



**HILLSBOROUGH COUNTY, FLORIDA
SHERIFF**

FINANCIAL STATEMENTS

As of and for the Year Ended September 30, 2014

And Reports of Independent Auditor

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

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Report of Independent Auditor

The Honorable David A. Gee
Sheriff
Hillsborough County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Hillsborough County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each fund of Hillsborough County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Hillsborough County, Florida as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Reclassifications

As discussed in Note 1 to the financial statements, the Sheriff no longer accounts for amounts on deposit with the Florida State Board of Administration (SBA) Florida PRIME™ Fund in investments and has accounted for them as cash and cash equivalents. Additionally, the Sheriff no longer accounts for insurance premiums and retirement contribution payables in accounts payable and has accounted for them in wages and benefits payable. Our opinions are not modified with respect to these matters.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25 and 26 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The other financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

Cherry Bekant LLP

Tampa, Florida
December 15, 2014

FINANCIAL STATEMENTS

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
BALANCE SHEET – GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>Non-Major Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 54,447,076	\$ 8,152,151	\$ 62,599,227
Accounts receivable	52,289	659,482	711,771
Prepaid items	38,459	-	38,459
Due from other governmental entities	426,411	20,193	446,604
Due from the Board of County Commissioners	915,700	-	915,700
Total assets	<u>\$ 55,879,935</u>	<u>\$ 8,831,826</u>	<u>\$ 64,711,761</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,190,636	\$ 379,550	\$ 4,570,186
Wages and benefits payable	17,241,509	-	17,241,509
Deposits	336,880	-	336,880
Due to other governmental entities	6,420	143,339	149,759
Due to the Board of County Commissioners	33,971,493	847,235	34,818,728
Total liabilities	<u>55,746,938</u>	<u>1,370,124</u>	<u>57,117,062</u>
Fund balances:			
Restricted for:			
Canteen	-	4,935,334	4,935,334
Child protective investigations	-	2,484,726	2,484,726
Communications 911	-	41,642	41,642
Assigned for:			
Mental health diversion program	132,997	-	132,997
Total fund balances	<u>132,997</u>	<u>7,461,702</u>	<u>7,594,699</u>
Total liabilities and fund balances	<u>\$ 55,879,935</u>	<u>\$ 8,831,826</u>	<u>\$ 64,711,761</u>

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>Non-Major Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Intergovernmental	\$ 376,693,521	\$ 2,987,837	\$ 379,681,358
Charges for services	3,418,775	11,144,856	14,563,631
Operating grants	2,190,063	5,837,705	8,027,768
Interest earnings	103,164	6,820	109,984
Miscellaneous income	494,374	91,436	585,810
Fines and forfeitures	-	468,815	468,815
Total revenues	<u>382,899,897</u>	<u>20,537,469</u>	<u>403,437,366</u>
Expenditures:			
General government:			
Personal services	13,649,618	-	13,649,618
Operating	283,146	-	283,146
Capital outlay	1,863	-	1,863
Total general government	<u>13,934,627</u>	<u>-</u>	<u>13,934,627</u>
Public safety:			
Personal services	265,588,924	13,159,179	278,748,103
Operating	57,714,897	3,092,753	60,807,650
Capital outlay	13,209,562	529,900	13,739,462
Total public safety	<u>336,513,383</u>	<u>16,781,832</u>	<u>353,295,215</u>
Total expenditures	<u>350,448,010</u>	<u>16,781,832</u>	<u>367,229,842</u>
Excess of revenues over expenditures	<u>32,451,887</u>	<u>3,755,637</u>	<u>36,207,524</u>
Other financing sources (uses):			
Distribution of excess revenues to the Board of County Commissioners	(32,863,627)	(1,440,737)	(34,304,364)
Proceeds from the sale of capital assets	544,737	36,105	580,842
Total other financing sources (uses)	<u>(32,318,890)</u>	<u>(1,404,632)</u>	<u>(33,723,522)</u>
Excess of revenues over expenditures and other financial sources (uses)	132,997	2,351,005	2,484,002
Fund balance, beginning of year	-	5,110,697	5,110,697
Fund balance, end of year	<u>\$ 132,997</u>	<u>\$ 7,461,702</u>	<u>\$ 7,594,699</u>

See notes to financial statements.

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

SEPTEMBER 30, 2014

Assets

Cash and cash equivalents	\$ 21,919,668
Accounts receivable	210,199
Total assets	<u>22,129,867</u>

Liabilities

Accounts payable	17,288
Claims payable	15,465,188
Due to the Board of County Commissioners	6,647,391
Total liabilities	<u>22,129,867</u>

Net position

Total net position	<u>\$ -</u>
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HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

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

YEAR ENDED SEPTEMBER 30, 2014

Operating revenues:	
Charges for services	\$ 47,810,978
Miscellaneous income	85,465
Total operating revenues	<u>47,896,443</u>
Operating expenses:	
Claims expense	38,545,358
General and administrative	2,709,466
Total operating expenses	<u>41,254,824</u>
Operating income	<u>6,641,619</u>
Nonoperating revenues:	
Interest earnings	5,772
Total nonoperating revenues	<u>5,772</u>
Change in net position before transfers	6,647,391
Transfer-out to the Board of County Commissioners	<u>(6,647,391)</u>
Changes in net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u>\$ -</u>

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

YEAR ENDED SEPTEMBER 30, 2014

Cash flows from operating activities:

Cash received from other funds for goods and services	\$ 47,810,978
Cash received from others	1,244,135
Cash payments for claims	(39,149,893)
Cash payments to vendors for goods and services	(2,886,268)
Net cash provided by operating activities	<u>7,018,952</u>

