



**HILLSBOROUGH COUNTY, FLORIDA  
SHERIFF**

**FINANCIAL STATEMENTS**

*As of and for the Year Ended September 30, 2017*

*And Reports of Independent Auditor*

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
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## Report of Independent Auditor

The Honorable Chad G. Chronister,  
Sheriff  
Hillsborough County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of each 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, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's basic 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 each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2017 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**

### *Basis of Presentation*

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with 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, the changes in financial position and, where applicable, the cash flows 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, 2017, the changes in its financial position or, where applicable, its cash flows for the 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.

### *Change in Accounting Principle*

As discussed in Note 10 to the financial statements, the Sheriff adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended September 30, 2017. 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 "fees for service" transactions in the General Fund as Charges for Services and has accounted for these amounts as Transfers-In from the Board of County Commissioners. 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 and schedule of changes in the Sheriff's total OPEB liability and related ratios, as listed in the table of contents, 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.

*Cherry Bekant LLP*

Tampa, Florida  
December 20, 2017

## **FINANCIAL STATEMENTS**

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2017

	Major		Non-Major	Total
	General Fund	Inmate Welfare Fund	Special Revenue Funds	Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 55,697,115	\$ 8,313,346	\$ 4,859,154	\$ 68,869,615
Accounts Receivable	62,683	227,189	4,682	294,554
Interest Receivable	293	-	-	293
Prepaid Expenses	163,072	-	-	163,072
Due from Other Governmental Entities	458,245	-	1,206,398	1,664,643
Due from the Board of County Commissioners	410,305	-	164,652	574,957
Total Assets	<u>\$ 56,791,712</u>	<u>\$ 8,540,535</u>	<u>\$ 6,234,886.22</u>	<u>\$ 71,567,133</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 4,974,891	\$ 272,229	\$ 122,327	\$ 5,369,447
Wages and Benefits Payable	12,491,469	-	-	12,491,469
Deposits	346,782	-	-	346,782
Due to Other Governmental Entities	4,651	-	600,432	605,083
Due to the Board of County Commissioners	38,684,914	-	337,774	39,022,688
Total Liabilities	<u>56,502,707</u>	<u>272,229</u>	<u>1,060,533</u>	<u>57,835,469</u>
Fund Balances:				
Nonspendable	163,072	-	-	163,072
Restricted for:				
Board of County Commissioners' Special Projects	-	-	2,894,207	2,894,207
Child Protective Investigations	-	-	1,647,493	1,647,493
Communications 911	-	-	38,462	38,462
Inmate Welfare	-	8,268,306	-	8,268,306
Misdemeanor Probation Services	-	-	594,190	594,190
Assigned for:				
Homeless Initiative Program	3,971	-	-	3,971
Mental Health Diversion Program	285,034	-	-	285,034
Unassigned	(163,072)	-	-	(163,072)
Total Fund Balance	<u>289,005</u>	<u>8,268,306</u>	<u>5,174,353</u>	<u>13,731,664</u>
Total Liabilities and Fund Balance	<u>\$ 56,791,712</u>	<u>\$ 8,540,535</u>	<u>\$ 6,234,886</u>	<u>\$ 71,567,133</u>

# HILLSBOROUGH COUNTY, FLORIDA

## SHERIFF

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Major		Non-Major	Total
	General Fund	Inmate Welfare	Special Revenue	Governmental Funds
<b>Revenues:</b>				
Intergovernmental	\$ 402,259,230	\$ -	\$ 2,861,065	\$ 405,120,295
Charges for Services - Board of County Commissioners	1,960,610	-	766,900	2,727,510
Charges for Services - Other	3,145,905	2,779,896	11,240,435	17,166,236
Operating Grants	1,397,935	-	4,739,086	6,137,021
Interest Earnings	735,759	78,628	284	814,671
Miscellaneous Income	633,565	6,286	261,594	901,445
Fines and Forfeitures	85,640	-	2,386,353	2,471,993
<b>Total Revenues</b>	<b>410,218,644</b>	<b>2,864,810</b>	<b>22,255,717</b>	<b>435,339,171</b>
<b>Expenditures:</b>				
General Government:				
Personal Services	15,817,476	-	-	15,817,476
Operating	257,836	-	-	257,836
Capital Outlay	10,056	-	-	10,056
<b>Total General Government</b>	<b>16,085,368</b>	<b>-</b>	<b>-</b>	<b>16,085,368</b>
Public Safety:				
Personal Services	285,532,216	1,391,870	14,393,139	301,317,225
Operating	60,146,193	234,705	3,937,626	64,318,524
Capital Outlay	12,970,078	25,800	1,399,769	14,395,647
<b>Total Public Safety</b>	<b>358,648,487</b>	<b>1,652,375</b>	<b>19,730,534</b>	<b>380,031,396</b>
<b>Total Expenditures</b>	<b>374,733,855</b>	<b>1,652,375</b>	<b>19,730,534</b>	<b>396,116,764</b>
<b>Excess of Revenues over Expenditures</b>	<b>35,484,789</b>	<b>1,212,435</b>	<b>2,525,183</b>	<b>39,222,407</b>
<b>Other Financing Sources (Uses):</b>				
Transfers-In from the Board of County Commissioners				
Commissioners	200,000	-	2,579,803	2,779,803
Capital Contributions	1,278,438	-	-	1,278,438
Distribution of Excess Revenues to the Board of County Commissioners				
Board of County Commissioners	(38,515,822)	-	(2,868,857)	(41,384,679)
Proceeds from the Sale of Capital Assets	1,589,189	-	29,741	1,618,930
<b>Total Other Financing Sources (Uses)</b>	<b>(35,448,195)</b>	<b>-</b>	<b>(259,313)</b>	<b>(35,707,508)</b>
<b>Excess of Revenues over Expenditures and Other Financing Sources (Uses)</b>	<b>36,595</b>	<b>1,212,435</b>	<b>2,265,870</b>	<b>3,514,900</b>
<b>Fund Balance, Beginning of Fiscal Year</b>	<b>252,411</b>	<b>7,055,871</b>	<b>2,908,483</b>	<b>10,216,765</b>
<b>Fund Balance, End of Fiscal Year</b>	<b>\$ 289,005</b>	<b>\$ 8,268,306</b>	<b>\$ 5,174,353</b>	<b>\$ 13,731,665</b>



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

SEPTEMBER 30, 2017

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<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 19,246,418
Accounts Receivable	79,282
Total Assets	<u>\$ 19,325,700</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 50,240
Claims Payable	12,970,344
Due to Other Governmental Entities	34,906
Due to the Board of County Commissioners	6,270,210
Total Liabilities	<u>19,325,700</u>
<b>NET POSITION</b>	
Total Net Position	<u>\$ -</u>

**HILLSBOROUGH COUNTY, FLORIDA**

**SHERIFF**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –  
INTERNAL SERVICE FUNDS**

*FISCAL YEAR ENDED SEPTEMBER 30, 2017*

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Operating Revenues	
Charges to Other Funds for Services	\$ 50,929,798
Miscellaneous Income	25,980
Total Operating Revenues	<u>50,955,778</u>
Operating Expenses	
Claims Expense	41,601,066
Personal Services	45,828
General and Administrative	3,189,725
Total Operating Expenses	<u>44,836,619</u>
Operating Income	<u>6,119,159</u>
Nonoperating Revenues	
Interest Earnings	151,051
Total Nonoperating Revenues	<u>151,051</u>
Changes in Net Position Before Transfers	6,270,210
Transfer-Out to the Board of County Commissioners	<u>(6,270,210)</u>
Change in Net Position	-
Net Position, Beginning of Fiscal Year	-
Net Position, End of Fiscal Year	<u>\$ -</u>

