous Income	40,941
Total Operating Revenues	<u>45,274,327</u>
Operating Expenses:	
Claims Expense	37,072,467
General and Administrative	3,495,846
Total Operating Expenses	<u>40,568,313</u>
Operating Income	<u>4,706,014</u>
Nonoperating Revenues:	
Interest Earnings	1,519
Total Nonoperating Revenues	<u>1,519</u>
Change in Net Position Before Transfers	4,707,533
Transfer-Out to the Board of County Commissioners	<u>(4,707,533)</u>
Changes in Net Position	-
Net Position, Beginning of Fiscal Year	<u>-</u>
Net Position, End of Fiscal Year	<u>\$ -</u>

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

Cash Flows from Operating Activities:

Cash Received from Other Funds for Goods and Services	\$ 45,233,386
Cash Received from Others	1,127,620
Cash Payments for Claims	(38,618,037)
Cash Payments to Vendors for Goods and Services	<u>(3,470,264)</u>
Net Cash Provided by Operating Activities	<u>4,272,705</u>

Cash Flows from Investing Activities:

Interest Earnings	<u>1,519</u>
Net Cash Provided by Investing Activities	<u>1,519</u>

Cash Flows from Noncapital Financing Activities:

Transfer-Out to the Board of County Commissioners	<u>(6,647,391)</u>
Net Cash Used by Noncapital Financing Activities	<u>(6,647,391)</u>

Net Change in Cash and Cash Equivalents	(2,373,167)
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>21,919,668</u>
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 19,546,501</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	\$ 4,706,014
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase (Decrease) in Cash Resulting from Changes in:	
Accounts Receivable	132,844
Accounts Payable	25,582
Claims Payable	<u>(591,735)</u>
Net Cash Provided by Operating Activities	<u>\$ 4,272,705</u>

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS

SEPTEMBER 30, 2015

ASSETS

Cash and Cash Equivalents	\$	3,287,368
Accounts Receivable		17,741
Due from Other Governmental Entities		<u>14,708</u>
Total Assets	\$	<u><u>3,319,817</u></u>

LIABILITIES

Deposits	\$	<u>3,319,817</u>
Total Liabilities	\$	<u><u>3,319,817</u></u>

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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 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, *Fla. Stat.* In addition, for financial reporting purposes, the Sheriff 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 financial statements were prepared for the purpose of complying with §218.39(2), *Florida Statutes (Fla. Stat.)*, and Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits*, which require the Sheriff 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 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 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 (GAAP) to be accounted for in another fund.
- *Non-Major Special Revenue Funds* – The Non-Major Special Revenue funds are all other Governmental Funds used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

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 10.

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). Agency Funds account for deposits held by the Sheriff as trustee or agent.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 1—Summary of Significant Accounting Policies (continued)

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 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 Operating Grants, there are essentially two types of revenues. In one, money must be expended for specific purposes or projects before any 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, 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: Operating 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 (90) days after fiscal 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 Basis 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.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 1—Summary of Significant Accounting Policies (continued)

Reclassification – During the Fiscal Year ended September 30, 2015, the Sheriff decided to no longer account for amounts received to operate the 911 Communications Center for Hillsborough County as operating grants and has determined it was more appropriate to present these amounts as charges for services. As a result the prior-year financial statements have been reclassified to adhere to the current-year presentation as of September 30, 2014:

	Communications 911 Fund	
	September 30, 2014	September 30, 2014
	(As Previously Reported)	(As Reclassified)
Revenues:		
Charges for Services	\$ -	\$ 516,600
Operating Grants	\$ 516,600	\$ -

There was no impact on total revenue or fund balance as a result of this reclassification.

Cash and Cash Equivalents – Cash and Cash Equivalents consist of cash on hand, bank checking and savings accounts, carried at cost, and amounts on deposit in the Florida State Board of Administration (SBA) Florida PRIME™ Fund (Florida PRIME), which is presented at an estimated fair value on \$1 per trust share, and is more fully described in Note 2.

The Sheriff deposits cash in qualified public depositories. All bank deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, *Fla. Stat.* 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.

Prepaid Items – With the exception of certain transferable and refundable training and other expenditures, the cost of Prepaid Items are recorded as expenditures at the time of payment which is in accordance with the Purchase Method.

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 Pensions*; OPEB disclosures are more fully presented in Note 11.

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 retirement or other termination.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 1—Summary of Significant Accounting Policies (continued)

Compensated Absences (continued) – The Sheriff’s sick time liability consists of Plan A and Plan B as of September 30, 2015, resulting primarily from conditions set by *Hillsborough County Civil Service Rules* (Rules) that went into effect on February 2, 1997. These Rules stipulated 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; therefore, no sick leave liability is reported 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 8.

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 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 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; and (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 ended September 30, 2015 the Sheriff capitalized \$244,272 of software. See Note 4 for more information on Capital Assets.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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.

Funding – Substantially all of the Sheriff’s funding is appropriated by the Board of County Commissioners (BOCC). These appropriations are classified as Intergovernmental Revenues for financial statement purposes.

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 BOCC. 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 Uses) in the 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 in Note 10, the Sheriff reserved such liabilities as claims payable as of September 30, 2015.

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. The classifications are described as follows:

Nonspendable Fund Balance includes 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 balance as of September 30, 2015.

Spendable Fund Balance is classified based on a hierarchy of the Sheriff’s ability to control the spending of these fund balances.