Cash flows from investing activities:

Interest earnings	<u>5,772</u>
Net cash provided by investing activities	<u>5,772</u>

Cash flows from noncapital financing activities:

Transfer-out to the Board of County Commissioners	<u>(1,757,554)</u>
Net cash used by noncapital financing activities	<u>(1,757,554)</u>

Net change in cash and cash equivalents	5,267,170
Cash and cash equivalents, beginning of year	<u>16,652,498</u>
Cash and cash equivalents, end of year	<u>\$ 21,919,668</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 6,641,619
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in cash resulting from changes in:	
Accounts receivable	2,522
Accounts payable	(176,802)
Claims payable	551,613
Net cash provided by operating activities	<u>\$ 7,018,952</u>

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS

SEPTEMBER 30, 2014

ASSETS

Cash and cash equivalents	\$	2,691,307
Accounts receivable		44,293
Due from other governmental entities		<u>22,825</u>
Total assets	\$	<u><u>2,758,425</u></u>

LIABILITIES

Deposits	\$	<u>2,758,425</u>
Total liabilities	\$	<u><u>2,758,425</u></u>

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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, *Florida Statutes*. In addition, for financial reporting purposes, it is deemed to be a part of the primary government of Hillsborough County, Florida (County), and is, therefore, included as such in the *Hillsborough County, Florida Comprehensive Annual Financial Report (CAFR)*.

Basis of Presentation – The accompanying financial statements were prepared for the purpose of complying with Section 218.39(2), *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits (Rules)*, which require the Sheriff to only present fund financial statements.

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

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

- *General Fund* – The general fund is used to account for all financial resources applicable to the general operations of the Sheriff that are not required either legally or by accounting principles generally accepted in the United States of America (GAAP) to be accounted for in another fund.
- *Non-Major Special Revenue Funds* – The non-major special revenue funds are all other governmental funds used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Proprietary funds are used to report functions presented as internal or external business-type activities and are classified as internal service funds or enterprise funds, respectively. In proprietary funds, operating revenues and expenses are distinguished from nonoperating revenues and expenses. Operating revenues consist primarily of charges for services. Operating expenses include such items as personnel and contractual services and costs of services provided. Nonoperating revenues and expenses include operating grants and investment earnings. The Sheriff uses internal service funds to account for self-insured workers' compensation, legal liability, and the employee medical plan, all of which are more fully described in Note 10.

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

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 1—Summary of significant accounting policies (continued)

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

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

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

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

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

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

Underage Drinking Prevention and 9/11 Memorial Funds – Funds available during the fiscal year for the Underage Drinking Prevention program and 9/11 Memorial project were fully expended at September 30, 2014. The Sheriff has subsequently dissolved these two funds. The Sheriff did not present balance sheets for these non-major special revenue funds as these programs ended during the fiscal year and had no assets or liabilities at September 30, 2014.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 1—Summary of significant accounting policies (continued)

Reclassifications – During the year ended September 30, 2014, the Sheriff decided to no longer account for amounts on deposit with the Florida State Board of Administration (SBA) Florida PRIME™ Fund (PRIME) in investments and determined it was more appropriate to present these amounts as cash and cash equivalents. Additionally, the Sheriff decided to no longer account for payables stemming from retirement contributions and insurance premiums in accounts payable and determined it was more appropriate to present these payables in wages and benefits payable.

As a result, the prior-year financial statements have been reclassified to adhere to the current-year presentation as of September 30, 2013:

	General Fund	Canteen Fund	Special Use Fund	9/11 Memorial Fund	Underage Drinking Prevention Fund
	(As Previously Reported at September 30, 2013)				
Assets					
Cash	\$ 6,159,174	\$ 356,060	\$ 27,454	\$ 24,900	\$ 534
Investments	\$ 54,689,294	\$ 2,829,633	\$ 243,771	\$ 221,100	\$ 4,738

	General Fund	Canteen Fund	Special Use Fund	9/11 Memorial Fund	Underage Drinking Prevention Fund
	(As Reclassified at September 30, 2013)				
Assets					
Cash and cash equivalents	\$ 60,808,772	\$ 3,173,180	\$ 271,225	\$ 246,000	\$ 5,272
Investments	\$ 39,696	\$ 12,513	\$ -	\$ -	\$ -

	General Fund September 30, 2013 (As Previously Reported)	General Fund September 30, 2013 (As Reclassified)
Liabilities		
Accounts payable	\$ 14,276,795	\$ 7,749,032
Wages and benefits payable	\$ 13,623,020	\$ 20,150,783

There was no impact on total assets, total payables, or fund balances as a result of these reclassifications.

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

The Sheriff deposits cash in qualified public depositories. All bank deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, *Florida Statutes*. In accordance with these statutes, qualified public depositories are required to pledge eligible collateral in varying percentages. Any losses to public depositors are covered by applicable deposit insurance, by the sale of pledged securities, and if necessary, assessments against other qualified public depositories.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 1—Summary of significant accounting policies (continued)

Prepaid Items – With the exception of certain transferable and refundable training and other expenditures, the cost of prepaid items recorded as an expenditure at the time it is acquired, which is in accordance with the purchase method.

Other Postemployment Benefits (OPEB) Disclosures – The Sheriff accounts for its postemployment benefits other than pensions in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*; OPEB disclosures are more fully presented in Note 11.

