

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

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**FINANCIAL STATEMENTS  
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**GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

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## **INTRODUCTORY SECTION**

**GADSDEN COUNTY, FLORIDA**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**

**Serving as of September 30, 2010**

**ELECTED OFFICIALS**

<b>Commissioner – District 5, Chairperson</b>	<b>Sherrie Taylor</b>
<b>Commissioner – District 3, Vice-Chairperson</b>	<b>Gene Morgan</b>
<b>Commissioner – District 1</b>	<b>Eugene Lamb Jr.</b>
<b>Commissioner – District 2</b>	<b>Douglas M. Croley</b>
<b>Commissioner – District 4</b>	<b>Brenda Holt</b>
<b>Clerk of the Circuit Court/Comptroller</b>	<b>Nicholas Thomas</b>
<b>Tax Collector</b>	<b>W. Dale Summerford</b>
<b>Sheriff</b>	<b>Morris A. Young</b>
<b>Property Appraiser</b>	<b>Clay VanLandingham</b>
<b>Supervisor of Elections</b>	<b>Shirley Green Knight</b>

**APPOINTED OFFICIALS**

<b>County Administrator</b>	<b>Johnny Williams</b>
<b>County Attorney</b>	<b>Deborah S. Minnis</b>

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners  
and Constitutional Officers  
Gadsden County, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Gadsden County, Florida (the County), as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County as of September 30, 2010, and the respective changes in financial position, thereof, and the respective budgetary comparison of the general fund and sheriff fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

### Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Board of County Commissioners  
and Constitutional Officers  
Gadsden County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The introductory section and the combining nonmajor fund statements are presented for purposed of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance projects, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is also not a required part of the basic financial statements. The combining nonmajor fund statements and the schedule of expenditures and federal awards and state financial assistance projects are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic 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 the auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund statements and the schedule of federal awards and state financial assistance projects are fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

*Purvis, Gray and Company, LLP*

March 29, 2011  
Gainesville, Florida



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gadsden County, Florida, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements.

### ***FINANCIAL HIGHLIGHTS***

#### **Government-wide Statements**

The government-wide assets of the County (governmental and business-type) exceeded liabilities at the close of the 2009-10 fiscal year by \$61,038,797 (*net assets*). Of this amount, \$4,222,982 (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, \$5,637,926 is restricted for specific purposes (*restricted net assets*), and \$51,177,889 is *invested in capital, assets net of related debt*.

#### **Fund Statements**

At September 30, 2010, the County's governmental funds reported combined ending fund balances of \$11,482,471 an increase of \$1,771,725 in comparison with the \$9,710,746 ending fund balances on September 30, 2009.

As of September 30, 2010, general fund's unreserved fund balance was \$3,844,170 or 65 percent of total general fund expenditures excluding transfers.

Local revenues and expenditures continue to be affected by intergovernmental pressures from reduced state aid, lack of funding for state-mandated programs and services, property tax reform, and the slow economic recovery. Despite all these factors the County is committed to maintaining County services while slowly increasing fund balances.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

The Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components;

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the basic financial statements

A brief description of the different financial statements follows.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Government-wide Financial Statements

The government-wide financial statements (statement of net assets and statement of activities found on pages 12-13) concentrate on the County as a whole and do not emphasize fund types, but rather a governmental or a business-type classification which are presented in separate columns. The governmental and business-type activities comprise the primary government. Fiduciary funds are not included in the government-wide financial statements. The County does not have any business-type activities.

General governmental and intergovernmental revenues support the governmental activities; whereas, the business-type activities are primarily supported by user fees and charges for services. The purpose of the government-wide financial statements is to allow the user to be able to analyze the County's total financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating.

The statement of activities reflects the expenses of a given function or program, which are offset by program revenues. In order to better understand the County's operations, governmental activities expenses, include among others, general government services, public safety, culture and recreation, transportation and economic environment. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function. Taxes, state shared revenues, and investment earnings are reported under general revenue. The effect of the interfund activity has been removed from the government-wide financial statements and the internal service activity has been eliminated.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. Individual funds have been established by the County to account for revenues that are restricted to certain uses, comply with legal requirements, or account for the use of Federal and State grants. The three major categories of funds found in the County's fund financial statements include: governmental funds, proprietary funds and fiduciary funds. The County's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets the certain criteria set forth in GASB Statement 34. The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the fund financial statements.

Fund financial statements for all governmental funds include a **balance sheet** and a **statement of revenues, expenditures, and changes in fund balance**. The County's general fund and major special revenue funds include a **statement of revenues, expenditures, and changes in fund balance-budget and actual**. For the proprietary funds, which includes internal service funds in addition to business-type activities, a **statement of net assets**, a **statement of revenues, expenses, and changes in fund net assets**, and a **statement of cash flows** are presented. A **statement of fiduciary net assets** is presented for the County's agency fund.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### ***(Continued)***

#### ***Governmental Fund Financial Statements***

Governmental fund financial statements are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Although the activity of the internal service funds is reported with the governmental activities of the government-wide financial statements they are not combined on the government fund financial statements.

The fund financial statements provide a presentation of the County's major funds, along with a column for all non-major funds. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds; and are not included in the fund financial statements. To facilitate a comparison between the fund financial statements and the government-wide financial statements, reconciliation is provided on page 16.

#### ***Fiduciary Fund Financial Statements***

The fiduciary fund financial statement is not included in the government-wide financial statements because the resources of these funds are not available to support the County's programs. The only type of fiduciary funds the County maintains, agency funds, are used to account for assets held by the County as an agent for individuals and other governments.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-44 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following schedule provides a summary of assets, liabilities and net assets of the County for fiscal years 2010 and 2009.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## (Continued)

### Gadsden County Florida Summary of Net Assets September 30, 2010 and 2009

	Governmental Activities		Total	
	2010	2009	2010	2009
Current and Other Assets	\$ 15,059,059	\$ 15,276,080	\$ 15,059,059	\$ 15,276,080
Capital Assets	69,834,690	68,782,818	69,834,690	68,782,818
<b>Total Assets</b>	<b>84,893,749</b>	<b>84,058,898</b>	<b>84,893,749</b>	<b>84,058,898</b>
Current Liabilities	4,589,044	15,101,307	4,589,044	15,101,307
Non-Current Liabilities	19,265,908	10,421,262	19,265,908	10,421,262
<b>Total Liabilities</b>	<b>23,854,952</b>	<b>25,522,569</b>	<b>23,854,952</b>	<b>25,522,569</b>
Net Assets				
Invested in capital assets, net of related debt	51,177,889	49,398,746	51,177,889	49,398,746
Restricted	5,637,926	7,188,813	5,637,926	7,188,813
Unrestricted	4,222,982	1,948,770	4,222,982	1,948,770
<b>Total Net Assets</b>	<b>\$ 61,038,797</b>	<b>\$ 58,536,329</b>	<b>\$ 61,038,797</b>	<b>\$ 58,536,329</b>

The largest portion of the County's net assets (84%) reflects its investment in capital assets (land, buildings, improvements, equipment, furniture, vehicles, construction in progress and infrastructure) less any related debt to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The *restricted net assets* representing 9% of the County's net assets are subject to external restrictions, and thus are limited as to how they may be used. The remaining balance of *unrestricted net assets* (\$4,222,982 or 7%) may be used to help meet the government's ongoing obligations to citizens and creditors.