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

*FISCAL YEAR ENDED SEPTEMBER 30, 2017*

**Cash Flows from Operating Activities:**

Cash Received from Other Funds for Goods and Services	\$ 50,929,798
Cash Received from Others	1,246,219
Cash Payments for Claims	(42,649,821)
Cash Payments to Vendors for Goods and Services	(3,154,794)
Cash Payments to Employees for Services	(45,828)
Net Cash Provided by Operating Activities	<u>6,325,574</u>

**Cash Flows from Investing Activities:**

Interest Earnings	<u>151,209</u>
Net Cash Provided by Investing Activities	<u>151,209</u>

**Cash Flows from Noncapital Financing Activities:**

Transfer-Out to the Board of County Commissioners	<u>(2,766,298)</u>
Net Cash Used in Noncapital Financing Activities	<u>(2,766,298)</u>

Net Change in Cash and Cash Equivalents	3,710,485
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>15,535,933</u>
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 19,246,418</u>

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

Operating Income	\$ 6,119,159
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase (Decrease) in Cash Resulting from Changes in:	
Accounts Receivable	609,685
Accounts Payable	34,930
Claims Payable	(438,200)
Net Cash Provided by Operating Activities	<u>\$ 6,325,574</u>

**HILLSBOROUGH COUNTY, FLORIDA**

**SHERIFF**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS**

*SEPTEMBER 30, 2017*

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**ASSETS**

Cash and Cash Equivalents	\$ 1,121,532
Accounts Receivable	23,433
Due from Other Governmental Entities	18,190
Total Assets	<u>\$ 1,163,155</u>

**LIABILITIES**

Deposits	<u>\$ 1,163,155</u>
Total Liabilities	<u>\$ 1,163,155</u>

# HILLSBOROUGH COUNTY, FLORIDA

## SHERIFF

### NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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#### 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), *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, grants and other provisions. 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 financial 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* – to account for all financial resources applicable to the general operations of the Sheriff that are not required either legally or by generally accepted accounting principles (GAAP) to be accounted for in another fund.
- *Inmate Welfare Fund* – to account for revenues from inmate phone calls and the sale of sundry items, such as snacks and toiletry items, and is expended in inmate-related program supplies and services.
- *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 medical plan. See Note 9 for more information on these funds.

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2017

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

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

*Measurement Focus and Basis of Accounting* – Measurement Focus determines *what* is measured in a set of financial statements (economic resources or current financial resources). Basis of Accounting determines *when* recognition should take place.

Governmental Fund financial statements are presented using the Current Financial Resources Measurement Focus 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 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, 2017

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

*New Accounting Pronouncement* – On October 1, 2016 the Sheriff elected the early implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See Note 10 for additional disclosures.

*Reclassifications* – During the Fiscal Year Ended September 30, 2017, the Sheriff decided to no longer account for “fee for service” transactions in the General Fund and Communications 911 Fund as Transfers-In from the Board of County Commissioners (BOCC) and has determined it was more appropriate to present these amounts as Charges for Services – BOCC. There was no impact on total fund balance as a result of this reclassification.

*Cash and Cash Equivalents* – Cash and Cash Equivalents consist of cash on hand, bank deposits, carried at cost, and amounts on deposit in the Florida State Board of Administration (SBA) Florida PRIME® Fund (Florida PRIME), which is presented at amortized cost.

The Sheriff safeguards bank deposits in qualified public depositories. All bank deposits are insured by the Federal Deposit Insurance Corporation, up to specified limits, and secured by the multiple financial institution collateral pool established under 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* – Prepaid Items consist of payments to vendors which reflect costs applicable to future accounting periods. Prepaid Items are recorded as expenditures over the period of their economic benefit.

*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 also 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.

The Sheriff's sick leave liability consists of Plan A and Plan B as of September 30, 2017, 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 based upon which plan the employee is enrolled in as follows:

Plan A: Provides for a sick leave payment at termination for all hours of sick leave accrued up to 480 hours and half of the sick leave accrued over 960 hours.

Plan B: Provides for 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 leave accrued up to 480 hours and half of the sick leave accrued over 960 hours.

A liability is recorded in the County's basic financial statements for each employee who has a termination benefit 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.

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2017

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

*Compensated Absences (continued)* – The Compensated Absences Liability also includes other salary-related costs associated with the payment of Compensated Absences such as the Sheriff's share of Social Security and Medicare taxes, as more fully described in Note 7.

*Capital Assets* – Capital Assets are either tangible or intangible. Tangible assets include vehicles and equipment whereas intangible assets include internally or externally generated software. The Sheriff uses a capitalization threshold of \$1,000 for tangible assets and \$5,000 for intangible assets. 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.

Capital Assets:

- are recorded as Capital Outlay expenditures in the Governmental Funds at the time they are received and a liability is incurred;
- are capitalized at acquisition value in the statement of net position as part of the basic financial statements of the County;
- if acquired under capital leases they are capitalized at cost in the statement of net position of the County at the time the assets are received;
- if acquired through donation or confiscation they are recorded at fair value at the time received after acceptance by the Sheriff; and
- are depreciated using the straight-line method over the estimated useful lives of the related assets and 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.

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, 2017, the Sheriff capitalized \$743,237 of software. See Note 4 for more information on Capital Assets.

*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 revenue for financial statement purposes.



**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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

*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 Balance.

*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. The Sheriff reserved such liabilities as claims payable as of September 30, 2017. See Note 9 for more information on the Sheriff’s risk management activities.

*Governmental Fund Balance* – In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance is classified either as nonspendable or as spendable. Spendable fund balance is classified based upon a hierarchy of the Sheriff’s ability to controls 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 a nonspendable fund balance in the General Fund which consisted of \$163,072 for prepaid technology maintenance agreements as of September 30, 2017.

*Restricted Fund Balance* is 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 Balance as of September 30, 2017:

<b>Fund</b>	<b>Restricted Fund Balance</b>
Major Fund:	
Inmate Welfare	\$ 8,268,306
Non-Major Special Revenue Funds:	
Board of County Commissioners’ Special Projects	2,894,207
Child Protective Investigations	1,647,493
Communications 911	38,462
Misdemeanor Probation Services	594,191
Total Restricted Fund Balance:	<u>\$ 13,442,659</u>

*Committed Fund Balance* is constrained for specific purposes imposed by the Sheriff’s formal action of highest level of decision making authority. The Sheriff had no Committed Fund Balance as of September 30, 2017.

**HILLSBOROUGH COUNTY, FLORIDA  
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NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2017

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

*Governmental Fund Balance (continued) –*

*Assigned Fund Balance* is intended to be used for specific purposes, but which is neither restricted nor committed. The Sheriff had the following Assigned Fund Balance as of September 30, 2017:

<u>Fund</u>	<u>Assigned Fund Balance</u>
General Fund:	
Homeless Initiative Program	\$ 3,971
Mental Health Diversion Program	285,034
Total Assigned Fund Balance:	<u>\$ 289,005</u>

*Unassigned Fund Balance* represents the residual 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 Balance is limited to negative residual balances. As of September 30, 2017, the Sheriff had a negative Unassigned Fund Balance of \$163,072 as the Sheriff paid in advance for technology maintenance agreements relating to subsequent fiscal years.

