

Special-Purpose Financial Statements

Sheriff
Leon County, Florida

*Year Ended September 30, 2013
with Independent Auditors' Report*

Thomas Howell Ferguson P.A.
and
Law, Redd, Crona & Munroe, P.A.

Sheriff
Leon County, Florida
Special-Purpose Financial Statements
Year Ended September 30, 2013

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INDEPENDENT AUDITORS' REPORT

To The Honorable Sheriff
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental funds and fiduciary funds of the Sheriff of Leon County, Florida (Sheriff), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Sheriff's special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management of the Sheriff is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with Section 218.39(2), *Florida Statutes*, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each of the major funds and the agency funds of the Sheriff of Leon County, Florida, as of September 30, 2013, the changes in financial position of each of the major funds, and the respective budgetary comparison statements for the general fund, the emergency management 911 fees fund and the emergency management grants fund for the year then ended in accordance with Section 218.39(2), *Florida Statutes*, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits* described in Note 1.

Other Matters

Basis of Accounting

Special-Purpose Financial Statements

We draw attention to Note 1 of the special-purpose financial statements, which describes the basis of accounting. As described in Note 1 to the special-purpose financial statements, the special-purpose financial statements are prepared by the Sheriff on the basis of financial reporting provisions of Section 218.39(2), *Florida Statutes*, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Sheriff
Leon County, Florida
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Restriction on Use

Our report is intended solely for the information and use of the Sheriff of Leon County, Florida, and the State of Florida, Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 11, 2014



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Sheriff
Leon County, Florida
Balance Sheet
Governmental Funds

September 30, 2013

	<u>General Fund</u>	<u>Special Grants Fund</u>	<u>Emergency Management 911 Fees Fund</u>
Assets			
Cash	\$ 3,578,628	\$ 59,892	\$ 140,618
Investments	1,241,374	0	0
Accounts receivable	27,150	0	0
Due from other funds	322,541	0	0
Due from other county units	51,274	34,803	0
Due from other governments	131,677	721,819	0
Inventories	275,326	401	0
Prepays	0	424	28,376
Total assets	<u>\$ 5,627,970</u>	<u>\$ 817,339</u>	<u>\$ 168,994</u>
Liabilities and fund balance			
Liabilities:			
Accounts payable	\$ 1,706,924	\$ 85,694	\$ 65,601
Accrued liabilities	2,547,709	19	0
Deferred revenue	0	139,481	0
Due to other funds	0	192,844	85,744
Due to other county units	1,006,616	0	17,649
Due to other governments	366,721	0	0
Total liabilities	<u>5,627,970</u>	<u>418,038</u>	<u>168,994</u>
Fund balance:			
Nonspendable	275,326	825	28,376
Restricted	0	186,921	0
Assigned	0	211,555	0
Unassigned	<u>(275,326)</u>	<u>0</u>	<u>(28,376)</u>
Total fund balance	<u>0</u>	<u>399,301</u>	<u>0</u>
Total liabilities and fund balance	<u>\$ 5,627,970</u>	<u>\$ 817,339</u>	<u>\$ 168,994</u>

The accompanying notes are an integral part of these special-purpose financial statements.

<u>Inmate Welfare Fund</u>	<u>Emergency Management Grants Fund</u>	<u>Total Governmental Funds</u>
\$ 349,323	\$ 26,201	\$ 4,154,662
0	0	1,241,374
83,496	0	110,646
7,772	30,966	361,279
0	0	86,077
0	1	853,497
571	0	276,298
0	0	28,800
<u>\$ 441,162</u>	<u>\$ 57,168</u>	<u>\$ 7,112,633</u>

\$ 18,757	\$ 1,850	\$ 1,878,826
0	0	2,547,728
0	0	139,481
44,210	29,114	351,912
0	0	1,024,265
0	0	366,721
<u>62,967</u>	<u>30,964</u>	<u>6,308,933</u>

571	0	305,098
0	26,204	213,125
377,624	0	589,179
0	0	(303,702)
<u>378,195</u>	<u>26,204</u>	<u>803,700</u>

<u>\$ 441,162</u>	<u>\$ 57,168</u>	<u>\$ 7,112,633</u>
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Sheriff
Leon County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