Restricted Fund Balances 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. The Sheriff had the following Restricted Fund Balances as of September 30, 2015:

<u>Fund</u>	<u>Restricted Fund Balance</u>
General Fund:	
Marijuana Eradication Program	\$ 1,694
Non-Major Special Revenue Funds:	
BOCC Special Projects Fund	3,173,815
Inmate Welfare Fund	6,008,435
Child Protective Investigations Fund	1,627,626
Communications 911 Fund	8,509
Total Restricted Fund Balances:	<u>\$ 10,820,079</u>

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 1—Summary of Significant Accounting Policies (continued)

Governmental Fund Balances (continued) –

Committed Fund Balances are constrained for specific purposes imposed by the Sheriff’s formal action of highest level of decision making authority. The Sheriff had no Committed Fund Balances as of September 30, 2015.

Assigned Fund Balances are intended to be used for specific purposes, but which are neither restricted nor committed. The Sheriff had the following Assigned Fund Balances as of September 30, 2015:

<u>Fund</u>	<u>Assigned Fund Balance</u>
General Fund:	
Mental Health Diversion Program	\$ 179,501
Total Assigned Fund Balances:	<u>\$ 179,501</u>

Unassigned Fund Balance represents 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, 2015, the Sheriff had no Unassigned Fund Balance because all excess revenues within the General Fund are required to be remitted to the BOCC and there were no negative residual balances in the Non-Major 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 15, 2015, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Note 2—Deposits of Cash and Cash Equivalents

The Sheriff’s Investment Policy is to follow the guidelines in §219.075, *Fla. Stat.*, regarding the deposit of funds received and the investment of surplus funds. §§219.075 and 218.415, *Fla. Stat.*, authorize the Sheriff to invest in the Local Government Surplus Funds Trust Fund (Florida PRIME) 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 qualified public depositories as defined in §280.02, *Fla. Stat.*

At September 30, 2015, Cash and Cash Equivalents included \$32,572,440 of cash on-hand and cash deposited in banks and \$58,732,027 invested in the SBA’s Florida PRIME. Bank deposits are insured by the Federal Deposit Insurance Corporation and covered by the state of Florida collateral pool, a multiple financial institution collateral pool established under Chapter 280, *Fla. Stat.*, with the ability to assess its members for collateral shortfalls if a member institution fails.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 2—Deposits of Cash and Cash Equivalents (continued)

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. All of the Sheriff's investment activities consisted of investments held at the SBA in Florida PRIME and are presented as Cash and Cash Equivalents.

The Sheriff's investment in Florida PRIME represents funds placed with the SBA. The SBA manages Florida PRIME, a 2a-7-like pool, carried at amortized cost. A 2a-7-like pool is not required to register 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 Florida PRIME is considered to be equivalent to its fair value. The Florida PRIME is rated by Standard & Poor's Rating Services. Florida 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 of the SBA 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. Audit oversight is provided by the Auditor General of the State of Florida.

Note 3—Accounts Receivable

Accounts Receivable in the General Fund relate to amounts due from non-governmental entities. The receivables are primarily comprised of administrative charges, employee reimbursements, and charges for services. Most of the receivables recorded in Non-Major Special Revenue Funds relate to a receivable due to the Inmate Welfare Fund for telephone commissions earned during Fiscal Year ended September 30, 2015.

Funds Due From Other Governmental Entities are amounts due from entities other than the BOCC and are owed to the Sheriff primarily 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 and an anticipated useful life greater than one year. Donated Capital Assets 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.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 4—Capital Assets (continued)

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. The Sheriff's Capital Asset activity for the Fiscal Year ended September 30, 2015 is presented below:

	Balance October 1, 2014	Additions	Reductions	Balance September 30, 2015
Vehicles and Equipment	\$ 155,347,592	\$ 14,747,068	\$ (6,842,237)	\$ 163,252,423
Software	3,026,831	244,272	-	3,271,103
Accumulated Depreciation	(122,254,460)	(15,526,849)	6,659,000	(131,122,309)
Accumulated Amortization	(1,950,602)	(617,688)	-	(2,568,290)
Capital Assets, Net	<u>\$ 34,169,361</u>	<u>\$ (1,153,197)</u>	<u>\$ (183,237)</u>	<u>\$ 32,832,927</u>

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

Note 5—Accounts Payable

Accounts Payable in the General Fund are comprised of various amounts, the largest of which is associated with inmate-related contracts as more fully described in Note 6.

Note 6—Commitments

Inmate-Related Contracts – The Sheriff has agreements for the provision of inmate medical care and food services at its detention facilities. The contracts are paid for by the Sheriff through its annual appropriations. The medical services contract was awarded on October 1, 2014 and has an initial term of three (3) years followed by two (2) optional one-year renewal options. Using the average daily inmate population as a basis, the future commitment to the vendor is estimated to be approximately \$21.2 million per year with annual increases of approximately 3.5%. Inmate food services contract was awarded on October 1, 2014, with an initial term of three (3) years followed by two (2) optional one-year renewals. Using a cost-per-meal-per-inmate basis, the future commitment is estimated to be approximately \$3.7 million per year based upon current year experience. Both contracts are subject to appropriation and cancellable without cause with 120 days written notice. For the Fiscal Year ended September 30, 2015 the Sheriff paid approximately \$21.6 million and \$3.7 million for inmate medical and food services, respectively.

Interlocal Agreement – In July of 2006, the Sheriff entered into an interlocal lease agreement with the BOCC for office space, adjacent land, and parking lots (Pinebrooke I). The terms of the interlocal agreement require the Sheriff to pay the BOCC \$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 the Division of Child Protective Investigations, the Sheriff paid \$320,063 to the BOCC for the period July 2014 through June 2015. 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.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 6—Commitments (continued)

Operating Leases – The Sheriff has entered into numerous operating leases. The Sheriff occupies community substations at various locations and pays rent under operating leases which extend more than one year from September 30, 2015. These leases are cancelable if funds are not appropriated for their purpose and are not enforceable against a new administration with the exception of two interlocal agreements between the Sheriff and the BOCC for the Pinebrooke I Facility and the Walter C. Heinrich Practical Training Center. The interlocal agreement for the Pinebrooke I Facility states that repayment requirements shall survive any termination of the lease and the interlocal agreement for the Walter C. Heinrich Practical Training Center states that the Sheriff shall have the right to terminate by providing twelve (12) months’ notice without recourse. Rent expenditures for the Fiscal Year ended September 30, 2015 were \$1,042,011.