*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, 2017, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. As a result of this evaluation, management did not conclude that any subsequent event would likely have a material impact on the Sheriff's financial statements contained herein.

**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 Florida PRIME or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission (SEC) 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, 2017, Cash and Cash Equivalents included \$9,643 in cash on-hand, \$10,333,227 in deposits and \$78,894,694 invested in Florida PRIME. Total bank balances were \$11,631,108 for deposits. Bank deposits in qualified public depositories 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.

In accordance with GASB Statement 79, *Certain External Investment Pools and Pool Participants*, investments are carried and reported at fair value, except for qualifying external investment 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.

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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

Florida PRIME is not registered with the SEC as an investment company but, nevertheless, has a policy that it will, and does, operate as a qualifying external investment pool. Therefore, Florida PRIME operates essentially as a money market fund. Florida PRIME has a Standard & Poor's Rating of AAAM at September 30, 2017 and is measured at amortized cost. There are currently no limitations as to the frequency of redemptions; however, Florida PRIME has the ability to impose restrictions on withdrawals should a material event occur. Detailed information on the withdrawal restrictions that may be imposed and Florida PRIME's responsibilities should such an event occur is described in §218.409(8)(a), *Fla. Stat.*

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. The 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—Due from Other Governmental Entities**

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 relating to grants, law enforcement services rendered under contractual agreements, reimbursements of task force expenditures, or reimbursements for the cost of housing federal prisoners.

**Note 4—Capital Assets**

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, 2017 is presented below:

	<b>Balance October 1, 2016</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2017</b>
Vehicles and Equipment	\$ 167,996,656	\$ 13,444,621	\$ (9,935,913)	\$ 171,505,364
Software	5,044,292	743,237	-	5,787,529
Accumulated Depreciation	(137,662,350)	(15,234,105)	9,873,639	(143,022,816)
Accumulated Amortization	(3,413,342)	(789,721)	-	(4,203,063)
Capital Assets, Net	<u>\$ 31,965,256</u>	<u>\$ (1,835,968)</u>	<u>\$ (62,274)</u>	<u>\$ 30,067,014</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 and related insurance expenses incurred by the Sheriff, the BOCC provides the land and buildings at no cost to the Sheriff.

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2017

**Note 5—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 inmate medical care contract was awarded on October 1, 2014 and extended for two additional one-year terms beginning October 1, 2017. Using the average daily inmate population as a basis, the future commitment to the vendor is estimated to be approximately \$23.5 million per year. The inmate food services contract was awarded on October 1, 2014 and renewed on October 1, 2017 for an additional three years with an option of two one-year extensions. Using a cost-per-meal-per-inmate basis, the future commitment is estimated to be approximately \$3.95 million per year based upon average daily inmate population. Both contracts are subject to appropriation and are cancellable without cause with 120 days written notice. For the fiscal year ended September 30, 2017 the Sheriff paid approximately \$23.4 million and \$4.0 million for inmate medical and food services, respectively.

*Interlocal Agreement* – In July 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. The agreement recognizes that the ability to make payments is subject to the availability of funds and allows that should such funds not be available, the payment may be deferred until funds are available. This lease is included in the schedule of future minimum lease payments below.

*Operating Leases* – The Sheriff leases multiple community substations throughout Hillsborough County. These leases are cancelable if funds are not appropriated for their purpose. 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 notice not less than 12 months without recourse. Lease expenditures for interlocal agreements and non-interlocal agreements for the fiscal year ended September 30, 2017 were \$653,851 and \$133,383, respectively.

Future minimum lease payments on operating leases with more than one year remaining September 30, 2017 are as follows:

2018	\$	780,838
2019		759,637
2020		764,830
2021		771,143
2022		591,744
2023-2027		2,824,980
2028-2032		2,824,980
2033-2037		2,259,984
Total Minimum Future Lease Payments:	\$	<u>11,578,136</u>

**Note 6—Contingencies**

*Grants* – The Sheriff is the recipient of grants that are subject to special compliance requirements and audits by grantor agencies as well as independent auditors. These audits may result in requests for repayments due to expenditures disallowed subsequent to September 30, 2017. These 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.

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2017

**Note 6—Contingencies (continued)**

*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 account for the various risks related to general liability claims. See Note 9 for more information on Legal Liability.

**Note 7—Accumulated Compensated Absences**

The amount of vested Accumulated Compensated Absences, based upon the Sheriff’s vacation 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, 2016	\$ 23,376,701
Additions	36,721,705
Deletions	<u>(36,733,466)</u>
Accumulated Compensated Absences, September 30, 2017	<u>\$ 23,364,940</u>

**Note 8—Employee Retirement Plans: 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 (Subsidy). The Department of Management Services’ Division of Retirement administers the Pension Plan, DROP, and the Subsidy. 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 this plan on or after July 1, 2011, vest at 8 years of creditable service and are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members classified as Special Risk are eligible for normal retirement benefits at age 60 or at any age thereafter 30 years of service. Members of this plan may include up to 4 years of credit for military service toward creditable service. This 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. This plan provides retirement, disability, death benefits, and annual cost of living adjustments to eligible participants.

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
**NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2017

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**Note 8—Employee Retirement Plans: Defined Benefit and Defined Contribution Pension Plans (continued)**

*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.

*DROP:* Subject to provisions §121.091, *Fla. Stat.*, DROP is available when a Pension Plan member first reaches eligibility for normal retirement. DROP allows the 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 and accrue interest.

*Subsidy:* Established under §112.363, *Fla. Stat.*, the Subsidy 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 Subsidy 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 the Subsidy benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

*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:

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

**Note 8—Employee Retirement Plans: Defined Benefit and Defined Contribution Pension Plans (continued)**

*Funding Policy (continued) –*

<b>Employee Class or Plan</b>	<b>Percentage of Covered Payroll*</b>	
	<b>July 1, 2017 - September 30, 2017</b>	<b>October 1, 2016 - June 30, 2017</b>
Regular	7.92%	7.52%
Regular, Rehired Retirees	4.96%	4.49%
Special Risk	23.27%	22.57%
Special Risk, Rehired Retirees	11.35%	10.71%
Senior Management	22.71%	21.77%
DROP	13.26%	12.99%
DROP Terminated - Elected Officials	9.09%	8.76%

\* Employer rates include a 1.66 percent contribution for the Subsidy. Also, employer rates other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan for the period through June 30, 2017 and September 30, 2017.

During the fiscal year ended September 30, 2017, the Sheriff contributed to the FRS an amount equal to 18.3% of covered payroll. The Sheriff's contributions to the FRS for the fiscal years ended September 30, 2017, 2016, and 2015 were \$39,292,424, \$36,944,939, and \$33,288,136, 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 Subsidy totaling approximately \$29,129,545, \$1,804,149, \$4,801,256, and \$3,557,474, respectively, for the fiscal year ended September 30, 2017. The Sheriff's payments for the Pension Plan, DROP, and the Subsidy after June 30, 2017, the measurement date used to determine the net pension liability associated with these plans, amounted to approximately \$9,574,375. 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, 2016, available at FRS ([www.dms.myflorida.com](http://www.dms.myflorida.com)), stated in the *History of the FRS Pension Plan Unfunded Actuarial Liability / Surplus with Total Liabilities and Total Assets From 1997 Through 2016* schedule that the Pension Plan was 85.4% funded at July 1, 2016, since the total assets were \$145.5 billion compared to the liabilities of \$170.4 billion.