Year Ended September 30, 2013

	<u>General Fund</u>	<u>Special Grants Fund</u>	<u>Emergency Management 911 Fees Fund</u>
Revenues			
Intergovernmental	\$ 0	\$ 1,943,776	\$ 0
Charges for services	1,554,997	180,031	0
Fines and forfeitures	0	207,822	0
Miscellaneous	181,323	35,327	0
Total revenues	<u>1,736,320</u>	<u>2,366,956</u>	<u>0</u>
Expenditures			
Current:			
Judicial:			
Personal services	3,088,224	0	0
Operating	115,799	0	0
Total judicial	<u>3,204,023</u>	<u>0</u>	<u>0</u>
Public Safety:			
Personal services	43,534,307	300,821	284,639
Operating	12,572,660	319,516	600,030
Capital outlay	1,198,197	1,176,039	178,118
Total public safety	<u>57,305,164</u>	<u>1,796,376</u>	<u>1,062,787</u>
Intergovernmental	1,529,334	902,953	0
Total expenditures	<u>62,038,521</u>	<u>2,699,329</u>	<u>1,062,787</u>
Excess of revenues over (under) expenditures	<u>(60,302,201)</u>	<u>(332,373)</u>	<u>(1,062,787)</u>
Other financing sources (uses)			
Transfers in	61,282,990	0	1,080,436
Transfers out	(980,789)	0	(17,649)
Total other financing sources (uses)	<u>60,302,201</u>	<u>0</u>	<u>1,062,787</u>
Net change in fund balance	0	(332,373)	0
Fund balance at beginning of year	0	731,674	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 399,301</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Inmate Welfare Fund	Emergency Management Grants Fund	Total Governmental Funds
\$ 0	\$ 131,925	\$ 2,075,701
1,067,899	0	2,802,927
0	0	207,822
4,702	0	221,352
<u>1,072,601</u>	<u>131,925</u>	<u>5,307,802</u>
0	0	3,088,224
0	0	115,799
<u>0</u>	<u>0</u>	<u>3,204,023</u>
315,806	177,323	44,612,896
617,148	89,700	14,199,054
24,673	11,812	2,588,839
<u>957,627</u>	<u>278,835</u>	<u>61,400,789</u>
<u>0</u>	<u>0</u>	<u>2,432,287</u>
<u>957,627</u>	<u>278,835</u>	<u>67,037,099</u>
<u>114,974</u>	<u>(146,910)</u>	<u>(61,729,297)</u>
0	121,155	62,484,581
0	0	(998,438)
<u>0</u>	<u>121,155</u>	<u>61,486,143</u>
114,974	(25,755)	(243,154)
263,221	51,959	1,046,854
<u>\$ 378,195</u>	<u>\$ 26,204</u>	<u>\$ 803,700</u>

Sheriff
Leon County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
General Fund

Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>(Budgetary Basis - Note 1) Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 1,149,460	\$ 1,149,460	\$ 1,155,055	\$ 5,595
Total revenues	<u>1,149,460</u>	<u>1,149,460</u>	<u>1,155,055</u>	<u>5,595</u>
Expenditures				
Current:				
Judicial:				
Personal services	3,063,690	3,063,690	3,088,224	(24,534)
Operating	<u>154,188</u>	<u>154,188</u>	<u>115,799</u>	<u>38,389</u>
Total judicial	<u>3,217,878</u>	<u>3,217,878</u>	<u>3,204,023</u>	<u>13,855</u>
Public Safety:				
Personal services	44,202,334	43,227,934	43,138,791	89,143
Operating	14,186,498	14,829,942	12,557,870	2,272,072
Capital outlay	<u>825,740</u>	<u>1,156,696</u>	<u>1,027,238</u>	<u>129,458</u>
Total public safety	<u>59,214,572</u>	<u>59,214,572</u>	<u>56,723,899</u>	<u>2,490,673</u>
Intergovernmental	<u>0</u>	<u>0</u>	<u>1,529,334</u>	<u>(1,529,334)</u>
Total expenditures	<u>62,432,450</u>	<u>62,432,450</u>	<u>61,457,256</u>	<u>975,194</u>
Excess of revenues over (under) expenditures	<u>(61,282,990)</u>	<u>(61,282,990)</u>	<u>(60,302,201)</u>	<u>980,789</u>
Other financing sources (uses)				
Transfers in	61,282,990	61,282,990	61,282,990	0
Transfers out	<u>0</u>	<u>0</u>	<u>(980,789)</u>	<u>(980,789)</u>
Total other financing sources (uses)	<u>61,282,990</u>	<u>61,282,990</u>	<u>60,302,201</u>	<u>(980,789)</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of these special-purpose financial statements.