Minimum future lease payments on operating leases with more than one year remaining at September 30, 2015 are as follows:

2016	\$ 690,675
2017	682,065
2018	682,030
2019	663,491
2020	665,284
2021 - 2025	2,940,957
2026 - 2030	2,840,950
2031 - 2035	2,840,950
2036 - 2037	<u>473,492</u>
Total Minimum Lease Payments	<u>\$ 12,479,894</u>

Note 7—Contingencies

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 financial statements. Accordingly, such liabilities are not reflected within these financial statements.

Litigation – From time to time the Sheriff is involved in certain routine litigation as plaintiff and defendant. The Sheriff has established a self-insurance fund to provide for a means to account for the various risks related to all such activity (see Note 10).

Note 8—Accumulated Compensated Absences

The amount of vested Accumulated Compensated Absences, based upon the Sheriff’s annual and sick leave 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, 2014	\$ 27,244,990
Additions	34,981,921
Reductions	<u>(35,245,786)</u>
Accumulated Compensated Absences, September 30, 2015	<u>\$ 26,981,125</u>

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 9—Defined Benefit and Defined Contribution Pension Plans

Description of Plans – Essentially all full-time and part-time employees of the Sheriff are eligible to enroll as members of the state-administered Florida Retirement System (FRS). Provisions relating to the FRS are established by Chapters 112 (Part IV), 121, 122, and 238, *Fla. Stats.*; and *Florida Retirement System Rules*, Chapter 60S, *Florida Administrative Code*; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a cost-sharing multiple-employer public employee retirement system administered by the state of Florida. The FRS offers its members a Defined Benefit Pension Plan (Pension Plan), a Deferred Retirement Option Program (DROP), a Defined Contribution Plan, referred to as the FRS Investment Plan (Investment Plan), and a Retiree Health Insurance Subsidy Plan (HIS Plan). The Department of Management Services' Division of Retirement administers the Pension Plan, DROP, and HIS Plan. The SBA administers the Investment Plan.

Pension Plan – Employees enrolled in the Pension Plan prior to July 1, 2011 vest at six years of creditable service and are eligible for normal retirement benefits at age 62 or at any age after 30 years of service except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. Employees enrolled in the Pension Plan on or after July 1, 2011, vest at eight years of creditable service and are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age thereafter 30 years of service. Pension Plan members may include up to 4 years of credit for military service toward creditable service. The Pension Plan includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Pension Plan provides retirement, disability, death benefits, and annual cost of living adjustments to eligible participants.

DROP – Subject to the provisions §121.091, *Fla. Stat.*, DROP is available under the Pension Plan when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. While in DROP, the member's deferred monthly retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July and earn monthly interest.

Investment Plan – As provided in §121.4501, *Fla. Stat.*, eligible FRS members may elect to participate in the Investment Plan in lieu of the Pension Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. Contributions are made to individual member accounts, and the individual members direct their investments in these accounts, choosing from a number of diverse investment options selected and monitored by the SBA. For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings regardless of membership class.

HIS Plan – Established under §112.363, *Fla. Stat.*, the HIS Plan provides a monthly benefit to assist retirees of state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries received a monthly HIS Plan payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to §112.363, *Fla. Stat.* To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 9—Defined Benefit and Defined Contribution Pension Plans (continued)

Funding Policy – Employer and employee contribution rates are established under §121.71, *Fla. Stat.* All participating employers must comply with statutory contribution requirements. Employer contribution rates under the uniform rate structure (a blending of both the Pension Plan and Investment Plan rates) are recommended in an annual actuarial valuation but set by the Legislature. Effective July 1, 2011, all plan members except those in DROP are required to make a 3% employee contribution on a pretax basis to the FRS. Employer contribution rates are as follows:

Employee Class or Plan	Percentage of Covered Payroll	
	July 1, 2015 - September 30, 2015 ⁽¹⁾	October 1, 2014 - June 30, 2015 ⁽²⁾
Special Risk	22.04%	19.82%
Regular	7.26%	7.37%
Senior Management	21.43%	21.14%
Special Risk, Other	10.65%	8.77%
Regular, Other	4.31%	3.80%
DROP	12.88%	12.28%
DROP Terminated - Elected Officials	8.78%	7.98%

Notes: (1) Employer rates include a 1.66 percent contribution for the HIS Plan. Also, employer rates other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan for the period through September 30, 2015.

(2) Employer rates include a 1.26 percent contribution for the HIS Plan. Also, employer rates other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan for the period through June 30, 2015.

During the fiscal year ended September 30, 2015, the Sheriff contributed to the FRS an amount equal to 16.49% of covered payroll. The Sheriff's contributions to the FRS for the fiscal years ended September 30, 2015, 2014, and 2013 were \$33,288,136, \$31,266,732, and \$26,616,421, respectively, which were equal to the required contributions for each fiscal year.