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

The Sheriff's sick time liability consisted of two parts as of September 30, 2014, resulting from Hillsborough County Civil Service Rules that state sick leave termination payments are to be made under two conditions. Compensation for employees in Plan A includes a sick leave payment at termination for all hours of sick time accrued up to 480 hours and half of the sick time accrued over 960 hours. Compensation for employees in Plan B includes a sick leave payment at termination for the employee's unused sick leave hours at February 2, 1997, with payment only for each hour of sick time accrued up to 480 hours and half of the sick time accrued over 960 hours. A liability is recorded in the County's basic financial statements for each employee who has a termination payment under Plan A or Plan B. Employees in Plan B hired after February 2, 1997, will not receive a sick leave payment at termination, so no sick leave liability is recorded for these employees.

The compensated absences liability also included other salary-related costs incrementally associated with the payment of compensated absences such as the Sheriff's share of Social Security and Medicare taxes as well as the Sheriff's required pension contributions to the Florida Retirement System, as more fully described in Note 8.

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

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

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 1—Summary of significant accounting policies (continued)

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

During fiscal year 2014 the Sheriff capitalized \$314,107 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 (Board).

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

Risk Financing and Related Insurance Issues – In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the Sheriff reports liabilities for self-insured claims if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported based on an actuarial valuation at a certain date. As more fully described at Note 9, the Sheriff reserved such liabilities as claims payable as of September 30, 2014.

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

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 1—Summary of significant accounting policies (continued)

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The Sheriff had no nonspendable fund balances at September 30, 2014.

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

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

Committed fund balances are fund balances constrained for specific purposes imposed by the Sheriff's formal action of highest level of decision making authority. As of September 30, 2014, the Sheriff had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2014, the Sheriff had \$132,997 of assigned fund balances.

Unassigned fund balances represent the residual positive fund balance within the general fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the general fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2014, the Sheriff had no unassigned fund balances because all excess revenues within the general fund are required to be remitted to the Board and there were no negative residual balances in the special revenue funds.

Subsequent Events – In accordance with GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, the Sheriff has evaluated subsequent events through December 15, 2014, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Note 2—Deposits of cash and cash equivalents

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

At September 30, 2014, cash and cash equivalents included \$20,816,663 of cash on-hand and cash deposited in banks and \$66,393,538 invested at the SBA. Bank deposits are insured by the Federal Deposit Insurance Corporation and covered by the state of Florida collateral pool, a multiple financial institution collateral pool established under Chapter 280, *Florida Statutes*, with the ability to assess its members for collateral shortfalls if a member institution fails.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 2—Deposits of cash and cash equivalents (continued)

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

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

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

Note 3—Accounts receivable

Accounts receivables in the general fund are amounts due from non-governmental entities. The receivables are comprised of administrative charges, employee reimbursements, and charges for services. Most of the receivables recorded in non-major governmental funds relate to a receivable due to the canteen fund for telephone commissions earned during September 2014.

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

Note 4—Capital assets

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

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 4—Capital assets (continued)

All capital assets are recorded and capitalized at cost in the statement of net position as part of the basic financial statements of the County. Capital asset activity for the year ending September 30, 2014 is presented below:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014
Vehicles and equipment	\$ 153,808,650	\$ 11,332,852	\$ (9,793,910)	\$ 155,347,592
Software	2,712,724	314,107	-	3,026,831
Accumulated depreciation	(117,496,537)	(16,263,282)	9,554,757	(124,205,062)
Capital assets, net	<u>\$ 39,024,837</u>	<u>\$ (4,616,323)</u>	<u>\$ (239,153)</u>	<u>\$ 34,169,361</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 Board. Except for an interlocal lease agreement for land and buildings used at the training facilities, the Board provides the land and buildings at no cost to the Sheriff.

Note 5—Accounts payable

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

Note 6—Commitments

Inmate-Related Contracts – The Sheriff has agreements for the provision of inmate medical and food services at its detention facilities. The contracts are paid for by the Sheriff through its annual budget. The medical services contract is a two (2) year contract ending September 30, 2014. A new contract began October 1, 2014 and has an initial term of three (3) years with two (2) one-year renewal options. Using the average daily inmate population as a basis, the future commitment to the vendor is estimated to be approximately \$20.6 million per year. A food service contract was in place with a four (4) year term ending in September 2013 with two additional one-year renewals, of which one began October 1, 2013. Effective October 1, 2014 a new food service contract was executed with an initial term of three (3) years, with two (2) one-year renewal options. Using a cost-per-meal-per-inmate basis, the future commitment is estimated to be approximately \$3.8 million per year based upon current year experience. Both contracts can be cancelled with 120 days written notice. For the year ended September 30, 2014 the Sheriff paid approximately \$22.5 million and \$3.7 million for inmate medical and food services, respectively.

Interlocal Agreement – In July of 2006, the Sheriff entered into an interlocal lease agreement with the Board for office space, adjacent land, and parking lots. The terms of the interlocal agreement require the Sheriff to pay the Board \$16,949,880 by making monthly lease payments for 30 years. The agreement requires that the payments be made from non-ad valorem funds such as grant or special revenues. For a portion of this lease utilized by Child Protective Investigations, the Sheriff paid \$320,063 to the Board for the period July 2013 through June 2014. The agreement recognizes that the ability to make payments is subject to the availability of funds and allows that should such funds not be available, the payment may be deferred until funds are available. This lease is included in the schedule of future minimum lease payments below.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 6—Commitments

Operating Leases – The Sheriff has entered into numerous operating leases. The Sheriff occupies community substations at various locations and pays rent under operating leases which extend more than one year from September 30, 2014. Additionally, the Sheriff operates a training facility in southeastern Hillsborough County on land owned by the Board and leases the land under an interlocal lease agreement. Rent expenditures for the fiscal year ended September 30, 2014 were \$1,110,371.