The decrease in current liabilities and the increase in non-current liabilities is the result of securing long-term financing with BB&T for the \$9,750,000 short-term loan with Capital City Bank. Proceeds from this loan were needed to complete the partial renovation of the hospital facility.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

*(Continued)*

The following schedule provides a summary of the changes in net assets.

<b>Gadsden County Florida</b>					
<b>Changes in Net Assets</b>					
	<b>Governmental</b>		<b>Total</b>		
	<b>Activities</b>				
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	
<b>Revenues:</b>					
Program Revenues:					
Charges for Services	\$ 3,304,368	\$ 6,024,521	\$ 3,304,368	\$ 6,024,521	
Operating Grants and Contributions	5,482,457	3,942,917	5,482,457	3,942,917	
Capital Grants and Contributions	2,541,588	5,040,200	2,541,588	5,040,200	
<b>Total Program Revenues</b>	<b>11,328,413</b>	<b>15,007,638</b>	<b>11,328,413</b>	<b>15,007,638</b>	
<b>General Revenues:</b>					
Property Taxes	11,590,344	11,645,608	11,590,344	11,645,608	
Sales Tax and State Shared Revenue	5,407,236	4,881,237	5,407,236	4,881,237	
Local Option Taxes	5,126,130	4,520,587	5,126,130	4,520,587	
Motor Fuel Tax	2,617,146	2,879,064	2,617,146	2,879,064	
Other	444,551	849,523	444,551	849,523	
<b>Total General Revenues</b>	<b>25,185,407</b>	<b>24,776,019</b>	<b>25,185,407</b>	<b>24,776,019</b>	
<b>Total Revenues</b>	<b>36,513,820</b>	<b>39,783,657</b>	<b>36,513,820</b>	<b>39,783,657</b>	
<b>Expenses:</b>					
Program Expenses:					
General Government	8,965,785	10,077,676	8,965,785	10,077,676	
Public Safety	12,670,551	13,062,633	12,670,551	13,062,633	
Physical Environment	921,746	739,038	921,746	739,038	
Transportation	7,959,992	7,349,835	7,959,992	7,349,835	
Economic Environment	1,553,440	781,695	1,553,440	781,695	
Human Services	2,835,976	3,100,079	2,835,976	3,100,079	
Culture/Recreation	1,195,049	1,191,707	1,195,049	1,191,707	
Interest on Long-term Debt	856,102	643,392	856,102	643,392	
<b>Total Expenses</b>	<b>36,958,641</b>	<b>36,946,055</b>	<b>36,958,641</b>	<b>36,946,055</b>	
<b>Increase (Decrease) in Net Assets</b>	<b>(444,821)</b>	<b>2,837,602</b>	<b>(444,821)</b>	<b>2,837,602</b>	
<b>Transfer from Private Purpose Trust</b>	<b>2,947,289</b>	<b>0</b>	<b>2,947,289</b>	<b>0</b>	
<b>Net Assets October 1, 2009 (as restated)</b>	<b>58,536,329</b>	<b>55,698,727</b>	<b>58,536,329</b>	<b>55,698,727</b>	
<b>Net Assets September 30, 2010</b>	<b>\$ 61,038,797</b>	<b>\$ 58,536,329</b>	<b>\$ 61,038,797</b>	<b>\$ 58,536,329</b>	

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*(Continued)*

As reflected in the changes in net assets, the County's net assets increased by \$2,502,468 including the transfer from the private purpose trust of \$2,947,289. The most significant factors contributing to the County's increase in net assets was the increase in fund balance of the general fund and the current year's expenditures in capital outlays.

The increase in expense under Economic Environment can be attributed to an additional grant to develop a Local Housing Assistance Plan. The County was awarded an \$800,000 grant to help with foreclosures, down payment assistance and major rehabilitations.

For the year ending September 30, 2009, the County received considerable reimbursements from FEMA on prior year storms and floods. These reimbursements have been completed which accounts for a majority of the decrease in Capital Grants and Contributions.

The decrease in Charges for Services can be explained by the combination of a major write-down of EMS receivables and the removal of the Clerk's Court Fund from this category to Operating Grants and Contributions.

### **FUND FINANCIAL ANALYSIS**

#### ***Governmental Funds***

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the close of a fiscal year.

As of the end of fiscal year 2010, the County's governmental funds reported combined ending fund balances of \$11.4 million, an increase of \$1.7 million in comparison with the prior year. Of the approximately \$11.4 million total fund balance, unreserved fund balance is \$10.3 million and is available for spending at the County's discretion.

The General Fund is the chief operating fund of the County and had an increase in fund balance of \$1,613,808. The total general fund balance was \$4,344,600 of which \$3,844,170 is unreserved. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 65% of total general fund expenditures excluding transfers.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference between the General Fund's original and final amended budget was an increase of \$27,000. Money was transferred from the Indigent Surtax Fund to the General Fund to establish funding for the We Care Assistance Program.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

*(Continued)*

## CAPITAL ASSETS AND DEBT MANAGEMENT

### Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2010 amounts to \$69.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure, net of depreciation.

As shown in the table below, construction in progress decreased from \$10,492,746 for fiscal year 2009 to \$1,418,291 for 2010. This decrease is due primarily to the completion of the partial renovation of the hospital facility.

Major capital asset events during the current fiscal year included the following:

- The installation of eight additional fire hydrants for \$33,554
- The purchase of one new ambulance for \$110,000
- The purchase of six cardiopulmonary resuscitator, for inside the ambulances for \$71,928
- The lease purchase of twenty new patrol cars for \$502,825
- The completion of the partial renovation of the hospital facility for \$9,923,357
- The purchase of new hospital equipment for \$2,108,141

Through grants and capital projects the County spent \$102,108 on paving dirt roads and \$1,188,898 on culverts and resurfacing paved roads.

Additional information regarding the County's capital assets is contained in the Notes to the Financial Statements.