Sheriff
Leon County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Emergency Management 911 Fees Fund

Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 0	\$ 0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Current:				
Public Safety:				
Personal services	291,331	291,331	284,639	6,692
Operating	789,105	658,474	600,030	58,444
Capital outlay	0	130,631	178,118	(47,487)
Total public safety	<u>1,080,436</u>	<u>1,080,436</u>	<u>1,062,787</u>	<u>17,649</u>
Total expenditures	<u>1,080,436</u>	<u>1,080,436</u>	<u>1,062,787</u>	<u>17,649</u>
Excess of revenues over (under) expenditures	<u>(1,080,436)</u>	<u>(1,080,436)</u>	<u>(1,062,787)</u>	<u>17,649</u>
Other financing sources (uses)				
Transfers in	1,080,436	1,080,436	1,080,436	0
Transfers out	0	0	(17,649)	(17,649)
Total other financing sources (uses)	<u>1,080,436</u>	<u>1,080,436</u>	<u>1,062,787</u>	<u>(17,649)</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Sheriff
 Leon County, Florida
 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
 Emergency Management Grants Fund

Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 131,925	\$ 319,059	\$ 131,925	\$ (187,134)
Total revenues	<u>131,925</u>	<u>319,059</u>	<u>131,925</u>	<u>(187,134)</u>
Expenditures				
Current:				
Public Safety:				
Personal services	231,540	370,187	177,323	192,864
Operating	43,210	168,867	89,700	79,167
Capital outlay	0	43,985	11,812	32,173
Total public safety	<u>274,750</u>	<u>583,039</u>	<u>278,835</u>	<u>304,204</u>
Total expenditures	<u>274,750</u>	<u>583,039</u>	<u>278,835</u>	<u>304,204</u>
Excess of revenues over (under) expenditures	<u>(142,825)</u>	<u>(263,980)</u>	<u>(146,910)</u>	<u>117,070</u>
Other financing sources (uses)				
Transfers in	90,866	212,021	121,155	(90,866)
Total other financing sources (uses)	<u>90,866</u>	<u>212,021</u>	<u>121,155</u>	<u>(90,866)</u>
Net change in fund balance	(51,959)	(51,959)	(25,755)	26,204
Fund balance at beginning of year	<u>51,959</u>	<u>51,959</u>	<u>51,959</u>	<u>0</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,204</u>	<u>\$ 26,204</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Sheriff
Leon County, Florida
Statement of Fiduciary Assets and Liabilities -
Agency Funds

September 30, 2013

Assets

Cash	\$ 479,401
Accounts receivable	1,014
Due from other funds	<u>33,947</u>
Total assets	<u>\$ 514,362</u>

Liabilities

Accounts payable	\$ 94,468
Due to other funds	43,314
Due to other county units	63,214
Due to other governments	8,084
Deposits	<u>305,282</u>
Total liabilities	<u>\$ 514,362</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Sheriff operates as a County agency and an elected Constitutional Officer of Leon County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Sheriff is a separate constitutional officer as provided by Chapter 218, *Florida Statutes*. Leon County is a charter county, which allows for the same powers and duties as provided by the *Constitution of the State of Florida* and *Florida Statutes*. However, in certain instances, the charter either alters or expands the powers of the elected officials via voter referendum. The Sheriff is considered to be a part of the primary government of Leon County, Florida, and is included in the Leon County government-wide annual financial statements. The financial statements contained herein represent the financial transactions of the Sheriff only.

The accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

Description of Funds

The financial activities of the Sheriff are recorded in separate funds, which are categorized and described as follows:

Governmental Fund Types

- *General Fund* — The General Fund is the general operating fund of the Sheriff. This fund is used to account for all financial transactions not required to be accounted for in another fund.
- *Special Grants Fund* — To account for various law enforcement grants and the proceeds of specific revenue sources that are legally restricted to expenditures for specific law enforcement purposes.
- *Emergency Management 911 Fees Fund* — To account for operations related to the 911 fees imposed and collected from local telephone exchange customers. Expenditures are restricted to the establishment and maintenance of an emergency telephone number “911” system.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

Description of Funds (continued)

- *Inmate Welfare Fund* — To account for the operations related to various rehabilitative programs and other expenditures related to inmate welfare.
- *Emergency Management Grants Fund* — To account for grant funds restricted to expenditures for emergency management operations.

Fiduciary Fund Types

- *Agency Funds* — These funds are used to account for assets held by the Sheriff as an agent, including prisoner housing, work release and warrant fees which are remitted to other governmental agencies, restitution, forfeitures and other collections which are remitted to third parties, employee contributions to be used for designated purposes and prisoner deposits which are expended on their personal effects. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

Basis of accounting refers to the method by which revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Governmental Funds and Agency Funds are maintained on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they are received in cash or when they are considered both measurable and available and as such, are susceptible to accrual. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources.