The Sheriff recognizes pension expenditures in an amount equal to amounts paid to the Pension Plan, DROP, Investment Plan, and the HIS Plan totaling approximately \$24,666,926, \$2,005,650, \$3,851,982, and \$2,763,578, respectively, for the fiscal year ended September 30, 2015. The Sheriff's payments for the Pension Plan, DROP, and the HIS Plan after June 30, 2015, the measurement date used to determine the net pension liability associated with these plans, amounted to approximately \$7,569,530. The Sheriff is not legally required to and does not accumulate expendable available resources to liquidate the retirement obligation related to its employees. Accordingly, the net pension liability and associated deferred outflows and deferred inflows are presented on the government-wide financial statements of the County, following requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective October 1, 2014.

Funded Status – The FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014, available as mentioned below, stated in the schedule of funding progress that the Pension Plan was 86.57% funded at July 1, 2014, since the actuarial value of assets was \$138.6 billion compared to the entry age actuarial accrued liability of \$160.1 billion.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 9—Defined Benefit and Defined Contribution Pension Plans (continued)

Additional financial information is reported in the State of Florida Comprehensive Annual Financial Report (www.myfloridacfo.com), SBA's annual financial statements (www.sbafl.com), and the comprehensive annual financial report of the FRS (www.dms.myflorida.com).

Note 10—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. As permitted by Florida law, the Sheriff is self-insured against general liability and automotive claims with limited liability per §768.28, *Fla. Stat.*, 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 is also self-insured for workers' compensation claims and a medical plan for its eligible employees and their dependents, and certain former employees.

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 participating funds are recorded as revenues in the self-insurance funds and as insurance assessment expenditures in the participating funds. This note provides the disclosures required by GASB Statement No. 10.

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.

Workers' Compensation – Effective October 1, 2006, the Sheriff established an Internal Service Fund where assets are set aside to pay workers' compensation claims. 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.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 10—Risk Management (continued)

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

	Legal Liability Fund	Medical Plan Fund	Workers' Compensation Fund	Total
Balance at October 1, 2013	\$ 2,187,566	\$ 4,875,000	\$ 7,851,009	\$ 14,913,575
Claims and Changes in Estimates	774,631	33,514,543	5,412,332	39,701,506
Claims Payments	(828,898)	(33,572,543)	(4,748,452)	(39,149,893)
Balance at October 1, 2014	2,133,299	4,817,000	8,514,889	15,465,188
Claims and Changes in Estimates	734,955	34,633,515	2,657,832	38,026,302
Claims Payments	(749,410)	(34,726,515)	(3,142,112)	(38,618,037)
Balance at September 30, 2015	<u>\$ 2,118,844</u>	<u>\$ 4,724,000</u>	<u>\$ 8,030,609</u>	<u>\$ 14,873,453</u>

Note 11—Other Postemployment Benefits (OPEB)

OPEB Plan Description – The Sheriff provides medical-related benefits to eligible retirees, dependents and certain former employees: (a) the Sheriff is required by §112.0801, *Fla. Stat.* to allow retirees and certain former employees and eligible dependents to continue to participate in the Sheriff's self-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 medical 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 health insurance stipends (HIS) of \$5 for each year of service. HIS are 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 HIS, 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 accrued OPEB liability, also known as the actuarial accrued liability, which approximates the present value of all future expected postemployment medical premiums, associated administrative costs and stipend payments. For the Fiscal Year ended September 30, 2015 this actuarial accrued liability was estimated to be \$45,218,093. The actuary also estimated the Annual Required Contribution (ARC) for funding this obligation. The annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC 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 Fiscal Year ended September 30, 2015. The Sheriff's estimated ARC for Fiscal Year 2015 was \$3,892,096. The Sheriff's annual OPEB cost, which is defined as annual OPEB expense on an accrual basis, was \$3,934,198 as of September 30, 2015.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 11—Other Postemployment Benefits (OPEB) (continued)

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 the health insurance subsidies to be paid by the Sheriff.

The Net OPEB Obligation, at the end of the fiscal year, is the net amount the Sheriff was obligated for at fiscal year-end. It is equivalent to the annual OPEB cost for the fiscal year, plus the Net OPEB Obligation at the start of the fiscal year less contributions such as retiree claims and stipends paid by the Sheriff during the fiscal year.

Annual OPEB Cost and Net OPEB Obligation (continued) – The inter-relationships between the ARC, annual OPEB cost, and net OPEB obligation are presented in the table below:

	Fiscal Year Ended September 30, 2015
Annual Required Contribution	\$ 3,892,096
Interest on Net OPEB Obligation	204,033
Less Adjustment to Annual Required Contribution	(161,931)
Annual OPEB Cost	3,934,198
Net OPEB Obligation, Beginning of Year	4,534,071
Less Contributions for Fiscal Year 2015	(2,043,690)
Net OPEB Obligation, End of Year	<u>\$ 6,424,579</u>

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 the Fiscal Year ended September 30, 2015 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Net Contribution	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2015	\$ 3,934,198	\$ 2,043,690	51.9%	\$ 6,424,579
September 30, 2014	4,275,466	3,362,248	78.6%	4,534,071
September 30, 2013	4,072,118	3,100,236	76.1%	3,620,853

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 position in the County's basic financial statements.