Gadsden County Florida Capital Assets (net of depreciation)					
	Governmental Activities		Total		
	2010	2009	2010	2009	
Land	\$ 1,827,909	\$ 1,662,891	\$ 1,827,909	\$ 1,662,891	
Buildings	26,093,928	16,767,604	26,093,928	16,767,604	
Improvements Other than Buildings	2,637,483	2,397,074	2,637,483	2,397,074	
Machinery and Equipment	9,106,912	7,130,854	9,106,912	7,130,854	
Construction in Progress	1,418,291	10,492,746	1,418,291	10,492,746	
Infrastructure	28,556,313	30,075,860	28,556,313	30,075,860	
<b>Total</b>	<b>\$ 69,640,836</b>	<b>\$ 68,527,029</b>	<b>\$ 69,640,836</b>	<b>\$ 68,527,029</b>	

### Debt Management

The two most significant components of the County's debt are the Florida Municipal Loan Council Revenue Bonds Series 2003B, at \$5.8 million and a new loan with BB&T Bank for \$9.85 million. This loan was originally for \$10 million and was used to pay off the short-term loan with Capital City Bank. Future county fuel tax revenues and constitutional fuel tax revenues secure the bonds and the newly voted half cent Indigent Surtax is used to secure the loan with BB&T. The County also has a loan with the Florida Municipal Loan Council for 2006B Revenue Bonds at \$2 million for the financing costs of library facilities.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS** *(Concluded)*

Additional information regarding the County's Long-term Debt is contained in the Notes to the Financial Statements.

### **Gadsden County Florida Outstanding Debt**

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Revenue Bonds	\$ 17,742,999	\$ 18,300,000	\$ (557,001)
Notes and Loans Payable	633,500	638,826	(5,326)
Compensated Absences	1,444,843	1,353,548	91,295
Other Post Employment Benefits	1,058,000	531,000	527,000
Landfill Post-closure Costs	662,994	710,350	(47,356)
<b>Total</b>	<u>\$ 21,542,336</u>	<u>\$ 21,533,724</u>	<u>\$ 8,612</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The unemployment rate for the County in September 2010 was 10.7%. The State of Florida's rate in September 2010 was 11.7 %.

The County's ad valorem tax rate of 8.9064 has remained the same for the past three fiscal years.

The County has been successful in contracting out the newly renovated hospital facility. Capital Regional Medical Center – Gadsden Campus, has opened and is operating as an emergency center, providing state of the art equipment, expert medical services, and out-patient diagnostic services (CT scans, X-rays, Lab work and Ultrasounds) to the residents of Gadsden County and the surrounding communities. The facility opened on June 14, 2010 and has surpassed all expectations as to number of patients being treated at the facility. The County passed a half-cent indigent surtax in 2008 to help fund the renovations and operations of the facility.

The County, as well as the rest of Florida is still feeling the effects of the economic slowdown. A shrinking local economy, an increase in foreclosure cases and a decrease in real estate sales and housing starts will put added pressure on the County's 2010-2011 budget year.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives and manages. If you have questions about this report or need additional financial information, contact the Gadsden County Finance Office, 10 E. Jefferson Street, Quincy, FL 32351.

## **BASIC FINANCIAL STATEMENTS**

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2010**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current Assets:	
Cash	\$ 9,257,620
Investments	1,403,483
Receivables, Net:	
Accounts	731,513
Due from Other Governments	3,509,242
Prepaid Items	14,457
Inventories	142,744
Total Current Assets	<u>15,059,059</u>
Noncurrent Assets:	
Capital Assets:	
Nondepreciable	3,246,200
Depreciable, Net	66,394,636
Unamortized Loan Issuance Costs	193,854
Total Noncurrent Assets	<u>69,834,690</u>
<b>Total Assets</b>	<u><u>84,893,749</u></u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable and Accrued Expenses	1,560,096
Due to Agency Funds	109,078
Due to Other Governments	15,871
Accrued Wages Payable	259,276
Deferred Revenue	87,993
Unamortized Premium	31,098
Bonds and Notes Payable	1,818,949
Accrued Compensated Absences	659,327
Estimated Landfill Postclosure Costs	47,356
Total Current Liabilities	<u>4,589,044</u>
Noncurrent Liabilities:	
Unamortized Premium	249,204
Accrued Compensated Absences	785,516
Other Postemployment Benefits Obligation	1,058,000
Bonds and Notes Payable	16,557,550
Estimated Landfill Postclosure Costs	615,638
Total Noncurrent Liabilities	<u>19,265,908</u>
<b>Total Liabilities</b>	<u><u>23,854,952</u></u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	51,177,889
Restricted for:	
Transportation	2,486,283
Public Safety	523,112
Grants and Other Purposes	2,628,531
Unrestricted	4,222,982
<b>Total Net Assets</b>	<u>61,038,797</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 84,893,749</u></u>

The notes to the financial statements are an integral part of this statement.

**GADSDEN COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 8,965,785	\$ 2,092,693	\$ 1,527,949	\$ 0	\$ (5,345,143)
Public Safety	12,670,551	967,388	1,597,048	96,002	(10,010,113)
Physical Environment	921,746	56,787	174,992	233,024	(456,943)
Transportation	7,959,992	125,737	93,156	2,151,041	(5,590,058)
Economic Environment	1,553,440	0	1,542,797	0	(10,643)
Human Services	2,835,976	10,154	100,591	0	(2,725,231)
Culture and Recreation	1,195,049	51,609	445,924	61,521	(635,995)
Interest on Long-term Debt	856,102	0	0	0	(856,102)
<b>Total Primary Government</b>	<b>\$ 36,958,641</b>	<b>\$ 3,304,368</b>	<b>\$ 5,482,457</b>	<b>\$ 2,541,588</b>	<b>(25,630,228)</b>

**General Revenues**

Taxes:	
Property Taxes	11,590,344
Franchise and Utility Taxes	281,666
Discretionary Sales Surtax	3,386,087
Local Option Gas Tax	1,458,377
Motor Fuel Tax	2,617,146
Other Taxes	77,803
Sales Tax and Other Shared Revenues	5,407,236
Investment Earnings	34,501
Miscellaneous	332,247
Transfer from Private Purpose Trust	2,947,289
<b>Total General Revenues and Transfers</b>	<b>28,132,696</b>
<b>Change in Net Assets</b>	<b>2,502,468</b>
<b>Net Assets, Beginning of Year (As Restated)</b>	<b>58,536,329</b>
<b>Net Assets, End of Year</b>	<b>\$ 61,038,797</b>

The notes to the financial statements are an integral part of this statement.