The Sheriff considers receivables collected within 30 days after year end to be available and susceptible to accrual as revenues of the current year. There are essentially two types of revenue when applying the “susceptible to accrual” concept to intergovernmental revenues. Primarily all grant revenues are recognized on the basis of expenditures incurred for the specific purpose or project. Other revenues are generally unrestricted and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if measurable and available to finance expenditures of the current period. The following major revenues are considered susceptible to accrual: charges for services, intergovernmental revenues, grant revenues expended on a cost reimbursement basis, and interest earned.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

Section 30.49, *Florida Statutes*, governs the preparation, adoption and administration of the Sheriff's annual budget. Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed total budgeted expenditures at the fund level. Annual budgets are adopted for all governmental funds except the Special Grants fund, which adopts project-specific budgets, and the Inmate Welfare fund, which is not budgeted. The Sheriff's budget is prepared on a basis of accounting that differs from accounting principles generally accepted in the United States of America (GAAP). The difference between the budgetary basis of accounting and GAAP is that certain expenditures for security-related services that are reimbursed by other entities and the associated revenues are not included in the annual budget (see Note 8). Appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, reflect all approved amendments.

Investments

Investments in external pools that follow SEC Rule 2a-7 regulations are reported at amortized cost, which approximates fair value.

Inventories

Inventories consist of supplies and are stated at the lower of cost or market, determined on a first-in, first-out basis. The consumption method is used for all funds whereby the cost is recorded as an expenditure at the time of issuance to the user department.

Capital Assets

The Sheriff is accountable for and thus maintains capital asset records pertaining to the equipment used in his operations. Real property used by the Sheriff is accounted for by the Board of County Commissioners (Board), as the Board holds legal title and is accountable for such assets under Florida law.

Capital assets purchased in the governmental fund types costing \$1,000 or more and having a useful life in excess of one year are recorded as capital outlay expenditures at the time of purchase. The tangible personal property used by the Sheriff is reported as capital assets, at cost, in the Statement of Net Position in the government-wide financial statements of Leon County, Florida. Donated and confiscated capital assets are recorded in the County's Statement of Net Position at fair value at the time received. Capital assets are depreciated using the straight-line method over 5 to 20 years. Depreciation expense is recorded in the Statement of Activities in the government-wide financial statements of Leon County, Florida.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences

Permanent full-time employees receive annual vacation and sick leave and compensatory leave based on policies determined by the Sheriff.

- a. Annual leave is earned biweekly as follows:

<u>Years of Service</u>	<u>Hours</u>
First 5	3.75
5-10	4.75
10-15	5.75
15-20	6.50
20 or more	7.50

Accumulated annual leave balances shall be limited based on years of service as follows:

<u>Years of Service</u>	<u>Hours</u>
First 10	240
10-20	360
20 or more	500

An employee's total annual leave may exceed the annual limit during a calendar year, but will be reduced to the above limited hours on the first pay period for the following year if not taken by the employee prior to that date. Employees who have reached permanent status and who separate in good standing shall be paid for the accrued time at their current rate of pay, not to exceed the limitations noted above.

- b. Each employee earns 3.75 hours of sick leave biweekly that may be accumulated without limits. Accrued sick leave is paid out upon separation of service, based on the following percentages:

First 5 Years of Service	0%
5-20 Years of Service	25%
20 or More Years of Service	50%
Death of Employee	75%
Death (in the line of duty)	100%

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

Liability for Compensated Absences (continued)

- c. An employee may also accumulate up to 240 hours of compensatory leave in addition to earned annual and sick leave. Any employee who terminates shall be paid for all accrued compensatory leave at their current rate of pay.

The Sheriff uses the vesting method to calculate the liability for compensated absences. The Sheriff does not, nor is he legally required to, accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the Sheriff's General Fund, but is included in the Statement of Net Position in the government-wide financial statements of Leon County, Florida.

Other Postemployment Benefits

The Sheriff through Leon County offers retiree medical insurance benefits for qualifying Sheriff employees that have retired from a Florida Retirement System (FRS) pension plan.

Transfers In and Out

The Board funds the majority of the operating budget of the Sheriff. The payments by the Board to fund the operations of the Sheriff are recorded as transfers in on the financial statements of the Sheriff. In accordance with *Florida Statutes*, the Sheriff distributes all general fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year. These excess fees are reported as a liability and as operating transfers out to the Board on the financial statements of the Sheriff.