Minimum future lease payments on non-cancelable operating leases with more than one year remaining at September 30, 2014 are as follows:

2015	\$ 1,142,562
2016	988,819
2017	991,347
2018	717,231
2019	662,460
2020 - 2024	3,038,071
2025 - 2029	2,840,970
2030 - 2034	2,840,970
2035 - 2036	1,041,423
Total minimum lease payments	<u>\$ 14,263,853</u>

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

Note 7—Contingencies

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

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

Note 8—Accumulated compensated absences

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

Accumulated compensated absences, October 1, 2013	\$ 28,150,755
Additions	33,029,736
Reductions	(33,935,501)
Accumulated compensated absences, September 30, 2014	<u>\$ 27,244,990</u>

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 9—Defined benefit and defined contribution pension plans

Description of Plans – Essentially all full-time and part-time employees of the Sheriff are eligible to enroll as members of the state-administered Florida Retirement System (FRS). Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; 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 single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Pension Plan), with a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the FRS Investment Plan (Investment Plan).

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Pension Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employees participating in DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees enrolled in the Investment Plan vest at one year of service for employer contributions and vest fully and immediately for employee contributions.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 9—Defined benefit and defined contribution pension plans (continued)

Funded Status – The FRS Annual Report’s financial statements for July 1, 2012 - June 30, 2013, available as mentioned below, stated in the schedule of funding progress that the System pension plan was 85.44% funded at July 1, 2013, since the actuarial value of assets was \$131.7 billion compared to the actuarial accrued liability entry age of \$154.1 billion.

The state of Florida establishes contribution rates for participating employers and employees. Employer contribution rates are as follows:

<u>Employee Class or Plan</u>	<u>Percentage of Covered Payroll</u>	
	<u>July 1, 2014 - September 30, 2014</u>	<u>October 1, 2013 - June 30, 2014</u>
Special risk	19.82%	19.06%
Regular	7.37%	6.95%
Senior management	21.14%	18.31%
Special risk, other	8.77%	8.03%
Regular, other	3.80%	3.39%
DROP	12.28%	12.84%

The Sheriff’s liability for participation is limited to the payment of the required contributions at the rates and frequencies established by law on future payrolls of the Sheriff. The Sheriff’s contributions to the FRS for the fiscal years ended September 30, 2014, 2013, and 2012 were \$31,266,732, \$26,616,421, and \$22,875,460, respectively, which were equal to the required contributions for each fiscal year.

During the fiscal year ended September 30, 2014, the Sheriff contributed to the FRS an amount equal to 15.24% of covered payroll.

Financial statements and other supplementary information of the FRS are included in the State’s Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

Note 10—Risk management

The Sheriff is exposed to various risks of loss related to injuries to employees; torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. As permitted by Florida law, the Sheriff is self-insured against general liability and automotive claims with limited liability per Section 768.28, *Florida Statutes*, of \$200,000 per person and \$300,000 per occurrence. Negligence claims in excess of the statutory limits can only be recovered through federal lawsuits or acts of the Florida Legislature. The Sheriff is also self-insured for workers’ compensation claims and a medical plan for its employees, their eligible 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 customer funds are recorded as revenues in the self-insurance funds and as insurance assessment expenditures in the customer funds. This note provides the disclosures required by GASB Statement No. 10.

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 10—Risk management (continued)

Workers' Compensation – Prior to October 1, 2006 a fully insured workers' compensation program was in effect; accordingly, the Sheriff retains no future liabilities or reserve requirements related to claims incurred prior to October 1, 2006. Effective October 1, 2006, the Sheriff established an internal service fund where assets are set aside to pay workers' compensation claims. The Sheriff retained self-insurance coverage up to \$500,000 through September 30, 2013. Effective October 1, 2013 the Sheriff no longer maintained excess insurance coverage and fully retains all claims incurred after that date. There have been nine claims with an actuarially projected incurred loss amount which exceeded self-insurance coverage since the inception of the workers' compensation self-insurance program.

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

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

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

	Legal Liability	Medical Plan	Workers' Compensation	Total
Balance at October 1, 2012	\$ 1,654,530	\$ 3,843,000	\$ 6,992,072	\$ 12,489,602
Claims and changes in estimates	2,109,690	34,682,893	4,376,917	41,169,500
Claims payments	(1,576,654)	(33,650,893)	(3,517,980)	(38,745,527)
Balance at October 1, 2013	2,187,566	4,875,000	7,851,009	14,913,575
Claims and changes in estimates	774,631	33,514,543	5,412,332	39,701,506
Claims payments	(828,898)	(33,572,543)	(4,748,452)	(39,149,893)
Balance at September 30, 2014	<u>\$ 2,133,299</u>	<u>\$ 4,817,000</u>	<u>\$ 8,514,889</u>	<u>\$ 15,465,188</u>

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Note 11—Other Postemployment Benefits (OPEB)

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

Annual OPEB Cost and Net OPEB Obligation – The Sheriff engaged an actuarial firm to determine the estimated obligation associated with the other postemployment benefits as of September 30, 2014, as well as the annual required contribution for funding this obligation. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost (current and future benefits earned) each year and to amortize any unfunded actuarial liabilities over a period of time not to exceed thirty years and is the portion of the total actuarial accrued liability allocated to the current fiscal year. The net OPEB obligation is the net amount for which the Sheriff would be obligated and is equivalent to the annual required contribution less retiree claims and HIS to be paid by the Sheriff.