**GADSDEN COUNTY, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

	<u>General Fund</u>	<u>County Transportation</u>	<u>General Grants</u>
<b>Assets</b>			
Cash	\$ 2,976,064	\$ 540,029	\$ 192,827
Investments	87,214	95,284	0
Receivables (Net of Allowance for Uncollectibles) Accounts	153,610	161,982	0
Due from Other Funds	919,812	0	0
Due from Other Governments	821,092	302,729	325,567
Prepaid Expenses	14,457	0	0
Inventories, at Cost	103,108	39,636	0
<b>Total Assets</b>	<u>5,075,357</u>	<u>1,139,660</u>	<u>518,394</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Expenses	272,824	61,890	64,816
Due to Other Funds	67,790	0	414,221
Due to Other Governments	10,416	1,384	2,381
Accrued Wages Payable	95,153	55,995	0
Deferred Revenues	284,574	149,392	94,146
<b>Total Liabilities</b>	<u>730,757</u>	<u>268,661</u>	<u>575,564</u>
<b>Fund Balances</b>			
Reserved for:			
Inmate Welfare	0	0	0
Prepaid Items	14,457	0	0
Inventories	103,108	39,636	0
Records Modernization	0	0	0
Teen Court	0	0	0
Radio Communications	0	0	0
Waste Services	86,965	0	0
Public Safety	129,183	0	0
Choose Life	15,697	0	0
Boating Improvements	151,020	0	0
Unreserved, Reported in:			
General Fund	3,844,170	0	0
Unreserved Reported in:			
Special Revenue Funds	0	831,363	(57,170)
<b>Total Fund Balances</b>	<u>4,344,600</u>	<u>870,999</u>	<u>(57,170)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,075,357</u>	<u>\$ 1,139,660</u>	<u>\$ 518,394</u>

The notes to the financial statements are an integral part of this statement.

<b>Capital Projects Road Resurfacing</b>	<b>Sheriff</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 551,509	\$ 8,395	\$ 4,988,796	\$ 9,257,620
373,671	0	847,314	1,403,483
0	0	415,921	731,513
514	374,222	356,871	1,651,419
505,489	0	1,554,365	3,509,242
0	0	0	14,457
0	0	0	142,744
<u>1,431,183</u>	<u>382,617</u>	<u>8,163,267</u>	<u>16,710,478</u>
70,068	302,271	788,227	1,560,096
505,489	80,346	692,651	1,760,497
0	0	1,690	15,871
0	0	108,128	259,276
0	0	1,104,155	1,632,267
<u>575,557</u>	<u>382,617</u>	<u>2,694,851</u>	<u>5,228,007</u>
0	0	146,607	146,607
0	0	0	14,457
0	0	0	142,744
0	0	310,401	310,401
0	0	18,443	18,443
0	0	127,780	127,780
0	0	0	86,965
0	0	0	129,183
0	0	0	15,697
0	0	0	151,020
0	0	0	3,844,170
855,626	0	4,865,185	6,495,004
<u>855,626</u>	<u>0</u>	<u>5,468,416</u>	<u>11,482,471</u>
<u>\$ 1,431,183</u>	<u>\$ 382,617</u>	<u>\$ 8,163,267</u>	<u>\$ 16,710,478</u>

The notes to the financial statements are an integral part of this statement.

**GADSDEN COUNTY, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

<b>Total Fund Balances of Governmental Funds</b>	\$ 11,482,471
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**Amounts Reported for Governmental Activities in the Statement  
of Net Assets are Different Because:**

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	69,640,836
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Receivables that do not provide current financial resources are reported as deferred revenue in the governmental funds.	1,544,274
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Loan issuance costs paid in the current period are not financial resources and, therefore, are not reported as assets in the governmental funds.	193,854
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.  
Long-term liabilities at year-end consist of:

Installment Notes and Bonds Payable	\$ (18,376,499)	
Unamortized Premium	(280,302)	
Accrued Compensated Absences	(1,444,843)	
Accrued Other Postemployment Benefits Obligation	(1,058,000)	
Estimated Landfill Postclosure Costs	(662,994)	(21,822,638)
	<hr/>	<hr/>

<b>Total Net Assets of Governmental Activities</b>	<b>\$ 61,038,797</b>
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The notes to the financial statements are an integral part of this statement.

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>General Fund</b>	<b>County Transportation</b>	<b>General Grants</b>
<b>Revenues</b>			
Taxes	\$ 11,871,986	\$ 2,460,276	\$ 0
Licenses and Permits	76,320	0	0
Intergovernmental Revenues	4,500,317	493,654	1,952,244
Charges for Services	247,665	125,737	0
Fines and Forfeitures	0	0	40,984
Miscellaneous Revenues	151,321	51,791	99
<b>Total Revenues</b>	<u>16,847,609</u>	<u>3,131,458</u>	<u>1,993,327</u>
<b>Expenditures</b>			
Current:			
General Government	4,135,696	0	0
Public Safety	216,936	0	1,850
Physical Environment	264,789	0	30,099
Transportation	0	3,867,509	46,440
Economic Environment	222,578	0	618,324
Human Services	990,714	0	0
Culture and Recreation	102,898	0	0
Debt Service:			
Principal	0	0	0
Interest	0	0	0
Other	0	0	0
Capital Outlay:			
General Government	7,588	0	0
Public Safety	0	0	598,073
Physical Environment	0	0	0
Transportation	0	16,220	0
Human Services	0	0	143,832
Culture and Recreation	0	0	33,637
<b>(Total Expenditures)</b>	<u>(5,941,199)</u>	<u>(3,883,729)</u>	<u>(1,472,255)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>10,906,410</u>	<u>(752,271)</u>	<u>521,072</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,105,163	543,647	27,571
Debt Proceeds	0	0	0
Debt Refunding	0	0	0
Transfers (out)	(10,397,765)	0	(673,562)
Installment Purchase	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(9,292,602)</u>	<u>543,647</u>	<u>(645,991)</u>
<b>Net Change in Fund Balances</b>	1,613,808	(208,624)	(124,919)
<b>Fund Balances at Beginning of Year (As Restated)</b>	<u>2,730,792</u>	<u>1,079,623</u>	<u>67,749</u>
<b>Fund Balances at End of Year</b>	<u><u>\$ 4,344,600</u></u>	<u><u>\$ 870,999</u></u>	<u><u>\$ (57,170)</u></u>

The notes to the financial statements are an integral part of this statement.