Common Expenses

Certain expenses for occupancy costs, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Sheriff.

Fund Balances

Fund Balance is the difference between assets and liabilities on the governmental fund statements.

In order to implement GASB 54, a County financial policy was written to define the different fund balance classifications for governmental funds and the order that the resources are used. There are five classifications of fund balance for governmental funds.

Nonspendable Fund Balance - Balances are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

Restricted Fund Balance - Balances are comprised of funds that have legally enforceable constraints placed on their use or have externally imposed restrictions by resource providers, creditors, grantors, contributors, voters, inter-local agreements, or enabling legislation.

Committed Fund Balance - Balances are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action such as ordinances, resolutions or legislation of Leon County, and that remain binding unless removed by a majority vote of the Board of County Commissioners.

Assigned Fund Balance - Balances are comprised of unrestricted funds informally constrained by a majority vote of the Board of County Commissioners, or by a designated county officer, in a manner that reflects the County's use of those resources such as appropriations of fund balance at year end or at the beginning of the new fiscal year.

Unassigned Fund Balance - Balances are comprised of the residual of the unrestricted funds in the General Fund and are not nonspendable, restricted, committed or assigned. Other fund types can only report a negative unassigned residual amount.

The County's policy is that available resources will be spent in the following order: restricted, committed, assigned and unassigned.

Note 2. Cash and Investments

As of September 30, 2013, the Sheriff had the following in cash and investments:

	<u>Carrying Amount</u>
Cash on Hand	\$ 1,176
Deposits in Qualified Public Depositories	4,632,887
Florida PRIME	78,162
Florida Safe Investment Pool	<u>1,163,212</u>
Total Cash and Investments	<u>\$ 5,875,437</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The Sheriff is authorized to invest in all state-approved investments identified in Section 218.415(17), *Florida Statutes*, which include:

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 2. Cash and Investments (continued)

Credit Risk (continued)

1. The Florida PRIME (formerly the Local Government Surplus Funds Trust Fund) administered by the State Board of Administration; or any authorized intergovernmental investment pool;
2. Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally-recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury.

The Sheriff has no investment policy that would further limit its investment choices.

The Sheriff invests in Florida PRIME, administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Throughout the year and as of September 30, 2013, Florida PRIME contained certain floating rate and adjustable rate securities that were indexed based on the prime rate and/or one and three-month LIBOR rates.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 2. Cash and Investments (continued)

Credit Risk (continued)

These floating rate and adjustable rate securities are used to hedge against interest risk and provide diversification to the portfolio. Exposure to a single issuer is limited to 5% of the portfolio's amortized cost. The current rating for the Florida PRIME is AAAM by Standard and Poors. The weighted average days to maturity of the Florida PRIME at September 30, 2013 is 44 days. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The fair value of the Sheriff's position in the pool approximates the value of the pool shares. At September 30, 2013, the Sheriff had \$78,162 invested with the Florida PRIME.

The Sheriff also invests in the Florida Surplus Asset Fund Trust (FLSAFE), a local government investment pool governed by Section 218.415, *Florida Statutes*, that provides for pooling of Florida's local government funds. FLSAFE is an external investment pool that is not a registrant with the SEC; however, the FLSAFE has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. FLSAFE is managed by Davidson Fixed Income Management, Inc. (DFIM), a registered investment advisor, and the trust's investments are held in custody by U.S. Bank. Oversight for the pool is provided by a Board of Trustees consisting of members who represent participating local government entities. The trust invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, money market funds and deposits held in qualified public depositories. The current rating for the FLSAFE is AAAM by Standard and Poors. The weighted average days to maturity of the FLSAFE at September 30, 2013, is 35 days. Investments in the FLSAFE are not evidenced by securities that exist in physical or book entry form. The fair value of the Sheriff's position in the pool approximates the value of the pool shares. At September 30, 2013, the Sheriff had \$1,163,212 invested with the FLSAFE.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the government's deposits may not be returned to it or the organization may not be able to recover the value of its investments that are in the possession of an outside party.