Additional financial information is reported in the *State of Florida Comprehensive Annual Financial Report* ([www.myfloridacfo.com](http://www.myfloridacfo.com)) and SBA's annual financial statements ([www.sbafla.com](http://www.sbafla.com)).

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

**Note 9—Risk Management**

The Sheriff is exposed to various risks of loss related to injuries to employees; torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. As permitted by Florida law, the Sheriff is self-insured against general and automotive liability 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 and a medical plan for its eligible employees, 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 \$1,000,000.

*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.

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

	<b>Legal Liability</b>	<b>Medical Plan</b>	<b>Workers' Compensation</b>	<b>Total</b>
Balance at October 1, 2015	\$ 2,118,844	\$ 4,724,000	\$ 8,030,609	\$ 14,873,453
Claims and Changes in Estimates	362,512	37,893,490	2,817,618	41,073,620
Claims Payments	(747,026)	(37,852,490)	(3,939,013)	(42,538,529)
Balance at October 1, 2016	1,734,330	4,765,000	6,909,214	13,408,544
Claims and Changes in Estimates	321,948	39,662,253	2,227,420	42,211,621
Claims Payments	(759,317)	(39,526,253)	(2,364,251)	(42,649,821)
Balance at September 30, 2017	\$ 1,296,961	\$ 4,901,000	\$ 6,772,383	\$ 12,970,344



**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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

*OPEB Plan Description* – The Sheriff provides health-related benefits to eligible retirees, dependents and certain former employees: (a) the Sheriff is required by §112.0801, *Fla. Stat.* to allow retirees, certain former employees and eligible dependents to buy healthcare 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 they can buy insurance at costs that are lower than the costs associated with the experience rating for their age bracket.); and the availability of this lower cost health insurance represents an “implicit subsidy” for retirees; (b) the Sheriff offers a health insurance stipend (Stipend) for each year of service to eligible retirees; the Stipend increased from \$5 to \$6 as of January 1, 2017 up to a maximum of \$180 per month. The Stipend is payable to retired regular employees and senior management ages 62 to 65 and to retired special risk employees from ages 55 to 65. Eligible retirees must be participating in a health insurance program and receive the Subsidy. The Stipend is to be used to offset the cost of health insurance. Although the implicit subsidy is required by state law when healthcare is offered as an employee benefit, both the Subsidy and the Stipend may be cancelled or reduced at any time. Substantially all full-time employees may qualify for these OPEB benefits. As of September 30, 2017, the OPEB Plan covered approximately 3,180 active employees and 425 inactive employees or beneficiaries. The Sheriff does not issue separate OPEB Plan financial statements. As a result, all required disclosures are included in this note.

*Implementation of New GASB Statement* – On October 1, 2016 the Sheriff elected the early implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their net OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements prepared using the economic resources measurement focus and accrual basis of accounting. For the Sheriff, this information, including OPEB expense of \$4,181,058, is included in the government-wide financial statements of the County. OPEB expenditures recognized in the financial statements of the Sheriff under the modified accrual method equals the total amount paid by the Sheriff, amounting to \$2,143,391 for the year ended September 30, 2017.

The effect of the transition on the total OPEB liability presented in the County’s government-wide financial statements for the year ended September 30, 2017 is as follows:

<b>GASB 75 Transition</b>	
Net OPEB Obligation as of September 30, 2016	\$ 47,458,525
Increase in liability due to GASB 75 transition	3,792,278
Liability under GASB 75 as of October 1, 2016	\$ 51,250,803

*Actuarial Method and Assumptions* – The total OPEB Liability was actuarially determined based on several actuarial assumptions. September 30, 2017 was used as the measurement date for the actuarial report. Projections of benefits for financial reporting purposes were based on the substantive plan (the plan as understood by the employer and plan 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 plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial assumptions used in the OPEB Plan valuation were based on the results of an actuarial experience study for the period from October 1, 2016 through September 30, 2017.

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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

The entry age actuarial cost method was used in the actuarial valuation. Other actuarial assumptions included a 3.64% discount rate, a 4.5% average salary increase, and an initial annual healthcare cost trend rate of approximately 6.0% (approximately 5.5% post-Medicare) grading down to an ultimate rate of 5.0%. In addition, the average expected remaining service life of employees at September 30, 2017 was 11.2 years. Mortality rates were based on the Generation RP-2014 with Projection Scale MP-2016 tables.

*Sensitivity of Net OPEB Liability to Changes in the Discount Rate* – The net OPEB liability will change under varying discount rate assumptions. For example, a higher discount rate would lead to a lower net OPEB liability. A discount rate of 4.64%, rather than the discount rate used of 3.64%, would result in a net OPEB liability of \$46,472,600. Conversely, a lower discount rate would lead to a higher net OPEB liability. A discount rate of 2.64% would result in a net OPEB liability of \$60,909,611.

*Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate* – The net OPEB liability will change under varying healthcare cost trend rate assumptions. For example, a higher healthcare cost trend rate would lead to a higher net OPEB liability. A healthcare cost trend rate of 7.0%, rather than the healthcare cost trend rate used of 6.0%, would result in a net OPEB liability of \$63,324,389. Conversely, a lower healthcare cost trend rate would lead to a lower net OPEB liability. A healthcare cost trend rate of 5.0% would result in a net OPEB liability of \$45,038,217.

*Funding Policy, Status and Progress* – In order for OPEB obligations to be considered funded, an irrevocable trust fund must be established. Since that would be considered very restrictive, the Sheriff did not “fund” the net OPEB obligation, but instead chose to set aside amounts annually in the County’s Self-Insurance Internal Service Fund so the net OPEB liability will be completely offset by cash and investments within 30 years. Fair value was used to value the cash and investments set aside.

*OPEB Liabilities* – At September 30, 2017, the Sheriff’s actuarially determined net OPEB liability was \$52,872,320. Total and net OPEB liabilities were measured as of September 30, 2017 and the components presented on government-wide financial statements of the County are as follows:

Total OPEB Liability	\$ 52,872,320
Plan Fiduciary Net Position	-
Net OPEB Liability	<u>\$ 52,872,320</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0%
Covered Payroll (Active Plan Members)	\$ 216,666,784
Net OPEB Liability as a Percentage of Covered Payroll	24.4%

\* Although \$11,340,143 has been set aside in the County’s Self-Insurance Internal Service Fund, which covers 21.4% of the Sheriff’s net OPEB liability of \$52,872,320 at September 30, 2017, the amount considered to be funded was zero since an irrevocable trust fund was not established. The Sheriff’s ability to access the \$11,340,143, which is recorded as an asset of the BOCC, is subject to future approval by the BOCC.