<b>Capital Projects Road Resurfacing</b>	<b>Sheriff</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 0	\$ 0	\$ 3,463,914	\$ 17,796,176
0	0	277,211	353,531
1,652,889	0	5,818,617	14,417,721
0	0	3,485,090	3,858,492
0	0	21,363	62,347
1,194	2,500	206,047	412,952
<u>1,654,083</u>	<u>2,500</u>	<u>13,272,242</u>	<u>36,901,219</u>
0	0	4,296,659	8,432,355
0	6,875,874	4,239,708	11,334,368
0	0	468,792	763,680
0	0	0	3,913,949
0	0	690,089	1,530,991
0	0	698,478	1,689,192
0	0	964,447	1,067,345
0	201,257	966,894	1,168,151
0	17,523	829,355	846,878
0	0	82,052	82,052
0	0	94,099	101,687
0	509,678	522,115	1,629,866
0	0	156,839	156,839
2,173,179	0	448,807	2,638,206
0	0	3,088,058	3,231,890
0	0	61,521	95,158
<u>(2,173,179)</u>	<u>(7,604,332)</u>	<u>(17,607,913)</u>	<u>(38,682,607)</u>
<u>(519,096)</u>	<u>(7,601,832)</u>	<u>(4,335,671)</u>	<u>(1,781,388)</u>
732,640	7,101,197	15,801,844	25,312,062
0	0	10,000,000	10,000,000
0	0	(9,897,001)	(9,897,001)
0	(2,190)	(11,291,256)	(22,364,773)
0	502,825	0	502,825
<u>732,640</u>	<u>7,601,832</u>	<u>4,613,587</u>	<u>3,553,113</u>
213,544	0	277,916	1,771,725
642,082	0	5,190,500	9,710,746
<u>\$ 855,626</u>	<u>\$ 0</u>	<u>\$ 5,468,416</u>	<u>\$ 11,482,471</u>

The notes to the financial statements are an integral part of this statement.

**GADSDEN COUNTY, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,771,725

**Amounts Reported for Governmental Activities in the Statement of  
Activities are Different Because:**

Capital outlay are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those activities is allocated over their estimated useful lives as depreciation expense.

Expenditures for Capital Outlays	\$ 5,891,213	
Contributions, Disposals and Transfers	43,129	
(Current Year Depreciation)	<u>(4,820,535)</u>	1,113,807

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets.	11,065,152
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The issuance of long-term debt provides current financial resources to governmental funds, while it has no effect on the statement of activities.	(10,502,825)
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Debt issuance costs is an expenditure in the governmental funds; however, it is a deferred cost in the statement of net assets.	72,816
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Amortization of issuance costs and debt premium are a component of interest expense in the statement of activities, while it has no effect in the governmental funds.

Amortization of Bond Premiums	21,959	
Amortization of Issue Costs	<u>(21,947)</u>	12

Some expenses in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds:

Compensated Absences	(91,295)	
Other Postemployment Benefits	(527,000)	
Landfill Postclosure Costs	<u>47,356</u>	(570,939)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	<u>(447,280)</u>
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**Change in Net Assets - Governmental Activities** \$ 2,502,468

The notes to the financial statements are an integral part of this statement.

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 12,013,863	\$ 12,013,863	\$ 11,871,986	\$ (141,877)
Licenses and Permits	129,000	129,000	76,320	(52,680)
Intergovernmental Revenues	4,339,417	4,339,417	4,500,317	160,900
Charges for Services	262,650	262,650	247,665	(14,985)
Miscellaneous Revenues	89,651	89,651	151,321	61,670
<b>Total Revenues</b>	<u>16,834,581</u>	<u>16,834,581</u>	<u>16,847,609</u>	<u>13,028</u>
<b>Expenditures</b>				
Current:				
General Government	5,803,521	4,882,413	4,143,284	739,129
Public Safety	105,000	222,497	216,936	5,561
Physical Environment	275,536	283,036	264,789	18,247
Economic Environment	249,465	260,465	222,578	37,887
Human Services	1,135,398	1,176,398	990,714	185,684
Culture and Recreation	101,549	103,049	102,898	151
<b>(Total Expenditures)</b>	<u>(7,670,469)</u>	<u>(6,927,858)</u>	<u>(5,941,199)</u>	<u>986,659</u>
<b>Excess of Revenues Over Expenditures</b>	<u>9,164,112</u>	<u>9,906,723</u>	<u>10,906,410</u>	<u>999,687</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	845,183	872,183	1,105,163	232,980
Transfers (out)	(10,009,295)	(10,778,906)	(10,397,765)	381,141
<b>Total Other Financing Sources (Uses)</b>	<u>(9,164,112)</u>	<u>(9,906,723)</u>	<u>(9,292,602)</u>	<u>614,121</u>
<b>Net Change in Fund Balance</b>	0	0	1,613,808	1,613,808
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>2,730,792</u>	<u>2,730,792</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,344,600</u>	<u>\$ 4,344,600</u>

The accompanying notes are an integral part of the financial statements.

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY TRANSPORTATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ 2,444,236	\$ 2,444,236	\$ 2,460,276	\$ 16,040
Intergovernmental Revenues	510,173	510,173	493,654	(16,519)
Charges for Services	15,175	87,175	125,737	38,562
Miscellaneous Revenues	6,100	6,100	51,791	45,691
<b>Total Revenues</b>	<u>2,975,684</u>	<u>3,047,684</u>	<u>3,131,458</u>	<u>83,774</u>
<b>Expenditures</b>				
Current:				
Transportation	3,932,218	4,052,918	3,867,509	185,409
Capital Outlay:				
Transportation	123,000	74,300	16,220	58,080
<b>(Total Expenditures)</b>	<u>(4,055,218)</u>	<u>(4,127,218)</u>	<u>(3,883,729)</u>	<u>243,489</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(1,079,534)</u>	<u>(1,079,534)</u>	<u>(752,271)</u>	<u>327,263</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	679,534	679,534	543,647	(135,887)
<b>Total Other Financing Sources (Uses)</b>	<u>679,534</u>	<u>679,534</u>	<u>543,647</u>	<u>(135,887)</u>
<b>Net Change in Fund Balance</b>	(400,000)	(400,000)	(208,624)	191,376
<b>Fund Balance, Beginning of Year</b>	<u>400,000</u>	<u>400,000</u>	<u>1,079,623</u>	<u>679,623</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 870,999</u>	<u>\$ 870,999</u>

The accompanying notes are an integral part of the financial statements.