Funding Policy, Status and Progress – For the Other Postemployment Benefits Plan (OPEB 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 Fiscal Year ended September 30, 2015, the Sheriff provided contributions 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 \$2,043,690. Required contributions are based on a projected pay-as-you-go financing.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Note 11—Other Postemployment Benefits (OPEB) (continued)

Funding Policy, Status and Progress (continued) – The following table shows the funding progress as of September 30, 2015 and the two preceding fiscal years:

	Actuarial Valuation Date		
	September 30, 2015	September 30, 2014	September 30, 2013
Actuarial value of assets	\$ -	\$ -	\$ -
Actuarial accrued liability	\$ 45,218,093	\$ 48,285,596	\$ 48,003,037
Unfunded actuarial accrued liability	\$ 45,218,093	\$ 48,285,596	\$ 48,003,037
Funded ratio	0.0%	0.0%	0.0%
Covered payroll	\$ 205,669,544	\$ 205,056,695	\$ 207,854,882
Unfunded actuarial accrued liability as a percentage of covered payroll	22.0%	23.5%	23.1%

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 OPEB 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 OPEB 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 Accrued Liability and to determine the ARC. Other actuarial assumptions included a 4.5% discount rate; an initial pre-Medicare annual healthcare cost trend rate of 6.5%, and an initial post-Medicare annual healthcare cost trend rate of 6% grading to an ultimate rate of 5% for Fiscal Year ended September 30, 2022 and later. The Sheriff's Unfunded Actuarial Accrued Liability is being amortized on a closed-basis over 28 years as a level percentage of payroll assumed to grow 4.5% per year.

The Sheriff has made total payments to the County's Self-Insurance Internal Service Fund for OPEB in the amount of \$1,890,508 for the Fiscal Year ended September 30, 2015. 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 County's CAFR for the Fiscal Year ended September 30, 2015 for more detailed information on the funding status for the County as a whole.

REQUIRED SUPPLEMENTARY INFORMATION

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (BUDGETARY BASIS)***FISCAL YEAR ENDED SEPTEMBER 30, 2015*

	Budgeted		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$383,528,959	\$383,586,414	\$383,586,414	\$ -
Charges for Services	-	-	1,236,749	1,236,749
Interest Earnings	-	-	161,117	161,117
Miscellaneous Income	-	-	468,229	468,229
Total Revenues	<u>383,528,959</u>	<u>383,586,414</u>	<u>385,452,509</u>	<u>1,866,095</u>
Expenditures:				
Current:				
General Government:				
Personal Services	14,943,952	14,943,952	13,749,426	1,194,526
Operating	398,003	398,003	289,977	108,026
Capital Outlay	<u>25,660</u>	<u>25,660</u>	<u>15,290</u>	<u>10,370</u>
Total General Government	<u>15,367,615</u>	<u>15,367,615</u>	<u>14,054,693</u>	<u>1,312,922</u>
Public Safety:				
Personal Services	289,113,529	286,670,984	268,907,691	17,763,293
Operating	66,932,211	65,232,211	57,224,418	8,007,793
Capital Outlay	<u>12,115,604</u>	<u>16,315,604</u>	<u>15,004,331</u>	<u>1,311,273</u>
Total Public Safety	<u>368,161,344</u>	<u>368,218,799</u>	<u>341,136,440</u>	<u>27,082,359</u>
Total Expenditures	<u>383,528,959</u>	<u>383,586,414</u>	<u>355,191,133</u>	<u>28,395,281</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>30,261,376</u>	<u>30,261,376</u>
Other Financing Sources (Uses):				
Distribution of Excess Revenues to				
the Board of County Commissioners	-	-	(30,559,389)	(30,559,389)
Proceeds From the Sale of Capital Assets	-	-	298,013	298,013
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(30,261,376)</u>	<u>(30,261,376)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of Fiscal Year	-	-	-	-
Fund Balance, End of Fiscal Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

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

FISCAL YEAR ENDED SEPTEMBER 30, 2015

Note 1—Budgetary Process and Requirement

The Sheriff follows the procedures noted below in establishing the budget as reflected in the financial statements:

- Prior to May 1, the Sheriff submits to the BOCC a tentative budget for the ensuing fiscal year.
- A public hearing is conducted to obtain taxpayer comments.
- At the public hearing, the BOCC 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 BOCC.
- Formal budgetary control is maintained during the fiscal 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 fiscal year from the budgetary basis of accounting to GAAP are as follows:

	<u>Budgetary Basis</u>	<u>Reclassifications</u>	<u>GAAP Basis</u>
General Fund:			
Revenues:			
Charges for Services	\$ 1,236,749	\$ 1,890,189	\$ 3,126,938
Operating Grants	-	1,878,583	1,878,583
Miscellaneous Income	468,229	1,596	469,825
Expenditures:			
Public Safety:			
Personal Services	268,907,691	2,066,342	270,974,033
Operating	57,224,418	1,110,189	58,334,607
Capital Outlay	15,004,331	553,509	15,557,840
Other Financing Sources (Uses):			
Distribution of Excess Revenues to the Board of County Commissioners	(30,559,389)	(54,734)	(30,614,123)
Proceeds From the Sale of Capital Assets	298,013	62,604	360,617

An annual budget is adopted for the Special Use Fund; annual budgets are not prepared for other Non-Major Special Revenue Funds or for Internal Service Funds maintained by the Sheriff.

OTHER FINANCIAL INFORMATION

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
FUND DESCRIPTIONS

SEPTEMBER 30, 2015

Non-Major Special Revenue Funds

BOCC Special Projects Fund – accounts for any funds received, that are restricted by their revenue source, which can only be expended on certain major maintenance and renovation projects.

Inmate Welfare Fund (formerly referred to as the Canteen Fund) – accounts for revenue from inmate phone calls and the sale of sundry items, such as snacks and toiletry items, and is expended on inmate-related program supplies and services.

Child Protective Investigations Fund – accounts for the Division of Child Protective Investigations' operations.

Communications 911 Fund – accounts for the Sheriff's 911 communications center operations.

Special Use Fund – accounts for specific revenues designated for law enforcement.

Internal Service Funds

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

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

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

Agency Funds

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

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

Inmate Accounts Fund – accounts for funds held on behalf of inmates.

Trust Fund – accounts for revenues collected by the Sheriff and remitted to the BOCC, evidence money, abandoned property and other miscellaneous deposits held on behalf of others.