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

	Fiscal Year Ended September 30, 2014
(1) Normal cost	\$ 1,955,521
(2) Amortization of unfunded accrued liability	2,112,231
(3) Interest	183,049
(4) Annual required contribution	<u>4,250,801</u>
(5) Interest on net OPEB obligation (asset)	162,938
(6) Amortization of net OPEB obligation	<u>(138,273)</u>
(7) Total expense or annual OPEB cost	4,275,466
(8) Actual credit (contribution) toward OPEB cost	<u>(3,362,248)</u>
(9) Change in net OPEB obligation	913,218
(10) Net OPEB obligation, beginning of year	3,620,853
(11) Net OPEB obligation, end of year	<u><u>\$ 4,534,071</u></u>

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

Annual OPEB Cost and Net OPEB Obligation (continued) – The Sheriff's annual OPEB cost, OPEB contributions net of amounts received from retirees, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Net Contribution	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2014	\$ 4,275,466	\$ 3,362,248	78.6%	\$ 4,534,071
September 30, 2013	4,072,118	3,100,236	76.1%	3,620,853
September 30, 2012	2,746,411	2,222,941	80.9%	2,648,971

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

Funding Policy, Status and Progress – For the Other Postemployment Benefits Plan (Plan), contribution requirements of the Sheriff are established and may be amended through recommendations of the Sheriff. Under GASB Statement No. 45, in order for OPEB obligations to be considered funded an irrevocable trust fund must be used. Since that would be considered very restrictive, the Sheriff has not advanced-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. For the 2013-14 fiscal year, the Sheriff provided contributions of \$3,362,248 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance,) retention costs, and HIS payments (net of retiree contributions) totaling \$3,404,000. Required contributions are based on a projected pay-as-you-go financing.

The following table shows the funding progress as of September 30, 2014 and the two preceding years:

	Actuarial Valuation Date		
	September 30, 2014	September 30, 2013	September 30, 2012
Actuarial value of assets	\$ -	\$ -	\$ -
Actuarial accrued liability	\$ 48,285,596	\$ 48,003,037	\$ 30,052,448
Unfunded actuarial accrued liability	\$ 48,285,596	\$ 48,003,037	\$ 30,052,448
Funded ratio	0.0%	0.0%	0.0%
Covered payroll	\$ 205,056,695	\$ 207,854,882	\$ 204,302,092
Unfunded actuarial accrued liability as a percentage of covered payroll	23.5%	23.1%	14.7%

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

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

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

The entry age actuarial cost method was used to estimate the unfunded actuarial liability and to determine the annual required contribution. Other actuarial assumptions included a 4.5% investment rate of return, a 4.5% discount rate, a 2.5% inflation rate, an initial pre-Medicare annual healthcare cost trend rate of 8.0%, and an initial post-Medicare annual healthcare cost trend rate of 6.75% grading to an ultimate rate of 5.0% for fiscal year ended September 30, 2023. The Sheriff's unfunded actuarial accrued liability is being amortized on a closed-basis over 30 years as a level percentage of projected payroll assumed to grow 3.5% per year.

The Sheriff has made total contributions to the County's Self-Insurance Internal Service Fund for OPEB in the amount of \$4,534,071 for the year ended September 30, 2014. However, the amount considered to be "funded" was zero (\$0) since these funds have not been placed in an irrevocable trust fund. Refer to the Hillsborough County, Florida CAFR for the year ended September 30, 2014 for more detailed information on the funding status for the County as a whole.

REQUIRED SUPPLEMENTARY INFORMATION

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (BUDGETARY BASIS)**

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 376,573,523	\$ 376,693,521	\$ 376,693,521	\$ -
Charges for services	-	-	1,122,401	1,122,401
Interest earnings	-	-	103,164	103,164
Miscellaneous income	-	-	494,062	494,062
Total revenues	<u>376,573,523</u>	<u>376,693,521</u>	<u>378,413,148</u>	<u>1,719,627</u>
Expenditures:				
Current:				
General government:				
Personal services	14,651,424	14,606,424	13,649,618	956,806
Operating	324,906	364,906	283,146	81,760
Capital outlay	-	5,000	1,863	3,137
Total general government	<u>14,976,330</u>	<u>14,976,330</u>	<u>13,934,627</u>	<u>1,041,703</u>
Public safety:				
Personal services	283,369,248	278,684,246	263,508,789	15,175,457
Operating	66,515,231	66,015,231	56,985,932	9,029,299
Capital outlay	11,712,714	17,017,714	11,861,169	5,156,545
Total public safety	<u>361,597,193</u>	<u>361,717,191</u>	<u>332,355,890</u>	<u>29,361,301</u>
Total expenditures	<u>376,573,523</u>	<u>376,693,521</u>	<u>346,290,517</u>	<u>30,403,004</u>
Excess of revenues over expenditures	-	-	32,122,631	32,122,631
Other financing sources (uses):				
Distribution of excess revenues to the Board of County Commissioners	-	-	(32,647,292)	(32,647,292)
Proceeds from sale of capital assets	-	-	524,661	524,661
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(32,122,631)</u>	<u>(32,122,631)</u>
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