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL GRANTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental Revenues	\$ 184,121	\$ 3,050,227	\$ 1,952,243	\$ (1,097,984)
Fines and Forfeitures	0	51,000	40,984	(10,016)
Miscellaneous Revenues	0	59,425	100	(59,325)
<b>Total Revenues</b>	<u>184,121</u>	<u>3,160,652</u>	<u>1,993,327</u>	<u>(1,167,325)</u>
<b>Expenditures</b>				
Current:				
Public Safety	107,121	700,768	0	700,768
Physical Environment	77,000	500,000	30,099	469,901
Transportation	0	260,000	46,440	213,560
Economic Environment	0	800,000	618,324	181,676
Human Services	0	358,555	143,832	214,723
Culture and Recreation	0	36,000	1,850	34,150
Capital Outlay:				
Public Safety	0	0	598,074	(598,074)
Culture and Recreation	0	0	33,637	(33,637)
<b>(Total Expenditures)</b>	<u>(184,121)</u>	<u>(2,655,323)</u>	<u>(1,472,256)</u>	<u>1,183,067</u>
<b>Excess of Revenues Over Expenditures</b>	<u>0</u>	<u>505,329</u>	<u>521,071</u>	<u>15,742</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	27,571	27,571	0
Transfers (out)	0	(532,900)	(671,352)	(138,452)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(505,329)</u>	<u>(643,781)</u>	<u>(138,452)</u>
<b>Net Change in Fund Balance</b>	<u>0</u>	<u>0</u>	<u>(122,710)</u>	<u>(122,710)</u>
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>65,539</u>	<u>65,539</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (57,171)</u>	<u>\$ (57,171)</u>

The accompanying notes are an integral part of the financial statements.

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**SHERIFF**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Miscellaneous Revenues	\$ 0	\$ 2,500	\$ 2,500	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Public Safety	7,101,197	7,606,522	7,385,552	220,970
Debit Service:				
Principal	0	0	201,257	(201,257)
Interest	0	0	17,523	(17,523)
<b>(Total Expenditures)</b>	<u>(7,101,197)</u>	<u>(7,606,522)</u>	<u>(7,604,332)</u>	<u>2,190</u>
<b>(Deficiency) of Revenues</b>				
<b>(Under) Expenditures</b>	<u>(7,101,197)</u>	<u>(7,604,022)</u>	<u>(7,601,832)</u>	<u>2,190</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	7,101,197	7,101,197	7,101,197	0
Transfers (out)	0	0	(2,190)	(2,190)
Installment Purchase	0	502,825	502,825	0
<b>Total Other Financing Sources (Uses)</b>	<u>7,101,197</u>	<u>7,604,022</u>	<u>7,601,832</u>	<u>(2,190)</u>
<b>Net Change in Fund Balance</b>	0	0	0	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2010**

	<b>Private Purpose Trust Fund</b>	<b>Agency Funds</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 10,952	\$ 1,699,304	\$ 1,710,256
Investments	7,280,409	0	7,280,409
Accounts Receivable	712	4,202	4,914
Due from Other Funds	100,000	9,313	109,313
Due from Other Governments	0	222	222
<b>Total Assets</b>	<u>7,392,073</u>	<u>1,713,041</u>	<u>9,105,114</u>
 <b>Liabilities</b>			
Accounts Payable	10,952	525	11,477
Due to Other Funds	0	235	235
Due to Other Governments	0	49,718	49,718
Assets Held for Others	0	85,450	85,450
Installment Tax Deposits	0	266,310	266,310
Deposits	0	1,309,313	1,309,313
Deferred Revenue	0	1,490	1,490
<b>Total Liabilities</b>	<u>10,952</u>	<u>1,713,041</u>	<u>1,723,993</u>
 <b>Net Assets</b>			
Held in Trust	<u>\$ 7,381,121</u>	<u>\$ 0</u>	<u>\$ 7,381,121</u>

The notes to the financial statements are an integral part of this statement.

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2010**

	<b>Private Purpose Trust Fund</b>
<b>Additions</b>	
Investment Earnings:	
Net Appreciation in Fair Value of Investments	\$ 207,456
Interest and Dividends	140,153
<b>Total Additions</b>	<u>347,609</u>
 <b>Deductions</b>	
Transfers (out)	2,947,289
Administrative Fees	61,037
<b>Total Deductions</b>	<u>(3,008,326)</u>
 <b>Net (Decrease)</b>	 (2,660,717)
 <b>Net Assets Held in Trust, Beginning of Year</b>	 <u>10,041,838</u>
 <b>Net Assets Held in Trust, End of Year</b>	 <u><u>\$ 7,381,121</u></u>

The notes to the financial statements are an integral part of this statement.



**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**Note 1 - Reporting Entity**

Gadsden County, Florida (the County) is a political subdivision of the State of Florida and provides services to its residents in many areas including general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. It is governed by five-member elected Board of County Commissioners (the Board), which derives its authority by Florida Statutes and regulations. In addition to the members of the Board, there are five Constitutional Officers: the Clerk of the Circuit Court (Clerk), Tax Collector, Sheriff, Property Appraiser, and Supervisor of Elections. The Constitutional Officers, with the exception of the Supervisor of Elections, maintain separate accounting records and budgets.

The accompanying financial statements include the operations of the Board and the Constitutional Officers. In addition, each Constitutional Officer has separately issued financial statements.

The Board funds a portion, or in certain instances, all of the operating budgets of the County's Constitutional Officers. Florida Statutes require the applicable budget excess of the Constitutional Officers to be remitted back to the Board at the close of the fiscal year.

The accompanying financial statements present the primary government, and its component units, for which the primary government is considered to be financially accountable. Also included are other entities whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined in Governmental Accounting Standards Board (GASB) Statement No. 14 to determine whether the entity is: (a) part of the primary government; (b) a component unit which should be included in the reporting entity (blended or discretely presented); or (c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include the legal separateness of the organization, the financial accountability of the primary government for the potential component unit resulting from either the primary government's ability to impose its will on the potential component unit, or the potential component unit's fiscal dependency on the primary government. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the reporting entity:

- **Gadsden County Hospital (the Hospital)**—The Hospital was created pursuant to Chapter 24534, *Laws of Florida 1947*. In evaluating this potential component unit, it was determined that the Hospital is not a separate legal entity as it generally cannot transact business in its own name and, therefore, should be included as part of the primary government for reporting purposes. The Hospital does not function as an operating hospital, but provides the facilities and the maintenance and repair of such facilities for a provider who contracts with the County to operate the hospital. The assets, liabilities, and results of operations of the Hospital are presented in the financial statements of the County as a nonmajor special revenue fund.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 1 - Reporting Entity (Concluded)**