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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

Changes in the Total OPEB Liability and Net OPEB Liability presented on government-wide financial statements of the County are as follows:

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
<b>Net OPEB Liability</b>			
Balance at October 1, 2016	\$ 51,250,803	\$ -	\$ 51,250,803
Changes for the Fiscal Year:			
Service Cost	2,271,843	-	2,271,843
Interest	1,909,215	-	1,909,215
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(416,150)	-	(416,150)
Changes in Assumptions and Other Inputs	-	-	-
Contributions - Employer	-	2,143,391	(2,143,391)
Benefit Payments	(2,143,391)	(2,143,391)	-
Administrative Expense	-	-	-
Net Changes	<u>1,621,517</u>	<u>-</u>	<u>1,621,517</u>
Balance at September 30, 2017	<u>\$ 52,872,320</u>	<u>\$ -</u>	<u>\$ 52,872,320</u>

Note that there is little activity in the Plan Fiduciary Net Position column as the OPEB Plan is not considered funded since OPEB cash and investments set aside for the OPEB Plan are not held in an irrevocable trust fund.

*Contributions and Benefit Payments* – Benefit payments consist of assessments made to participating funds as well as claims paid to retirees participating in the Medical Plan. The level of assessments are set annually by Sheriff’s management with the objective of meeting retiree health claims and Stipends as well as building up reserves to pay future retiree health claims and Stipends as recommended by the actuarial calculation. There are no statutory or other legally-required contribution levels. Total contributions to the County were \$2,143,391 for fiscal year 2017.

Each fund was assessed its share of OPEB costs based on an allocation of salary expenditures. Assessments were then placed in the County’s Self-Insurance Internal Service Fund. It is the Sheriff’s intent to continue setting aside additional money each year. The Sheriff, however, has no legal or contractual obligation to do so.

*Discount Rate* – Since the OPEB Plan was not considered funded, GASB Statement 75 requires that the plan’s discount rate be obtained using the index rate for 20-year, tax exempt general obligation AA municipal bonds. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. As a result, the discount rate of 4.5% used at October 1, 2016, was reduced to 3.64% at September 30, 2017.

*OPEB Expense* – For the year ended September 30, 2017, the Sheriff’s actuarially determined OPEB expense was \$4,181,058. Changes in net OPEB liability are recognized in OPEB expense on the County’s government-wide financial statements during the fiscal year except as indicated in the section on Deferred Outflows/Inflows of Resources below.

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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

*Deferred Outflows/Inflows of Resources* – “Deferred Outflows of Resources” are a consumption of net position by the Sheriff that is applicable to a future reporting period. “Deferred Inflows of Resources” are an acquisition of net position by the Sheriff that is applicable to a future reporting period. The balance of OPEB expense will be amortized by the County as deferred outflows or inflows of resources using a systematic and rational method over a closed period, as defined below:

- (a) Differences between expected and actual experience regarding economic and demographic factors are amortized by the County over the average expected remaining service life of all employees that are provided with OPEB through the OPEB Plan, including both active and inactive employees.
- (b) Changes in assumptions or other inputs are amortized by the County over the average expected remaining service life of all employees covered by the OPEB Plan, including both active and inactive employees.
- (c) Differences between projected and actual earnings on OPEB Plan investments are amortized by the County over five years.

Deferred outflows and deferred inflows of resources related to OPEB reported on the County’s government-wide financial statements are from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ -	\$ (416,150)
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on OPEB Investments	-	-
Total	<u>\$ -</u>	<u>\$ (416,150)</u>

Amounts reported as deferred outflows and deferred inflows of resources related to the OPEB Plan will be recognized in OPEB expense on the County’s government-wide financial statements as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Deferred Inflows</b>
2018	\$ (37,156)
2019	(37,156)
2020	(37,156)
2021	(37,156)
2022	(37,156)
Thereafter	(230,370)
Total Deferred Inflows	<u>\$ (416,150)</u>

**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, 2017

	Budgeted		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 402,259,230	\$ 402,259,230	\$ 402,259,230	\$ -
Charges for Services - Other	-	-	944,722	944,722
Interest Earnings	-	-	735,759	735,759
Miscellaneous Income	-	-	630,887	630,887
Total Revenues	402,259,230	402,259,230	404,570,598	2,311,368
Expenditures:				
Current:				
General Government:				
Personal Services	15,817,680	15,817,680	15,817,476	204
Operating	371,775	371,775	257,836	113,939
Capital Outlay	12,000	12,000	10,056	1,944
Total General Government	16,201,455	16,201,455	16,085,368	116,087
Public Safety:				
Personal Services	311,274,300	310,674,300	281,481,632	29,192,668
Operating	63,750,205	63,750,205	59,012,624	4,737,581
Capital Outlay	11,033,270	11,633,270	9,528,899	2,104,371
Total Public Safety	386,057,775	386,057,775	350,023,155	36,034,620
Total Expenditures	402,259,230	402,259,230	366,108,523	36,150,707
Excess of Revenues Over Expenditures	-	-	38,462,075	38,462,075
Other Financing Sources (Uses):				
Distribution of Excess Revenues to the Board of County Commissioners	-	-	(38,515,822)	(38,515,822)
Proceeds from the Sale of Capital Assets	-	-	57,112	57,112
Total Other Financing Sources (Uses)	-	-	(38,458,710)	(38,458,710)
Net Change in Fund Balance	-	-	3,365	3,365
Fund Balance, Beginning of Fiscal Year	-	-	606	606
Fund Balance, End of Fiscal Year	\$ -	\$ -	\$ 3,971	\$ 3,971

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, 2017

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#### Note 1—Budgetary Process and Requirement

Pursuant to §129.03, *Fla. Stat.* and applicable BOCC Resolutions, the Sheriff follows the procedures noted below in establishing the budget:

- A two (2) year budget is prepared on a biennial basis for submission to the BOCC. In the second year of the biennial process, an adjusted budget is prepared for submission to the BOCC.
- On or before May 1<sup>st</sup>, the Sheriff submits a tentative budget to the BOCC for the ensuing year.
- Public hearings are conducted by the BOCC to obtain taxpayer comments. At the final public hearing held in September, the BOCC may amend, modify, increase, or reduce the tentative budget.
- The budget is adopted by the BOCC in September and the Sheriff has 30 days to appeal changes.
- Prior to October 1<sup>st</sup>, the budget is legally enacted through the passage of a resolution by the BOCC.
- Formal budgetary control is maintained during the fiscal year for all appropriated funds within governmental fund types.