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

YEAR ENDED SEPTEMBER 30, 2014

Note 1—Budgetary process and requirement

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

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

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

Note 2—Budgetary information

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

	<u>Budgetary</u> Basis	<u>Reclassifications</u>	<u>GAAP</u> Basis
General fund			
Revenues:			
Charges for services	\$ 1,122,401	\$ 2,296,374	\$ 3,418,775
Operating grants	-	2,190,063	2,190,063
Miscellaneous income	494,062	312	494,374
Expenditures:			
Public Safety:			
Personal services	263,508,789	2,080,135	265,588,924
Operating	56,985,932	728,965	57,714,897
Capital outlay	11,861,169	1,348,393	13,209,562
Other financing sources (uses):			
Distribution of excess revenues to the Board of County Commissioners	(32,647,292)	(216,335)	(32,863,627)
Proceeds from the sale of capital assets	524,661	20,076	544,737

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

OTHER FINANCIAL INFORMATION

HILLSBOROUGH COUNTY, FLORIDA
SHERIFF
FUND DESCRIPTIONS

SEPTEMBER 30, 2014

Non-Major Special Revenue Funds

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

Child Protective Investigations Fund – accounts for child protective investigations' operations.

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

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

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

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

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

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

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

SEPTEMBER 30, 2014

	Canteen Fund	Child Protective Investigations Fund	Communications 911 Fund
ASSETS			
Cash and cash equivalents	\$ 4,524,415	\$ 2,666,166	\$ 44,586
Accounts receivable	659,482	-	-
Due from other governmental agencies	-	-	-
Total assets	<u>\$ 5,183,897</u>	<u>\$ 2,666,166</u>	<u>\$ 44,586</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 248,563	\$ 38,101	\$ 2,944
Due to other governmental entities	-	143,339	-
Due to the Board of County Commissioners	-	-	-
Total liabilities	<u>248,563</u>	<u>181,440</u>	<u>2,944</u>
Fund balances:			
Restricted for:			
Canteen	4,935,334	-	-
Child protective investigations	-	2,484,726	-
Communications 911	-	-	41,642
Total fund balances	<u>4,935,334</u>	<u>2,484,726</u>	<u>41,642</u>
Total liabilities and fund balances	<u>\$ 5,183,897</u>	<u>\$ 2,666,166</u>	<u>\$ 44,586</u>

(Continued)

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING BALANCE SHEET – NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)***SEPTEMBER 30, 2014*

	Special Use Fund	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 916,984	\$ 8,152,151
Accounts receivable	-	659,482
Due from other governmental agencies	20,193	20,193
Total assets	<u>\$ 937,177</u>	<u>\$ 8,831,826</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 89,942	\$ 379,550
Due to other governmental entities	-	143,339
Due to the Board of County Commissioners	847,235	847,235
Total liabilities	<u>937,177</u>	<u>1,370,124</u>
Fund balances:		
Restricted for:		
Canteen	-	4,935,334
Child protective investigations	-	2,484,726
Communications 911	-	41,642
Total fund balances	<u>-</u>	<u>7,461,702</u>
Total liabilities and fund balances	<u>\$ 937,177</u>	<u>\$ 8,831,826</u>

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS***YEAR ENDED SEPTEMBER 30, 2014*

	<u>Canteen Fund</u>	<u>Child Protective Investigations Fund</u>	<u>Communications 911 Fund</u>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	2,554,648	8,535,165	-
Operating grants	-	5,321,105	516,600
Interest earnings	5,078	1,742	-
Miscellaneous income	1,989	35,011	313
Fines and forfeitures	-	-	-
Total revenues	<u>2,561,715</u>	<u>13,893,023</u>	<u>516,913</u>
Expenditures:			
Public safety:			
Personal services	1,176,862	10,363,005	489,060
Operating	79,398	1,975,296	24,663
Capital outlay	2,920	258,170	-
Total expenditures	<u>1,259,180</u>	<u>12,596,471</u>	<u>513,723</u>
Excess of revenues over expenditures	<u>1,302,535</u>	<u>1,296,552</u>	<u>3,190</u>
Other financing sources (uses):			
Distribution of excess revenues to the Board of County Commissioners	-	-	-
Proceeds from the sale of capital assets	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	1,302,535	1,296,552	3,190
Fund balance, beginning of year	<u>3,632,799</u>	<u>1,188,174</u>	<u>38,452</u>
Fund balance, end of year	<u>\$ 4,935,334</u>	<u>\$ 2,484,726</u>	<u>\$ 41,642</u>

(Continued)

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

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

YEAR ENDED SEPTEMBER 30, 2014

	Special Use Fund	9/11 Memorial Fund	Underage Drinking Prevention Fund	Total
Revenues:				
Intergovernmental	\$ 2,987,837	\$ -	\$ -	\$ 2,987,837
Charges for services	55,043	-	-	11,144,856
Operating grants	-	-	-	5,837,705
Interest earnings	-	-	-	6,820
Miscellaneous income	54,123	-	-	91,436
Fines and forfeitures	468,815	-	-	468,815
Total revenues	<u>3,565,818</u>	<u>-</u>	<u>-</u>	<u>20,537,469</u>
Expenditures:				
Public safety:				
Personal services	1,124,980	-	5,272	13,159,179
Operating	1,013,396	-	-	3,092,753
Capital outlay	22,810	246,000	-	529,900
Total expenditures	<u>2,161,186</u>	<u>246,000</u>	<u>5,272</u>	<u>16,781,832</u>
Excess of revenues over expenditures	<u>1,404,632</u>	<u>(246,000)</u>	<u>(5,272)</u>	<u>3,755,637</u>
Other financing sources (uses):				
Distribution of excess revenues to				
the Board of County Commissioners	(1,440,737)	-	-	(1,440,737)
Proceeds from the sale of capital assets	36,105	-	-	36,105
Total other financing sources (uses)	<u>(1,404,632)</u>	<u>-</u>	<u>-</u>	<u>(1,404,632)</u>
Net change in fund balances	-	(246,000)	(5,272)	2,351,005
Fund balance, beginning of year	-	246,000	5,272	5,110,697
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,461,702</u>