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING BALANCE SHEET – NON-MAJOR SPECIAL REVENUE FUNDS**

SEPTEMBER 30, 2015

	<u>BOCC Special Projects Fund</u>	<u>Inmate Welfare Fund</u>	<u>Child Protective Investigations Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,173,815	\$ 5,471,915	\$ 3,244,355
Accounts Receivable	-	666,335	-
Due from Other Governmental Entities	-	-	1,438
Total Assets	<u>\$ 3,173,815</u>	<u>\$ 6,138,250</u>	<u>\$ 3,245,793</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ 129,815	\$ 37,158
Due to Other Governmental Entities	-	-	1,581,009
Due to the Board of County Commissioners	-	-	-
Total Liabilities	<u>-</u>	<u>129,815</u>	<u>1,618,167</u>
Fund Balances:			
Restricted for:			
BOCC Special Projects Fund	3,173,815	-	-
Inmate Welfare Fund	-	6,008,435	-
Child Protective Investigations Fund	-	-	1,627,626
Communications 911 Fund	-	-	-
Total Fund Balances	<u>3,173,815</u>	<u>6,008,435</u>	<u>1,627,626</u>
Total Liabilities and Fund Balances	<u>\$ 3,173,815</u>	<u>\$ 6,138,250</u>	<u>\$ 3,245,793</u>

(Continued)

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING BALANCE SHEET – NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)**

SEPTEMBER 30, 2015

	Communications 911 Fund	Special Use Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 17,601	\$ 588,758	\$ 12,496,444
Accounts Receivable	-	-	666,335
Due from Other Governmental Entities	-	9,333	10,771
Total Assets	<u>\$ 17,601</u>	<u>\$ 598,091</u>	<u>\$ 13,173,550</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 9,092	\$ 2,423	\$ 178,488
Due to Other Governmental Entities	-	-	1,581,009
Due to the Board of County Commissioners	-	595,668	595,668
Total Liabilities	<u>9,092</u>	<u>598,091</u>	<u>2,355,165</u>
Fund Balances:			
Restricted for:			
BOCC Special Projects Fund	-	-	3,173,815
Inmate Welfare Fund	-	-	6,008,435
Child Protective Investigations Fund	-	-	1,627,626
Communications 911 Fund	8,509	-	8,509
Total Fund Balances	<u>8,509</u>	<u>-</u>	<u>10,818,385</u>
Total Liabilities and Fund Balances	<u>\$ 17,601</u>	<u>\$ 598,091</u>	<u>\$ 13,173,550</u>

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS***FISCAL YEAR ENDED SEPTEMBER 30, 2015*

	BOCC Special Projects Fund	Inmate Welfare Fund	Child Protective Investigations Fund
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for Services	-	2,582,837	8,508,316
Operating Grants	-	-	2,542,544
Interest Earnings	-	13,589	2,519
Miscellaneous Income	-	3,831	36,164
Fines and Forfeitures	-	-	-
Total Revenues	<u>-</u>	<u>2,600,257</u>	<u>11,089,543</u>
Expenditures:			
Public safety:			
Personal Services	-	1,124,714	10,074,373
Operating	26,185	349,636	1,667,315
Capital Outlay	-	52,806	210,650
Total Expenditures	<u>26,185</u>	<u>1,527,156</u>	<u>11,952,338</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(26,185)</u>	<u>1,073,101</u>	<u>(862,795)</u>
Other Financing Sources (Uses):			
Transfer-In from the Board of County Commissioners	3,200,000	-	-
Distribution of Excess Revenues to the Board of County Commissioners	-	-	-
Proceeds from the Sale of Capital Assets	-	-	5,695
Total Other Financing Sources (Uses)	<u>3,200,000</u>	<u>-</u>	<u>5,695</u>
Net Change in Fund Balance	3,173,815	1,073,101	(857,100)
Fund Balance, Beginning of Fiscal Year	<u>-</u>	<u>4,935,334</u>	<u>2,484,726</u>
Fund Balance, End of Fiscal Year	<u>\$ 3,173,815</u>	<u>\$ 6,008,435</u>	<u>\$ 1,627,626</u>

(Continued)

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)***FISCAL YEAR ENDED SEPTEMBER 30, 2015*

	Communications	Special Use	
	911 Fund	Fund	Total
	<hr/>	<hr/>	<hr/>
Revenues:			
Intergovernmental	\$ -	\$ 2,822,059	\$ 2,822,059
Charges for Services	516,600	60,458	11,668,211
Operating Grants	-	-	2,542,544
Interest Earnings	-	-	16,108
Miscellaneous Income	156	67,008	107,159
Fines and Forfeitures	-	823,732	823,732
Total Revenues	<hr/> 516,756	<hr/> 3,773,257	<hr/> 17,979,813
Expenditures:			
Public Safety:			
Personal Services	514,740	915,295	12,629,122
Operating	35,149	1,259,473	3,337,758
Capital Outlay	-	61,597	325,053
Total Expenditures	<hr/> 549,889	<hr/> 2,236,365	<hr/> 16,291,933
Excess (Deficiency) of Revenues Over (Under) Expenditures	<hr/> (33,133)	<hr/> 1,536,892	<hr/> 1,687,880
Other Financing Sources (Uses):			
Transfer-In from the Board of County Commissioners	-	-	3,200,000
Distribution of Excess Revenues to the Board of County Commissioners	-	(1,569,677)	(1,569,677)
Proceeds from the Sale of Capital Assets	-	32,785	38,480
Total Other Financing Sources (Uses)	<hr/> -	<hr/> (1,536,892)	<hr/> 1,668,803
Net Change in Fund Balance	(33,133)	-	3,356,683
Fund Balance, Beginning of Fiscal Year	41,642	-	7,461,702
Fund Balance, End of Fiscal Year	<hr/> \$ 8,509	<hr/> \$ -	<hr/> \$ 10,818,385