- **Gadsden County Industrial Development Authority (the Development Authority)**—The Development Authority was created by resolution of the Board pursuant to Chapter 159, Part III Florida Statutes. The Development Authority members are appointed by the Board; however, the Board's accountability for the Development Authority does not extend beyond making the appointments. Accordingly, the Development Authority is considered to be a related organization only, and is not included in the financial reporting entity.
- **Quincy-Gadsden Airport Authority (the Airport Authority)**—The Airport Authority was created by Chapter 88-439, *Laws of Florida*. The Authority is composed of five members. Two members are appointed by the City of Quincy, Florida, two members are appointed by the Board, and one member is appointed by these four members. The Airport Authority is a local unit of special purpose government and is not considered a component unit of the County and is not included in the financial reporting entity.
- **Gadsden County Enterprise Zone Development Agency (the Agency)**—The Agency was created by ordinance of the Board pursuant to Chapter 290, Florida Statutes, to carry out economic development and redevelopment activities. The Agency Board members are appointed by the Board and the Board retains various powers including approving expenditures, borrowing funds, investing funds, and approving assistance to businesses within the enterprise zone. Accordingly, the activities of the Agency are included as a blended component unit in the County's financial statements.
- **Gadsden Hospital, Inc.**—Gadsden Hospital Inc. is a not-for-profit corporation established to assist with the operation of the Gadsden Hospital and other health care facilities in Gadsden County. The Gadsden Hospital, Inc. members are appointed by the Board and the Board approves its funding and operations. Accordingly, the activities of Gadsden Hospital, Inc. have been included as a blended component unit in the County's financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The accounting policies of the County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Government-wide and Fund Financial Statements (Concluded)**

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

- **General Fund**—The general fund is the County's primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund.
- **County Transportation**—This fund accounts for the operation of the Public Works department of the County. Funding is provided principally from gas taxes and other charges for services.
- **General Grants**—This fund accounts for a majority of the federal and state grants received by the County.
- **Capital Projects Road Resurfacing** —This fund was established to account for the financing, construction and maintenance of various road projects in Gadsden County.
- **Sheriff**—The Sheriff is an elected official of Gadsden County. This fund represents the general operating fund of the Sheriff's office.

The County also reports two types of fiduciary funds, agency funds which are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals and a private purpose trust fund to account for the Gadsden County Hospital Trust.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other postemployment benefits are recorded only when payment is due.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Budgets and Budgetary Accounting**

The County follows the procedures provided by Florida Statutes in establishing final budget balances reported on the financial statements.

- Budgets are generally prepared for the governmental funds on a basis consistent with generally accepted accounting principles.
- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law.
- Appropriations lapse at year-end to the extent that they have not been expended. Budget appropriations may not be legally exceeded on a fund basis.

**Investments**

Investments are stated at fair value. Investment fair values are based on quoted market prices. Investments in Florida PRIME, which is an external 2a-7-like investment pool, is stated at share price which is substantially the same as fair value.

**Receivables**

Receivables are shown at their net realizable value and reduced by an allowance for uncollectible accounts.

**Due from (to) Other Funds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.”

**Prepaid Items**

Certain payments to vendors are made in advance of the accounting period to which the cost related. These payments are reported under the allocation method, i.e., an asset is established at the date of the payment and subsequently amortized over the account periods that are expected to benefit from the initial payment.

**Inventories**

Inventories shown in the General Fund consist of fuel and office supplies valued at cost. General fund inventory is recorded under the consumption method and, accordingly, expenditures are recognized when inventory is consumed rather than when purchased. Inventories shown in the County Transportation Fund consists predominately of repair parts and are valued at cost. On the governmental fund balance sheet, the inventory balance is offset by a fund balance reserve which indicates it does not constitute “available spendable resources” even though is a component of net current assets.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater systems, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Land and buildings acquired prior to October 1, 1980, were recorded at the values stated on the 1979 Gadsden County Property Appraiser's assessment roll. Acquisitions of land and buildings since October 1, 1980, have been recorded at cost. Roads, bridges, and other infrastructure assets constructed prior to October 1, 2002, are reported at estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are expensed as incurred.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements Other Than Buildings	50
Machinery and Equipment	5-20
Infrastructure	15-25

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during construction is not capitalized.

**Deferred Revenues**

Deferred revenues reported in the government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets.

**Compensated Absences**

Upon retirement or resignation, employees may be paid a cash benefit equal to the number of vacation hours accrued up to a maximum amount, based upon the employee's current wage rate. Upon retirement or resignation in good standing, employees are paid a portion of accumulated sick leave. The portion is payable at various percentages depending on years of service and the governmental office in which the employee worked.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Concluded)**

**Postemployment Benefits Other than Pension Benefits (OPEB)**

The County participates and administers an agent single-employer plan under which qualified retired employees are permitted to participate in the health, dental, vision, and life insurance benefits program. Additional information on the County's OPEB liability can be found in Note 13.

**Property Taxes**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations.

The tax levy of the County is established by the Board prior to October 1, of each year and the Property Appraiser incorporates the County millages into the total tax levy, which includes the various municipalities, the county school board, and other taxing authorities.

All property is assessed according to its fair market value January 1, of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes become payable on November 1, of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. Taxes paid in March are without discount.

On or prior to June 1, following the tax year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold tax certificates are held by the County.

**Reserves and Designations of Fund Equity**

Reserves indicate that portion of fund balance or net assets that is not available for appropriation or which is legally segregated for a specific future use. The description of each reserve indicates the purpose for which each was intended. Designated portions of fund equity represent management's tentative future spending plans. Such designations should be clearly distinguished from reserves, since managerial plans are subject to change and may never be legally authorized or result in actual expenditures.

**Use of Restricted Assets**

When both restricted and unrestricted resources are available for use, the County's practice is to use restricted resources first, then unrestricted resources as they are needed.

**Encumbrances**

Encumbrances represent commitments in the form of purchase orders which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. The County does not record encumbrances outstanding at year-end.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 3 - Cash and Investments**

The County maintains its investments in two separate areas: those which support the County's public purpose and programs of the County, and the Hospital Endowment Trust Fund, for which funds are held in trust for the benefit of the County and the Gadsden County Hospital.