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, *Florida Statutes*. The collateral is held by the Florida Division of Treasury or other custodians with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Sheriff's deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2013, were \$5,284,113. The investments in the Florida PRIME and the FLSAFE Investment Pool are not classified as to custodial risk since the investments are not evidenced by securities that exist in physical or book entry form. There were no losses during the period due to default by counterparties to investment transactions.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 3. Capital Assets

As discussed in Note 1, tangible personal property used by the Sheriff in operations is reported in the government-wide financial statements of Leon County, Florida. A summary of the changes in capital assets for the year ended September 30, 2013 follows:

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>(Retirements)</u>	<u>Balance September 30, 2013</u>
Vehicles and equipment	\$ 27,816,911	\$ 2,465,910	\$ (480,653)	\$ 29,802,168

Note 4. Long-Term Liabilities

A summary of changes in the long-term liabilities of the Sheriff follows:

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>(Retirements)</u>	<u>Balance September 30, 2013</u>
Liability for compensated absences	\$ 8,519,898	\$ 3,433,316	\$ (3,339,490)	\$ 8,613,724

Of the \$8,613,724 liability for accrued compensated absences, management estimates that \$2,571,776 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Sheriff since they are not payable from available resources at September 30, 2013. As discussed in Note 1, they are reported in the Statement of Net Position as part of the government-wide financial statements of Leon County, Florida.

Note 5. Employees' Retirement Plan

All full-time and permanent part-time employees of the Sheriff are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans, including a defined benefit pension plan, which is primarily a cost-sharing multiple-employer defined benefit public employee pension plan. The defined benefit plan is administered by the State of Florida, Department of Management Services, Division of Retirement.

Information as to benefits, contribution rates and vesting requirements by membership category, is provided in the Leon County, Florida Comprehensive Annual Financial Report. Contributions and benefits are established by Section 121.71, *Florida Statutes*.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 5. Employees' Retirement Plan (continued)

Participating employer contributions are based upon actuarially determined blended rates established by the state of Florida, that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Beginning July 1, 2011, employees are required to contribute three percent of their gross compensation to the retirement plan, exclusive of participants in the Deferred Retirement Option Program.

The Board also participates in the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*. The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs. Additional information regarding benefits is provided in the government-wide financial statements of Leon County, Florida.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. As of the fiscal year ended September 30, 2013, the contribution rate was 1.20 percent of payroll pursuant to Section 112.363, *Florida Statutes*.

The contributions paid for the years ended September 30, 2013, 2012 and 2011 were \$4,411,148, \$3,893,954, and \$5,951,353, respectively, which is equal to the required contribution for each year.

The Florida Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling 850-488-5706.

Note 6. Other Postemployment Benefits

Plan Description

The Sheriff participates in an agent multiple-employer plan administered by Leon County, Florida (the County) under which qualified retired employees are permitted to participate in the health insurance benefits program (the Program). The Program is considered by the County's insurance provider to be community-rated and the Program may be amended by the County's Board of County Commissioners. A stand alone financial report is not issued for the Program.

Funding Policy

Retired employees and their spouses for their lifetime are eligible for continuation of the benefits offered to active employees and are responsible for paying the required premium contributions.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 6. Other Postemployment Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

As described in Note 1, the Sheriff is an elected Constitutional Officer of the County. The annual Other Postemployment Benefit (OPEB) obligation of Constitutional Officers is recognized in the government-wide financial statements of the County and the obligation associated with each Constitutional Officer is disclosed within the notes of their respective financial statements. The County's OPEB obligation is calculated based on the actuarially determined annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the Sheriff's share of the County's annual OPEB cost, its actual contributions and changes in the Sheriff's share of the County's net OPEB obligation:

Normal cost (service cost for one year)	\$ 138,262
Amortization of unfunded actuarial accrued liability	178,094
Interest on normal cost and amortization	<u>12,654</u>
Annual required contribution	329,010
Interest on net OPEB obligation	67,989
Adjustment to annual required contribution	<u>(94,514)</u>
Annual OPEB cost	302,485
Contributions made	<u>(15,826)</u>
Increase in net OPEB obligation	286,659
Net OPEB obligation at beginning of year	<u>1,699,717</u>
Net OPEB obligation at end of year	<u>\$ 1,986,376</u>

The Sheriff's share of the County's OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the preceding two years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2013	\$ 302,485	\$ 15,826	5.2%	\$ 1,986,376
September 30, 2012	\$ 412,455	\$ 82,701	20%	\$ 1,699,717
September 30, 2011	\$ 418,610	\$ 73,413	18%	\$ 1,369,963

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 6. Other Postemployment Benefits (continued)

Funded Status and Funding Progress

As of September 30, 2013, the Sheriff's share of the actuarial accrued liability for benefits recognized in the County's financial statements is \$3,202,790, all of which is unfunded. The Sheriff's covered payroll (annual payroll of active employees covered by the plan) was \$33,164,796. The ratio of the Sheriff's actuarial accrued liability to the Sheriff's covered payroll was 10% at September 30, 2013.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are 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 the valuation. The actuarial calculations reflect a long-term perspective and 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.