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

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

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 2,822,059	\$ 2,822,059	\$ 2,822,059	\$ -
Charges for Services	-	-	60,458	60,458
Miscellaneous Income	-	-	67,008	67,008
Fines and Forfeitures	-	-	823,732	823,732
Total Revenues	<u>2,822,059</u>	<u>2,822,059</u>	<u>3,773,257</u>	<u>951,198</u>
Expenditures:				
Public Safety:				
Personal Services	915,295	915,295	915,295	-
Operating	1,809,290	1,809,290	1,259,473	549,817
Capital Outlay	97,474	97,474	61,597	35,877
Total Expenditures	<u>2,822,059</u>	<u>2,822,059</u>	<u>2,236,365</u>	<u>585,694</u>
Excess of Revenues Over Expenditures	-	-	1,536,892	1,536,892
Other Financing Sources (Uses):				
Distribution of Excess Revenues to the Board of County Commissioners	-	-	(1,569,677)	(1,569,677)
Proceeds from the Sale of Capital Assets	-	-	32,785	32,785
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,536,892)</u>	<u>(1,536,892)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Fiscal Year	-	-	-	-
Fund Balance, End of Fiscal Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS**

SEPTEMBER 30, 2015

	Legal Liability Fund	Medical Plan Fund	Workers' Compensation Fund	Total Internal Service Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,076,472	\$ 9,474,403	\$ 7,995,626	\$19,546,501
Accounts Receivable	42,372	-	34,983	77,355
Total Assets	<u>\$ 2,118,844</u>	<u>\$ 9,474,403</u>	<u>\$ 8,030,609</u>	<u>\$19,623,856</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 42,870	\$ -	\$ 42,870
Claims Payable	2,118,844	4,724,000	8,030,609	14,873,453
Due to the Board of County Commissioners	-	4,707,533	-	4,707,533
Total Liabilities	<u>2,118,844</u>	<u>9,474,403</u>	<u>8,030,609</u>	<u>19,623,856</u>
NET POSITION				
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS***FISCAL YEAR ENDED SEPTEMBER 30, 2015*

	Legal Liability Fund	Medical Plan Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating Revenues:				
Charges for Services	\$ 694,708	\$42,436,807	\$ 2,101,871	\$45,233,386
Miscellaneous Income	40,941	-	-	40,941
Total Operating Revenues	<u>735,649</u>	<u>42,436,807</u>	<u>2,101,871</u>	<u>45,274,327</u>
Operating Expenses:				
Claims Expense	734,955	34,633,515	1,703,997	37,072,467
General and Administrative	2,213	3,095,759	397,874	3,495,846
Total Operating Expenses	<u>737,168</u>	<u>37,729,274</u>	<u>2,101,871</u>	<u>40,568,313</u>
Operating Income (Loss)	<u>(1,519)</u>	<u>4,707,533</u>	<u>-</u>	<u>4,706,014</u>
Nonoperating Revenue:				
Interest Earnings	1,519	-	-	1,519
Total Nonoperating Revenues	<u>1,519</u>	<u>-</u>	<u>-</u>	<u>1,519</u>
Changes in Net Position Before Transfers	<u>-</u>	<u>4,707,533</u>	<u>-</u>	<u>4,707,533</u>
Transfer-Out to the Board of County Commissioners	<u>-</u>	<u>(4,707,533)</u>	<u>-</u>	<u>(4,707,533)</u>
Changes in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, Beginning of Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, End of Fiscal Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Legal Liability Fund	Medical Plan Fund	Workers' Compensation Fund	Total Internal Service Funds
Cash Flows from Operating Activities:				
Cash Received from Other Funds for Goods and Services	\$ 694,708	\$42,436,807	\$ 2,101,871	\$45,233,386
Cash Received from Others	68,959	-	1,058,661	1,127,620
Cash Payments for Claims	(749,410)	(34,726,515)	(3,142,112)	(38,618,037)
Cash Payments to Vendors for Goods and Services	(2,213)	(3,070,177)	(397,874)	(3,470,264)
Net Cash Provided by (Used in) Operating Activities	<u>12,044</u>	<u>4,640,115</u>	<u>(379,454)</u>	<u>4,272,705</u>
Cash Flows from Investing Activities:				
Interest Earnings	1,519	-	-	1,519
Net Cash Provided by Investing Activities	<u>1,519</u>	<u>-</u>	<u>-</u>	<u>1,519</u>
Cash Flows from Noncapital Financing Activities:				
Transfer-Out to the Board of County Commissioners	-	(6,647,391)	-	(6,647,391)
Net Cash Used in Noncapital Financing Activities	<u>-</u>	<u>(6,647,391)</u>	<u>-</u>	<u>(6,647,391)</u>
Net Change in Cash and Cash Equivalents	13,563	(2,007,276)	(379,454)	(2,373,167)
Cash and Cash Equivalents, Beginning of Fiscal Year	2,062,909	11,481,679	8,375,080	21,919,668
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 2,076,472</u>	<u>\$ 9,474,403</u>	<u>\$ 7,995,626</u>	<u>\$ 19,546,501</u>
Reconciliation of Operating Income to				
Net Cash Provided by (Used in) Operating activities:				
Operating Income (Loss)	\$ (1,519)	\$ 4,707,533	\$ -	\$ 4,706,014
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Increase (Decrease) in Cash Resulting from Changes in:				
Accounts Receivable	28,018	-	104,826	132,844
Accounts Payable	-	25,582	-	25,582
Claims Payable	(14,455)	(93,000)	(484,280)	(591,735)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 12,044</u>	<u>\$ 4,640,115</u>	<u>\$ (379,454)</u>	<u>\$ 4,272,705</u>