Actual expenditures may not exceed budget appropriations at the fund or character (personal services, operating expenditures or capital outlay) 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 by the BOCC 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, forfeitures, proceeds from the sale of capital assets and other miscellaneous revenues. 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</u>		
	<u>Basis</u>	<u>Reclassifications</u>	<u>GAAP Basis</u>
Revenues:			
Charges for Services - Board of County Commissioners	\$ -	\$ 1,960,610	\$ 1,960,610
Charges for Services - Other	944,722	2,201,183	3,145,905
Operating Grants	-	1,397,935	1,397,935
Miscellaneous Income	630,887	2,678	633,565
Fines and Forfeitures	-	85,640	85,640
Expenditures:			
Public Safety:			
Personal Services	281,481,632	4,050,584	285,532,216
Operating	59,012,624	1,133,569	60,146,193
Capital Outlay	9,528,899	3,441,179	12,970,078
Other Financing Sources (Uses):			
Transfers-In from the Board of County Commissioners	-	200,000	200,000
Capital Contributions	-	1,278,438	1,278,438
Distribution of Excess Revenues to the Board of County Commissioners	(38,515,822)	-	(38,515,822)
Proceeds from the Sale of Capital Assets	57,112	1,532,077	1,589,189

**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, 2017*

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**Note 2—Budgetary Information (continued)**

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



# HILLSBOROUGH COUNTY, FLORIDA

## SHERIFF

### SCHEDULE AND NOTES TO SHERIFF'S TOTAL OPEB LIABILITY AND RELATED RATIOS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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<b>Total OPEB Liability</b>	<b>2017</b>
Service Cost	\$ 2,271,843
Interest	1,909,215
Changes of benefit terms	-
Differences between expected and actual experience	(416,150)
Changes of assumptions or other inputs	-
Benefit payments	(2,143,391)
Net Change in total OPEB liability	\$ 1,621,517
Total OPEB liability, beginning of fiscal year	51,250,803
Total OPEB liability, end of fiscal year	\$ 52,872,320
Covered employee payroll	\$ 216,666,784
Total OPEB liability as a percentage of covered employee payroll	24.4% *

\* The amounts presented represent the figures for the Sheriff for the current year fiscal year only, as there is no data available prior to the implementation of GASB 75.

#### Notes to Total OPEB Liability and Related Ratios

*Funding Policy* – The OPEB Plan's funding policy is "pay-as-you-go" and does not accumulate assets within a trust to pay related benefits.

*Changes of Benefit Terms* – Amounts presented reflect an increase in the retirees' health insurance stipend from \$5 to \$6 as of January 1, 2017, up to a maximum of \$180.

*Assumptions* – The discount rate used for the fiscal year was 3.64%.

## **OTHER FINANCIAL INFORMATION**

**HILLSBOROUGH COUNTY, FLORIDA**  
**SHERIFF**  
**FUND DESCRIPTIONS**

SEPTEMBER 30, 2017

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**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.

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

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

*Misdemeanor Probation Services* – accounts for the revenues and expenditures associated with the Sheriff's activities related to the operations of the Misdemeanor Probation Services Section.

*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, 2017

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	<b>BOCC Special Projects</b>	<b>Child Protective Investigations</b>	<b>Communications 911</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,895,516	\$ 1,056,232	\$ 38,462
Accounts Receivable	-	-	-
Due from Other Governmental Entities	-	1,194,836	-
Due from the Board of County Commissioners	-	-	-
Total Assets	<u>\$ 2,895,516</u>	<u>\$ 2,251,068</u>	<u>\$ 38,462</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 303	\$ 6,151	\$ -
Due to Other Governmental Entities	1,006	597,424	-
Due to the Board of County Commissioners	-	-	-
Total Liabilities	<u>1,309</u>	<u>603,575</u>	<u>-</u>
Fund Balances:			
Restricted for:			
Board of County Commissioners' Special Projects	2,894,207	-	-
Child Protective Investigations	-	1,647,493	-
Communications 911	-	-	38,462
Misdemeanor Probation Services	-	-	-
Total Fund Balances	<u>2,894,207</u>	<u>1,647,493</u>	<u>38,462</u>
Total Liabilities and Fund Balances	<u>\$ 2,895,516</u>	<u>\$ 2,251,068</u>	<u>\$ 38,462</u>

(Continued)

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

SEPTEMBER 30, 2017

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	<b>Misdemeanor Probation Services</b>	<b>Special Use</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 430,692.50	\$ 438,251.00	\$ 4,859,153.86
Accounts Receivable	-	4,682	4,682
Due from Other Governmental Entities	-	11,562	1,206,398
Due from the Board of County Commissioners	164,652	-	164,652
Total Assets	<u>\$ 595,344</u>	<u>\$ 454,495</u>	<u>\$ 6,234,886</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 1,154	\$ 114,719	\$ 122,327
Due to Other Governmental Entities	-	2,002	600,432
Due to the Board of County Commissioners	-	337,774	337,774
Total Liabilities	<u>1,154</u>	<u>454,495</u>	<u>1,060,533</u>
Fund Balances:			
Restricted for:			
Board of County Commissioners' Special Projects	-	-	2,894,207
Child Protective Investigations	-	-	1,647,493
Communications 911	-	-	38,462
Misdemeanor Probation Services	594,190	-	594,190
Total Fund Balances	<u>594,190</u>	<u>-</u>	<u>5,174,353</u>
Total Liabilities and Fund Balances	<u>\$ 595,344</u>	<u>\$ 454,495</u>	<u>\$ 6,234,886</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, 2017*

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	<b>BOCC Special Projects</b>	<b>Child Protective Investigations</b>	<b>Communications 911</b>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for Services - Board of County Commissioners	-	-	766,900
Charges for Services - Other	-	9,104,090	-
Operating Grants	-	4,739,086	-
Interest Earnings	122	162	-
Miscellaneous Income	182,943	7,063	698
Fines and Forfeitures	-	-	-
Total Revenues	<u>183,065</u>	<u>13,850,401</u>	<u>767,598</u>
Expenditures:			
Personal Services	-	11,035,104	670,846
Operating	817,972	1,818,109	66,234
Capital Outlay	65,592	1,034,177	-
Total Expenditures	<u>883,564</u>	<u>13,887,390</u>	<u>737,080</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(700,499)</u>	<u>(36,989)</u>	<u>30,518</u>
Other Financing Sources (Uses):			
Transfers-In from the Board of County Commissioners	2,579,803	-	-
Distribution of Excess Revenues to the Board of County Commissioners	-	-	-
Proceeds from the Sale of Capital Assets	-	2,500	-
Total Other Financing Sources (Uses)	<u>2,579,803</u>	<u>2,500</u>	<u>-</u>
Net Change in Fund Balance	1,879,304	(34,489)	30,518
Fund Balance, Beginning of Fiscal Year	1,014,903	1,681,982	7,944
Fund Balance, End of Fiscal Year	<u>\$ 2,894,207</u>	<u>\$ 1,647,493</u>	<u>\$ 38,462</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, 2017*

	<b>Misdemeanor Probation Services</b>	<b>Special Use</b>	<b>Total</b>
Revenues:			
Intergovernmental	\$ -	\$ 2,861,065	\$ 2,861,065
Charges for Services - Board of County Commissioners	-	-	766,900
Charges for Services - Other	2,089,498	46,847	11,240,435
Operating Grants	-	-	4,739,086
Interest Earnings	-	-	284
Miscellaneous Income	248	70,642	261,594
Fines and Forfeitures	-	2,386,353	2,386,353
Total Revenues	<u>2,089,746</u>	<u>5,364,907</u>	<u>22,255,717</u>
Expenditures:			
Personal Services	1,670,640	1,016,549	14,393,139
Operating	28,569	1,206,742	3,937,626
Capital Outlay	-	300,000	1,399,769
Total Expenditures	<u>1,699,209</u>	<u>2,523,291</u>	<u>19,730,534</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>390,537</u>	<u>2,841,616</u>	<u>2,525,183</u>
Other Financing Sources (Uses):			
Transfers-In from the Board of County Commissioners	-	-	2,579,803
Distribution of Excess Revenues to the Board of County Commissioners	-	(2,868,857)	(2,868,857)
Proceeds from the Sale of Capital Assets	-	27,241	29,741
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,841,616)</u>	<u>(259,313)</u>
Net Change in Fund Balance	390,537	-	2,265,870
Fund Balance, Beginning of Fiscal Year	203,654	-	2,908,483
Fund Balance, End of Fiscal Year	<u>\$ 594,191</u>	<u>\$ -</u>	<u>\$ 5,174,353</u>