In the October 1, 2012 actuarial valuation, the projected unit credit method of funding was used. The objective under the method is to fund each participant's benefits under the plan as they would accrue, taking into consideration the plan's benefit allocation formula. Thus, the total benefit value each participant is expected to become entitled to is broken down into units, each associated with a year of past or future credited service. The actuarial assumptions included a 4% rate of return based on the estimated long term investments that are expected to be used to finance the payment of the benefits. In addition, the actuarial assumptions included a 3% salary growth rate. The unfunded actuarial liability is being amortized as a level of percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2013, was 30 years.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 7. Other Required Individual Fund Disclosures

Individual fund interfund receivable and payable balances at September 30, 2013, were:

	Receivable	Payable
General Fund	\$ 322,541	\$ 0
Special Grants Fund	0	192,844
Emergency Management 911 Fund	0	85,744
Inmate Welfare Fund	7,772	44,210
Emergency Management Grants Fund	30,966	29,114
Agency Funds	33,947	43,314
	\$ 395,226	\$ 395,226

Interfund balances in the Governmental Funds primarily represent repayments due from the funds responsible for particular expenditures to the funds that initially paid for them. Interfund balances in the Agency Funds primarily represent collections from the Inmate Fund that are to be remitted to other governmental entities. Interfund balances are due and payable within one year.

Note 8. Sheriff Reconciliation of Budget and Actual

The actual results of operations in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, are presented on a budgetary basis. Adjustments necessary to convert the results of operations at the end of the year from the budgetary basis of accounting to the GAAP basis of accounting are as follows (See Note 1):

	Budgetary Basis	Reimbursements/ Adjustments	GAAP Basis
General Fund			
Revenues:			
Intergovernmental	\$ 0	\$ 0	\$ 0
Charges for services	(1,155,055)	(399,942)	(1,554,997)
Miscellaneous	0	(181,323)	(181,323)
	(1,155,055)	(581,265)	(1,736,320)
Expenditures:			
Public safety:			
Personal services	43,138,791	395,516	43,534,307
Operating	12,557,870	14,790	12,572,660
Capital outlay	1,027,238	170,959	1,198,197
	56,723,899	581,265	57,305,164
	\$ 55,568,844	\$ 0	\$ 55,568,844

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 9. Risk Management

Professional Liability

The Sheriff is currently a member of the Florida Sheriffs' Association and participates in the Florida Sheriffs' Self-Insurance Fund. The Self-Insurance Fund administers insurance activities related to professional liability and covers compensatory damages (except back pay), employment benefits, punitive damages, attorney fees or costs awarded to a prevailing Plaintiff, and all legal fees involved in defense of the Sheriff. The contribution required for the year ended September 30, 2013 was \$404,619.

The limits of the Self-Insurance Fund for the above-mentioned damages, fees and defense costs are \$3,200,000 per person, \$3,300,000 per incident or occurrence and \$10,000,000 in aggregate for the policy year. Settled claims did not exceed this coverage in the current year.

Automobile Liability

As a member of the Florida Sheriffs' Association, the Sheriff participates in the Sheriffs' Automobile Risk Program (SHARP) for automobile liability insurance. Coverage includes liability for bodily injury and property damage, personal injury protection, auto medical payments, bodily injury for uninsured motorists and physical damage. Coverage for physical damage is also maintained on certain vehicles. The contribution required for the year ended September 30, 2013 was \$189,428.

Workers' Compensation

The Sheriff participates in the Leon County Insurance Service Fund, which accounts for self-insurance activities relating to workers' compensation. This fund is administered by a third-party administrator. The Sheriff makes payments to the Insurance Service Fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The contribution required for the year ended September 30, 2013 was \$597,579. Excess payments are recorded as a designation of net position for catastrophic losses on the books of Leon County. Excess coverage with a commercial carrier is also in force for each claim exceeding \$1,000,000.