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

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

YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,987,837	\$ 2,987,837	\$ 2,987,837	\$ -
Charges for services	-	-	55,043	55,043
Miscellaneous income	-	-	54,123	54,123
Fines and forfeitures	-	-	468,815	468,815
Total revenues	<u>2,987,837</u>	<u>2,987,837</u>	<u>3,565,818</u>	<u>577,981</u>
Expenditures:				
Public safety:				
Personal services	1,131,205	1,131,205	1,124,980	6,225
Operating	1,582,632	1,582,632	1,013,396	569,236
Capital outlay	274,000	274,000	22,810	251,190
Total public safety expenditures	<u>2,987,837</u>	<u>2,987,837</u>	<u>2,161,186</u>	<u>826,651</u>
Excess of revenues over expenditures	-	-	1,404,632	1,404,632
Other financing sources (uses):				
Distribution of excess revenues to the Board of County Commissioners	-	-	(1,440,737)	(1,440,737)
Proceeds from the sale of capital assets	-	-	36,105	36,105
Total other financing sources (uses)	-	-	<u>(1,404,632)</u>	<u>(1,404,632)</u>
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS***SEPTEMBER 30, 2014*

	Legal Liability Fund	Medical Plan Fund	Workers' Compensation Fund	Total Internal Service Funds
Assets				
Cash and cash equivalents	\$ 2,062,909	\$ 11,481,679	\$ 8,375,080	\$ 21,919,668
Accounts receivables	70,390	-	139,809	210,199
Total assets	<u>2,133,299</u>	<u>11,481,679</u>	<u>8,514,889</u>	<u>22,129,867</u>
Liabilities				
Accounts payable	-	17,288	-	17,288
Claims payable	2,133,299	4,817,000	8,514,889	15,465,188
Due to the Board of County Commissioners	-	6,647,391	-	6,647,391
Total liabilities	<u>2,133,299</u>	<u>11,481,679</u>	<u>8,514,889</u>	<u>22,129,867</u>
Net position				
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS**

YEAR ENDED SEPTEMBER 30, 2014

	Legal Liability Fund	Medical Plan Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating revenues:				
Charges for services	\$ 690,041	\$ 42,447,200	\$ 4,673,737	\$ 47,810,978
Miscellaneous income	85,465	-	-	85,465
Total operating revenues	<u>775,506</u>	<u>42,447,200</u>	<u>4,673,737</u>	<u>47,896,443</u>
Operating expenses:				
Claims expense	774,631	33,514,543	4,256,184	38,545,358
General and administrative	2,237	2,285,266	421,963	2,709,466
Total operating expenses	<u>776,868</u>	<u>35,799,809</u>	<u>4,678,147</u>	<u>41,254,824</u>
Operating income (loss)	<u>(1,362)</u>	<u>6,647,391</u>	<u>(4,410)</u>	<u>6,641,619</u>
Nonoperating revenue:				
Interest earnings	1,362	-	4,410	5,772
Total nonoperating revenues	<u>1,362</u>	<u>-</u>	<u>4,410</u>	<u>5,772</u>
Changes in net position before transfers	-	6,647,391	-	6,647,391
Transfer-out to the Board of County Commissioners	-	(6,647,391)	-	(6,647,391)
Changes in net position	-	-	-	-
Net position, beginning of year	-	-	-	-
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Legal Liability Fund	Medical Plan Fund	Workers' Compensation Fund	Total Internal Service Funds
Cash flows from operating activities:				
Cash received from other funds for goods and services	\$ 690,041	\$ 42,447,200	\$ 4,673,737	\$ 47,810,978
Cash received from others	116,018	-	1,128,117	1,244,135
Cash payments for claims	(828,898)	(33,572,543)	(4,748,452)	(39,149,893)
Cash payments to vendors for goods and services	(2,237)	(2,403,040)	(480,991)	(2,886,268)
Net cash provided (used) by operating activities:	<u>(25,076)</u>	<u>6,471,617</u>	<u>572,411</u>	<u>7,018,952</u>
Cash flows from investing activities:				
Interest earnings	1,362	-	4,410	5,772
Net cash provided by investing activities	<u>1,362</u>	<u>-</u>	<u>4,410</u>	<u>5,772</u>
Cash flows from noncapital financing activities:				
Transfer-out to the Board of County	-	(1,757,554)	-	(1,757,554)
Net cash used by noncapital financing activities	<u>-</u>	<u>(1,757,554)</u>	<u>-</u>	<u>(1,757,554)</u>
Net change in cash and cash equivalents	(23,714)	4,714,063	576,821	5,267,170
Cash and cash equivalents, beginning of year	2,086,623	6,767,616	7,798,259	16,652,498
Cash and cash equivalents, end of year	<u>\$ 2,062,909</u>	<u>\$ 11,481,679</u>	<u>\$ 8,375,080</u>	<u>\$ 21,919,668</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,362)	\$ 6,647,391	\$ (4,410)	\$ 6,641,619
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Increase (decrease) in cash resulting from changes in:				
Accounts receivable	30,553	-	(28,031)	2,522
Accounts payable	-	(117,774)	(59,028)	(176,802)
Claims payable	(54,267)	(58,000)	663,880	551,613
Net cash provided (used) by operating activities:	<u>\$ (25,076)</u>	<u>\$ 6,471,617</u>	<u>\$ 572,411</u>	<u>\$ 7,018,952</u>