**HILLSBOROUGH COUNTY, FLORIDA**

**SHERIFF**

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

*FISCAL YEAR ENDED SEPTEMBER 30, 2017*

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Intergovernmental	\$ 2,861,065	\$ 2,861,065	\$ 2,861,065	\$ -
Charges for Services - Other	-	-	46,847	46,847
Fines and Forfeitures	-	-	70,642	70,642
Miscellaneous Income	-	-	2,386,353	2,386,353
Total Revenues	<u>2,861,065</u>	<u>2,861,065</u>	<u>5,364,907</u>	<u>2,503,842</u>
Expenditures:				
Personal Services	1,035,920	1,035,920	1,016,549	19,371
Operating	1,525,145	1,525,145	1,206,742	318,403
Capital Outlay	300,000	300,000	300,000	-
Total Expenditures	<u>2,861,065</u>	<u>2,861,065</u>	<u>2,523,291</u>	<u>337,774</u>
Excess of Revenues Over Expenditures	-	-	2,841,616	2,841,616
Other Financing Sources (Uses):				
Distribution of Excess Revenues to the Board of County Commissioners	-	-	(2,868,857)	(2,868,857)
Proceeds from the Sale of Capital Assets	-	-	27,241	27,241
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,841,616)</u>	<u>(2,841,616)</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, 2017*

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	<b>Legal Liability</b>	<b>Medical Plan</b>	<b>Workers' Compensation</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$1,229,118.67	\$11,221,450.49	\$6,795,849.15	\$19,246,418.31
Accounts Receivable	67,842	-	11,440	79,282
Total Assets	<u>\$ 1,296,961</u>	<u>\$ 11,221,450</u>	<u>\$ 6,807,289</u>	<u>\$ 19,325,700</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 50,240	\$ -	\$ 50,240
Claims Payable	1,296,961	4,901,000	6,772,383	12,970,344
Due to Other Governmental Entities	-	-	34,906	34,906
Due to the Board of County Commissioners	-	6,270,210	-	6,270,210
Total Liabilities	<u>1,296,961</u>	<u>11,221,450</u>	<u>6,807,289</u>	<u>19,325,700</u>
<b>NET POSITION</b>				
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, 2017*

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	<u>Legal Liability</u>	<u>Medical Plan</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds</u>
Operating Revenues:				
Charges to Other Funds for Services	\$ 305,948	\$ 48,723,654	\$ 1,900,196	\$ 50,929,798
Miscellaneous Income	15,716	10,000	264	25,980
Total Operating Revenues	<u>321,664</u>	<u>48,733,654</u>	<u>1,900,460</u>	<u>50,955,778</u>
Operating Expenses:				
Claims Expense	321,948	39,662,253	1,616,865	41,601,066
Personal Services	-	45,828	-	45,828
General and Administrative	-	2,824,698	365,027	3,189,725
Total Operating Expenses	<u>321,948</u>	<u>42,532,779</u>	<u>1,981,892</u>	<u>44,836,619</u>
Operating Income (Loss)	<u>(284)</u>	<u>6,200,875</u>	<u>(81,432)</u>	<u>6,119,159</u>
Nonoperating Revenues:				
Interest Earnings	284	69,335	81,432	151,051
Total Nonoperating Revenues	<u>284</u>	<u>69,335</u>	<u>81,432</u>	<u>151,051</u>
Changes in Net Position Before Transfers	-	6,270,210	-	6,270,210
Transfers-Out to the Board of County Commissioners	-	(6,270,210)	-	(6,270,210)
Changes in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, Beginning of Fiscal Year	-	-	-	-
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, 2017*

	<u>Legal Liability</u>	<u>Medical Plan</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds</u>
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Other Funds for Goods and Services	\$ 305,948	\$ 48,723,654	\$ 1,900,196	\$ 50,929,798
Cash Received from Others	39,028	10,000	1,197,191	1,246,219
Cash Payments for Claims	(759,317)	(39,526,253)	(2,364,251)	(42,649,821)
Cash Payments to Vendors for Goods and Services	-	(2,824,674)	(330,120)	(3,154,794)
Cash Payments to Employees for Services	-	(45,828)	-	(45,828)
Net Cash Provided (Used) by Operating Activities	<u>(414,341)</u>	<u>6,336,899</u>	<u>403,016</u>	<u>6,325,574</u>
<b>Cash Flows from Investing Activities:</b>				
Interest Earnings	328	69,381	81,500	151,209
Net Cash Provided by Investing Activities	<u>328</u>	<u>69,381</u>	<u>81,500</u>	<u>151,209</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfer-Out to the Board of County Commissioners	-	(2,766,298)	-	(2,766,298)
Net Cash Used in Noncapital Financing Activities	<u>-</u>	<u>(2,766,298)</u>	<u>-</u>	<u>(2,766,298)</u>
Net Change in Cash and Cash Equivalents	(414,013)	3,639,982	484,516	3,710,485
Cash and Cash Equivalents, Beginning of Fiscal Year	1,643,131	7,581,469	6,311,333	15,535,933
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 1,229,118</u>	<u>\$ 11,221,451</u>	<u>\$ 6,795,849</u>	<u>\$ 19,246,418</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities :</b>				
Operating Income (Loss)	\$ (284)	\$ 6,200,875	\$ (81,432)	\$ 6,119,159
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Increase (Decrease) in Cash Resulting from Changes in:				
Accounts Receivable	23,312	-	586,372	609,684
Accounts Payable	-	24	34,907	34,931
Claims Payable	(437,369)	136,000	(136,831)	(438,200)
Net Cash Provided by Operating Activities	<u>\$ (414,341)</u>	<u>\$ 6,336,899</u>	<u>\$ 403,016</u>	<u>\$ 6,325,574</u>