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES –
AGENCY FUNDS***FISCAL YEAR ENDED SEPTEMBER 30, 2015*

	Balance October 1, 2014	Additions	Reductions	Balance September 30, 2015
Cash Bond Fund				
Assets:				
Cash and Cash Equivalents	\$ 2,126,972	\$ 2,737,352	\$ (2,860,335)	\$ 2,003,989
Total Assets	<u>\$ 2,126,972</u>	<u>\$ 2,737,352</u>	<u>\$ (2,860,335)</u>	<u>\$ 2,003,989</u>
Liabilities:				
Deposits	\$ 2,126,972	\$ 2,740,852	\$ (2,863,835)	\$ 2,003,989
Total Liabilities	<u>\$ 2,126,972</u>	<u>\$ 2,740,852</u>	<u>\$ (2,863,835)</u>	<u>\$ 2,003,989</u>
Flexible Spending Accounts Fund				
Assets:				
Cash and Cash Equivalents	\$ 216,925	\$ 1,762,529	\$ (1,740,492)	\$ 238,962
Total Assets	<u>\$ 216,925</u>	<u>\$ 1,762,529</u>	<u>\$ (1,740,492)</u>	<u>\$ 238,962</u>
Liabilities:				
Accounts Payable	\$ -	\$ 681,584	\$ (681,584)	\$ -
Deposits	216,925	715,468	(693,431)	238,962
Total Liabilities	<u>\$ 216,925</u>	<u>\$ 1,397,052</u>	<u>\$ (1,375,015)</u>	<u>\$ 238,962</u>
Inmate Accounts Fund				
Assets:				
Cash and Cash Equivalents	\$ 10,754	\$ 7,121,705	\$ (7,100,941)	\$ 31,518
Accounts Receivable	44,293	3,910,152	(3,936,875)	17,570
Total Assets	<u>\$ 55,047</u>	<u>\$ 11,031,857</u>	<u>\$ (11,037,816)</u>	<u>\$ 49,088</u>
Liabilities:				
Accounts Payable	\$ -	\$ 16,884	\$ (16,884)	\$ -
Deposits	55,047	4,127,821	(4,133,780)	49,088
Total Liabilities	<u>\$ 55,047</u>	<u>\$ 4,144,705</u>	<u>\$ (4,150,664)</u>	<u>\$ 49,088</u>

(Continued)

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES –
AGENCY FUNDS (CONTINUED)***FISCAL YEAR ENDED SEPTEMBER 30, 2015*

	Balance October 1, 2014	Additions	Reductions	Balance September 30, 2015
Trust Fund				
Assets:				
Cash and Cash Equivalents	\$ 336,656	3,981,691	(3,305,448)	\$ 1,012,899
Accounts Receivable	-	214,329	(214,158)	171
Due from Other Governmental Entities	22,825	20,054	(28,171)	14,708
Total Assets	<u>\$ 359,481</u>	<u>\$ 4,216,074</u>	<u>\$ (3,547,777)</u>	<u>\$ 1,027,778</u>
Liabilities:				
Due to Other Governmental Entities	\$ -	\$ 2,936,667	\$ (2,936,667)	\$ -
Due to the Board of County Commissioners	-	2,202,067	(2,202,067)	-
Deposits	359,481	1,651,596	(983,299)	1,027,778
Total Liabilities	<u>\$ 359,481</u>	<u>\$ 6,790,330</u>	<u>\$ (6,122,033)</u>	<u>\$ 1,027,778</u>
Total Agency Funds				
Assets:				
Cash and Cash Equivalents	\$ 2,691,307	\$ 15,603,277	\$ (15,007,216)	\$ 3,287,368
Accounts Receivable	44,293	4,124,481	(4,151,033)	17,741
Due from Other Governmental Entities	22,825	20,054	(28,171)	14,708
Total Assets	<u>\$ 2,758,425</u>	<u>\$ 19,747,812</u>	<u>\$ (19,186,420)</u>	<u>\$ 3,319,817</u>
Liabilities:				
Accounts Payable	\$ -	\$ 698,468	\$ (698,468)	\$ -
Due to Other Governmental Entities	-	2,936,667	(2,936,667)	-
Due to the Board of County Commissioners	-	2,202,067	(2,202,067)	-
Deposits	2,758,425	9,235,737	(8,674,345)	3,319,817
Total Liabilities	<u>\$ 2,758,425</u>	<u>\$ 15,072,939</u>	<u>\$ (14,511,547)</u>	<u>\$ 3,319,817</u>

SUPPLEMENTARY REPORTS

**Report of Independent Auditor on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable David A. Gee,
Sheriff
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 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, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2015, 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 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

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

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

Compliance and Other Matters

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

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.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tampa, Florida
December 15, 2015

Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the Hillsborough County, Florida Sheriff (the "Sheriff"), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated December 15, 2015.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports

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 Financial Statements Performed in Accordance With *Government Auditing Standards* and our Report of Independent Accountant on Compliance With Local Government Investment Policies, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated December 15, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Sheriff was established by Article VIII, Section 1(d), of the Florida Constitution. There are no component units related to the Sheriff.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., *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.

Purpose of this Letter

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.

Cherry Bekant LLP

Tampa, Florida
December 15, 2015

Report of Independent Accountant on Compliance With Local Government Investment Policies

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

Report on Compliance

We have examined the Hillsborough County, Florida Sheriff's (the "Sheriff") compliance with the local government policy requirements of Section 218.415, *Florida Statutes*, during the year ended September 30, 2015. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

Opinion

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.



Tampa, Florida
December 15, 2015