HILLSBOROUGH COUNTY, FLORIDA

SHERIFF

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

YEAR ENDED SEPTEMBER 30, 2014

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014
Cash Bond Fund				
Assets:				
Cash and cash equivalents	\$ 1,866,769	\$ 2,844,521	\$ (2,584,318)	\$ 2,126,972
Total assets	<u>\$ 1,866,769</u>	<u>\$ 2,844,521</u>	<u>\$ (2,584,318)</u>	<u>\$ 2,126,972</u>
Liabilities:				
Deposits	\$ 1,866,769	\$ 2,906,975	\$ (2,646,772)	\$ 2,126,972
Total liabilities	<u>\$ 1,866,769</u>	<u>\$ 2,906,975</u>	<u>\$ (2,646,772)</u>	<u>\$ 2,126,972</u>
Flexible Spending Accounts Fund				
Assets:				
Cash and cash equivalents	\$ 184,293	\$ 2,405,121	\$ (2,372,489)	\$ 216,925
Accounts receivable	1,863	-	(1,863)	-
Total assets	<u>\$ 186,156</u>	<u>\$ 2,405,121</u>	<u>\$ (2,374,352)</u>	<u>\$ 216,925</u>
Liabilities:				
Accounts payable	\$ -	\$ 799,221	\$ (799,221)	\$ -
Deposits	186,156	857,327	(826,558)	216,925
Total liabilities	<u>\$ 186,156</u>	<u>\$ 1,656,548</u>	<u>\$ (1,625,779)</u>	<u>\$ 216,925</u>
Inmate Accounts Fund				
Assets:				
Cash and cash equivalents	\$ 7,222	\$ 6,872,875	\$ (6,869,343)	\$ 10,754
Accounts receivable	43,456	3,487,753	(3,486,916)	44,293
Due from other governmental entities	102	-	(102)	-
Total assets	<u>\$ 50,780</u>	<u>\$ 10,360,628</u>	<u>\$ (10,356,361)</u>	<u>\$ 55,047</u>
Liabilities:				
Accounts payable	\$ -	\$ 4,078	\$ (4,078)	\$ -
Deposits	50,780	3,716,463	(3,712,196)	55,047
Total liabilities	<u>\$ 50,780</u>	<u>\$ 3,720,541</u>	<u>\$ (3,716,274)</u>	<u>\$ 55,047</u>

(Continued)

HILLSBOROUGH COUNTY, FLORIDA**SHERIFF****COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES –
AGENCY FUNDS (CONTINUED)**

YEAR ENDED SEPTEMBER 30, 2014

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014
Trust Fund				
Assets:				
Cash and cash equivalents	\$ 198,578	\$ 4,753,309	\$ (4,615,231)	\$ 336,656
Accounts receivable	663	533	(1,196)	-
Due from other governmental entities	12,284	242,970	(232,429)	22,825
Total assets	<u>\$ 211,525</u>	<u>\$ 4,996,812</u>	<u>\$ (4,848,856)</u>	<u>\$ 359,481</u>
Liabilities:				
Accounts payable	\$ -	\$ 416,725	\$ (416,725)	\$ -
Due to other funds	-	2,818,133	(2,818,133)	-
Due to the Board of County Commissioners	-	2,443,240	(2,443,240)	-
Deposits	211,525	1,615,866	(1,467,910)	359,481
Total liabilities	<u>\$ 211,525</u>	<u>\$ 7,293,964</u>	<u>\$ (7,146,008)</u>	<u>\$ 359,481</u>
Total Agency Funds				
Assets:				
Cash and cash equivalents	\$ 2,256,862	\$ 16,875,826	\$ (16,441,381)	\$ 2,691,307
Accounts receivable	45,982	3,488,286	(3,489,975)	44,293
Due from other governmental entities	12,386	242,970	(232,531)	22,825
Total assets	<u>\$ 2,315,230</u>	<u>\$ 20,607,082</u>	<u>\$ (20,163,887)</u>	<u>\$ 2,758,425</u>
Liabilities:				
Accounts payable	\$ -	\$ 1,220,024	\$ (1,220,024)	\$ -
Due to other funds	-	2,818,133	(2,818,133)	-
Due to the Board of County Commissioners	-	2,443,240	(2,443,240)	-
Deposits	2,315,230	9,096,631	(8,653,436)	2,758,425
Total liabilities	<u>\$ 2,315,230</u>	<u>\$ 15,578,028</u>	<u>\$ (15,134,833)</u>	<u>\$ 2,758,425</u>

SUPPLEMENTARY REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund and the aggregate remaining fund information of the Hillsborough County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2014, for the purpose of compliance with Section 218.39(2), *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sheriff's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Tampa, Florida
December 15, 2014

Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the Hillsborough County, Florida Sheriff (the "Sheriff"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated December 15, 2014.

Auditor's Responsibility

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

Other Reports

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Report of Independent Accountant on an Examination Conducted in Accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated December 15, 2014, 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 is a separately elected county official established pursuant to the Constitution of the State of Florida. There are no component units related to the Sheriff.

Other Matters

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Cherry Bekant LLP

Tampa, Florida
December 15, 2014

**Report of Independent Accountant on an Examination Conducted in
Accordance with AICPA Professional Standards, Section 601**

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

Report on Compliance

We have examined the Hillsborough County, Florida Sheriff's (the "Sheriff") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2014. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Scope

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

Opinion

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.



Tampa, Florida
December 15, 2014