**HILLSBOROUGH COUNTY, FLORIDA**

**SHERIFF**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES –  
AGENCY FUNDS**

*FISCAL YEAR ENDED SEPTEMBER 30, 2017*

	<b>Balance October 1, 2016</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2017</b>
<b>Cash Bond Fund</b>				
Assets:				
Cash and Cash Equivalents	\$ 1,915,495	\$ 3,218,827	\$ (4,985,193)	\$ 149,129
Total Assets	<u>\$ 1,915,495</u>	<u>\$ 3,218,827</u>	<u>\$ (4,985,193)</u>	<u>\$ 149,129</u>
Liabilities:				
Deposits	1,915,495	3,237,147	(5,003,513)	149,129
Due to Other Governmental Entities	-	1,857,365	(1,857,365)	-
Total Liabilities	<u>\$ 1,915,495</u>	<u>\$ 5,094,512</u>	<u>\$ (6,860,878)</u>	<u>\$ 149,129</u>
<b>Flexible Spending Accounts Fund</b>				
Assets:				
Cash and Cash Equivalents	\$ 261,813	\$ 1,479,777	\$ (1,443,787)	\$ 297,803
Total Assets	<u>\$ 261,813</u>	<u>\$ 1,479,777</u>	<u>\$ (1,443,787)</u>	<u>\$ 297,803</u>
Liabilities:				
Accounts Payable	\$ -	\$ 711,460	\$ (711,460)	\$ -
Deposits	261,813	795,978	(759,988)	297,803
Total Liabilities	<u>\$ 261,813</u>	<u>\$ 1,507,438</u>	<u>\$ (1,471,448)</u>	<u>\$ 297,803</u>
<b>Inmate Accounts Fund</b>				
Assets:				
Cash and Cash Equivalents	\$ 123,580	\$ 7,078,194	\$ (7,101,879)	\$ 99,895
Accounts Receivable	8,425	4,569,949	(4,554,941)	23,433
Total Assets	<u>\$ 132,005</u>	<u>\$ 11,648,143</u>	<u>\$ (11,656,820)</u>	<u>\$ 123,328</u>
Liabilities:				
Accounts Payable	\$ -	\$ 969,601	\$ (969,601)	\$ -
Due to the Board of County Commissioners	-	7,139	(7,139)	-
Deposits	132,005	4,762,774	(4,771,451)	123,328
Total Liabilities	<u>\$ 132,005</u>	<u>\$ 5,739,514</u>	<u>\$ (5,748,191)</u>	<u>\$ 123,328</u>

**HILLSBOROUGH COUNTY, FLORIDA**

**SHERIFF**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES –  
AGENCY FUNDS (CONTINUED)**

*FISCAL YEAR ENDED SEPTEMBER 30, 2017*

	<b>Balance October 1, 2016</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2017</b>
<b>Trust Fund</b>				
Assets:				
Cash and Cash Equivalents	\$ 1,279,392	\$ 3,610,419	\$ (4,315,106)	\$ 574,705
Accounts Receivable	67	196,918	(196,985)	-
Due from Other Governmental Entities	19,212	18,190	(19,212)	18,190
Total Assets	<u>\$ 1,298,671</u>	<u>\$ 3,825,527</u>	<u>\$ (4,531,303)</u>	<u>\$ 592,895</u>
Liabilities:				
Accounts Payable	\$ -	\$ 767,291	\$ (767,291)	\$ -
Due to Other Governmental Entities	-	454,439	(454,439)	-
Due to the Board of County Commissioners	185,508	4,464,173	(4,649,681)	-
Deposits	1,113,163	1,440,319	(1,960,587)	592,895
Total Liabilities	<u>\$ 1,298,671</u>	<u>\$ 7,126,222</u>	<u>\$ (7,831,998)</u>	<u>\$ 592,895</u>
<b>Total Agency Funds</b>				
Assets:				
Cash and Cash Equivalents	\$ 3,580,280	\$ 15,387,217	\$ (17,845,965)	1,121,532
Accounts Receivable	8,492	4,766,867	(4,751,926)	23,433
Due from Other Governmental Entities	19,212	18,190	(19,212)	18,190
Total Assets	<u>\$ 3,607,984</u>	<u>\$ 20,172,274</u>	<u>\$ (22,617,103)</u>	<u>\$ 1,163,155</u>
Liabilities:				
Accounts Payable	\$ -	\$ 2,448,352	\$ (2,448,352)	\$ -
Due to Other Governmental Entities	-	2,311,804	(2,311,804)	-
Due to the Board of County Commissioners	185,508	4,471,312	(4,656,820)	-
Deposits	3,422,476	10,236,218	(12,495,539)	1,163,155
Total Liabilities	<u>\$ 3,607,984</u>	<u>\$ 19,467,686</u>	<u>\$ (21,912,515)</u>	<u>\$ 1,163,155</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 Chad G. Chronister,  
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 each major fund and the aggregate remaining fund information of the Hillsborough County, Florida Sheriff (the "Sheriff") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2017, 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 style.

Tampa, Florida  
December 20, 2017



## Independent Auditor's Management Letter

To the Honorable Chad G. Chronister,  
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, 2017 and have issued our report thereon dated December 20, 2017.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our 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 Auditor 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 20, 2017, 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.

### Financial Management

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.

### Additional Matters

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 20, 2017

**Report of Independent Accountant on Compliance with  
Local Government Investment Policies**

To the Honorable Chad G. Chronister,  
Sheriff  
Hillsborough County, Florida

We have examined the Hillsborough County, Florida Sheriff's (the "Sheriff") compliance with the local government investment policy requirements of Section 218.415, *Florida Statutes*, during the fiscal year ended September 30, 2017. Management of the Sheriff is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Sheriff's compliance with the specified requirements.

In our opinion, the Sheriff complied, in all material respects, with the local investment policy requirements of Section 218.415, *Florida Statutes* during the fiscal year ended September 30, 2017.

The purpose of this report is to comply with the audit requirements of Section 218.415, *Florida Statutes*, and Chapter 10.220, Rules of the Auditor General.

*Cherry Bekaert LLP*

Tampa, Florida  
December 20, 2017

To Chad Chronister,  
Sheriff  
Hillsborough County, Florida

We have audited the financial statements of the major funds and the aggregate remaining fund information of the Hillsborough County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2017 and the related notes to the financial statements. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 7, 2017. Professional standards also require that we communicate to you the following information related to our audit.

## **SIGNIFICANT AUDIT FINDINGS**

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Sheriff are described in Note 1 to the financial statements. The Sheriff adopted new accounting policies in response to the pronouncements issued by the Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard had no material effect on the Sheriff's financial statements. The application of existing policies was not changed during the year ended September 30, 2017. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Sheriff's financial statements were:

Management's estimate of their future cost expected to be incurred for Pension and Other Post-Employment Benefits ("OPEB"), which is based on actuarial valuations. We evaluated the key factors and assumptions used to develop the actuarial valuations, including the qualifications of the actuary, in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible receivables, which is based on their experience with receivables of a similar nature; we evaluated the key factors and assumptions used, in determining that it is reasonable in relation to the financial statements taken as a whole. Management's estimates of the liabilities for claims payable are based on actuarial calculations. Management's estimate of the useful lives of capital assets is based on management's knowledge of the historical lives of previous capital assets and the current use and capacity of capital assets.

**To Chad Chronister,  
Sheriff  
Hillsborough County, Florida  
Page 2**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the financial reporting entity and its purpose as a separate elected constitutional officer as established by Article VIII, Section 1(d), Florida Constitution and for financial reporting purposes by Chapter 218, *Florida Statutes.*, in Note 1 to the financial statements. This disclosure sets the foundation for the form and content of the financial statements.

The disclosure of the retirement plan offered by the Sheriff to its employees, and the requirements under the adopted pronouncements, GASB 68 and 71, in Note 8 to the financial statements. This disclosure provides information regarding the Sheriff's direct costs incurred, and their share of any potential liabilities, related to the retire plan.

The financial statement disclosures are neutral, consistent, and clear.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements for the year ended September 30, 2017.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated December 20, 2017.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Sheriff's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Sheriff's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To Chad Chronister,  
Sheriff  
Hillsborough County, Florida  
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**OTHER MATTERS**

We applied certain limited procedures to the required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**RESTRICTION ON USE**

This information is intended solely for the use of Chad Chronister, management of the Sheriff, and the Hillsborough County Board of County Commissioners, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Cherry Bekant LLP*

Tampa, Florida  
December 20, 2017