Excess Insurance

In the normal course of jail operations, the Sheriff seeks to limit exposure to loss for catastrophic medical costs by purchasing insurance under an excess coverage contract. During the year ended September 30, 2013, the Sheriff maintained an excess insurance policy that provides a maximum specific benefit of \$250,000 per covered person, for claims in excess of \$75,000 reported during the annual contract term. The premium required for the year ended September 30, 2013 was \$66,599.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 10. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. Total encumbrances at September 30, 2013 were as follows:

General Fund	\$ 95,424
Inmate Welfare Fund	199
Special Grants Fund	<u>172,093</u>
Total Encumbrances	<u><u>\$ 267,716</u></u>

Note 11. Commitments and Contingencies

A. Operating Leases

The Sheriff is committed to various operating leases for certain office and radio equipment. Operating leases are generally defined as leases that do not transfer benefits and risks of ownership to the lessee. For the year ended September 30, 2013, equipment lease expenses were \$103,044. Following is a schedule of future minimum lease payments under the equipment leases as of September 30:

2014	\$ 39,044
2015	27,293
2016	16,977
2017	<u>9,344</u>
Total future minimum lease payments	<u><u>\$ 92,658</u></u>

B. Litigation

At September 30, 2013, there were certain claims and legal actions pending against the Sheriff from the normal course of operations. The outcome of these claims and actions is not presently determinable.

At September 30, 2013, there were various other claims and legal actions pending against the Sheriff. These claims are covered through the Sheriff's participation in the Florida Sheriffs' Self-Insurance Fund. In the opinion of the Sheriff's legal counsel, the liabilities which may arise from such actions would be adequately covered by the Self-Insurance Fund.

Sheriff
Leon County, Florida
Notes to Special-Purpose Financial Statements

Year Ended September 30, 2013

Note 11. Commitments and Contingencies (continued)

C. Long-Term Contracts

The Sheriff, Leon County and the City of Tallahassee (the Parties) entered into an inter-local agreement on December 20, 2007 to establish parameters relating to ownership, expansion, operation, maintenance and the use of the 800MHz Project 25 Digital Trunked Simulcast Radio (TSR) System. The agreement provides for 50% ownership of the TSR System's backbone equipment by the Sheriff and the County. The agreement also provides that the Sheriff and the County are required to pay 50% of the TSR System's operating costs. Absent a prior notice to withdraw, the agreement shall continue until the date the agreement is terminated by mutual written agreement of the Parties. Activity related to the agreement is accounted for as a joint operation.

Note 12. Consolidated Dispatch Agency

In May 2012, the City of Tallahassee, Leon County, Florida, and the Leon County Sheriff's Office entered into an inter-local agreement authorized by Section 163.01, *Florida Statutes*. This agreement created a Consolidated Dispatch Agency (CDA) for the purpose of dispatching law enforcement, fire and emergency medical services personnel. The term of this agreement is for a period of 10 years, commencing April 1, 2013, and will renew automatically thereafter. The CDA will govern and manage the provision of public safety consolidated dispatch services on a county-wide basis.

The governing body of the CDA consists of the City of Tallahassee City Manager, the Leon County Administrator and the Leon County Sheriff, hereinafter called the Board. The City and Sheriff shall fund the CDA budget proportionately based upon the per capita population within the corporate limits of the City of Tallahassee for the city, and the per capita population within the unincorporated area of Leon County for the Sheriff, and a service cost allocation shall be included in the CDA's annual budget.

On April 1, 2013, thirty-nine dispatch positions left the employment of the Sheriff's Office and became employees of the CDA. Although this decreased personal expenditures during the fiscal year ended September 30, 2013; the Sheriff recognized expenditures totaling \$1,529,334 for service costs of the CDA, and reported a balance due to the CDA of \$366,721 at September 30, 2013 in the General fund.

Note 13. Subsequent Events

The Sheriff has evaluated subsequent events through March 11, 2014, the date the special-purpose financial statements were available to be issued.

Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Special-Purpose Financial
Statements Performed in Accordance with *Government Auditing Standards*

September 30, 2013

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To The Honorable Sheriff
Leon County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the special-purpose financial statements of the Sheriff of Leon County, Florida (the Sheriff) as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 11, 2014.

Internal Control Over Financial Reporting

Management of the Sheriff is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit 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 opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's special-purpose financial statements are free 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 Sheriff'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 Sheriff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 11, 2014



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida

Management Letter

September 30, 2013

Management Letter

The Honorable Sheriff
Leon County, Florida

We have audited the special-purpose financial statements of the Sheriff of Leon County, Florida (Sheriff), as of and for the fiscal year ended September 30, 2013 and have issued our report thereon dated March 11, 2014.

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; OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 11, 2014, should be considered in conjunction with this management letter.

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

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the Sheriff complied with Section 218.415, *Florida Statutes*.

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

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address 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 warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the fund financial statements. The name or official title and legal authority for the primary government of the reporting entity are disclosed in Note 1 of the Notes to Special-Purpose Financial Statements. The Sheriff has no component units.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 11, 2014



Law, Redd, Crona & Munroe, P.A.
Tallahassee, Florida