***Public Purpose***

As of September 30, 2010, the County's public purpose programs had the following in cash and investments:

	<b><u>Carrying Amount</u></b>
Cash on Hand	\$ 3,135
Deposits in Qualified Public Depositories	4,144,694
Overnight Repurchase Agreement	6,820,047
Florida PRIME	<u>1,403,483</u>
<b>Total Cash and Investments</b>	<b><u>\$ 12,371,359</u></b>

**Credit Risk**

In accordance with Florida Statutes, Section 218.415(1-16), the County adopted a written investment policy on October 1, 1995. The policy includes the objectives of safety, liquidity, and investment income, in order of priority. Authorized investments included in the policy are:

1. The Florida PRIME (formerly the Local Government Surplus Trust Funds Investment Pool) administered by the State Board of Administration.
2. Negotiable direct obligations of, or obligations of the principal and interest of which are unconditionally guaranteed by the United States Government, which include, but are not limited to: treasury bills, treasury notes, treasury bonds, and treasury strips.
3. Bonds, debentures, notes or other evidence of indebtedness, issued or guaranteed by United States agencies provided such obligations are backed by the full faith and credit of the United States Government, which include, but are not limited to: Farmers Home Administration, Federal Financing Bank, Federal Housing Administration Debentures, and Government National Mortgage Association.
4. Bonds, debentures, notes or other evidence of indebtedness, issued or guaranteed by United States government agencies (federal instrumentalities), which are not full-faith and credit agencies limited to the following: Federal Farm Credit Bank, Federal Home Land Bank or its district banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Student Loan Marketing Association.
5. Nonnegotiable interest-bearing time certificates of deposit, money market accounts or savings accounts in banks/savings and loan associations organized under the laws of the United States.
6. Repurchase agreements (for purchase and subsequent sale) for any of the investments authorized above in items 3 and 4.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 3 - Cash and Investments (Continued)**

***Public Purpose (Concluded)***

***Credit Risk (Concluded)***

Florida PRIME is administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the Securities and Exchange Commission (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. The County's fair value of their position in Florida PRIME approximates their value of the pool shares. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAm by Standards & Poor's.

The securities utilized by the financial institution to pledge against the County's overnight repurchase agreement at September 30, 2010, consist primarily of treasury notes and Agency securities from the Federal National Mortgage Association and Government National Mortgage Association. The treasury notes are triple A-rated by a nationally recognized statistical rating organization. The Agency securities are not fully rated.

***Custodial Credit Risk***

Custodial credit risk is the risk that, in the event of a bank failure, or the failure of the counterparty, the government's deposits may not be returned to it, or the government 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 custodian 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 County's investments in the overnight repurchase agreement are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent and are not held in the County's name. The bank balance of the repurchase account at September 30, 2010, was \$6,820,047. The remainder of the County's deposits is considered fully insured or collateralized. Bank balances at September 30, 2010, were \$4,073,090.

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits interest rate risk for the repurchase agreement by utilizing an overnight sweep agreement to invest excess cash balances.

***Hospital Endowment Trust Fund***

As of September 30, 2010, the Hospital Endowment Trust Fund had the following balances in investments:



**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 3 - Cash and Investments (Concluded)**

**Hospital Endowment Trust Fund (Concluded)**

Investments at Capital City Trust Company:

	<b>Fair Value</b>
Cash	\$ 712
Cash Equivalents	926,751
U.S. Treasury Bonds and Notes	151,448
U.S. Government Agencies	526,485
Mutual Funds - Taxable (Fixed)	3,006,152
Investments	2,668,861
<b>Total Investments</b>	<b>\$ 7,280,409</b>

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Investing activities for the Hospital Endowment Trust Fund are performed strictly by the members of the Trust committee. The County has no involvement in the investment decisions, and there are no written procedures outlining investing policies.

The U.S. Treasury Bonds and Notes, and the U.S. Government Agency holdings of the Hospital Endowment Trust Fund are triple A-rated by a nationally recognized statistical rating organization.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the government may not be able to recover the value of its investments that are in the possession of the outside party. Custody of the Hospital Endowment Trust Fund's investments is maintained in the County's name by Capital City Trust Company, the fiduciary of the account.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the investments of the Hospital Endowment Trust Fund in any one issuer that represents 5% or more of the total investment. There were no individual investments that represented more than 5% of the investment balance.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Hospital Endowment Trust Fund includes the following investments on a time-segmented basis:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than One Year</b>	<b>1-5 Years</b>
U.S. Treasury Bonds and Notes	\$ 151,448	\$ 0	\$ 151,448
U.S. Government Agencies	526,485	0	526,485
Non-Classifiable	6,602,476	6,602,476	0
<b>Total</b>	<b>\$ 7,280,409</b>	<b>\$ 6,602,476</b>	<b>\$ 677,933</b>

The County is authorized by Section 125.31, Florida Statutes, to invest surplus public funds in certain securities and institutions including, but not limited to, Florida PRIME, administered by the SBA, negotiable direct obligations of the U.S. Government, and interest-bearing time deposits or savings accounts.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 4 - Receivables**

Receivables at September 30, 2010, consist of the following:

	<u>Gross Accounts Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General	\$ 153,610	\$ 0	\$ 153,610
County Transportation	161,982	0	161,982
Other Governmental Funds:			
Emergency Medical Services	3,840,672	(3,482,158)	358,514
Hospital Operating	57,407	0	57,407
<b>Total Receivables</b>	<u>\$ 4,213,671</u>	<u>\$ (3,482,158)</u>	<u>\$ 731,513</u>

**Note 5 - Interfund Receivables, Payables and Transfers**

Interfund balances at September 30, 2010, consisted of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 919,812	\$ 67,790
General Grants	0	414,221
Capital Projects - Road Resurfacing	514	505,489
Sheriff	374,222	80,346
Other Governmental Funds	356,871	692,651
Fiduciary Funds:		
Private Purpose Trust Fund	100,000	0
Agency Funds	9,313	235
<b>Total</b>	<u>\$ 1,760,732</u>	<u>\$ 1,760,732</u>

The General Fund has amounts due to and from Constitutional Officers, which predominately represents the return of the excess due at the end of the fiscal year, from either budget officers or fee officers. Remaining balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

Interfund transfers for the year ended September 30, 2010, consisted of the following:

	<u>Interfund Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,105,163	\$ 10,397,765
County Transportation	543,647	0
General Grants	27,571	673,562
Sheriff	7,101,197	2,190
Capital Projects - Road Resurfacing	732,640	0
Other Governmental Funds	15,801,844	11,291,256
Fiduciary Funds:		
Private Purpose Trust Fund	0	2,947,289
<b>Total Interfund Transfers</b>	<u>\$ 25,312,062</u>	<u>\$ 25,312,062</u>

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 5 - Interfund Receivables, Payables and Transfers (Concluded)**

Interfund transfers from the General Fund and Other Governmental Funds to the Sheriff and Other Governmental Funds were predominately to transfer the Board's appropriation to the Constitutional Officers.

**Note 6 - Capital Assets**

Capital asset activity for the year ended September 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,662,891	\$ 165,018	\$ 0	\$ 1,827,909
Construction Work in Progress	<u>10,492,746</u>	<u>797,393</u>	<u>(9,871,848)</u>	<u>1,418,291</u>
Total Capital Assets Not Being Depreciated	<u>12,155,637</u>	<u>962,411</u>	<u>(9,871,848)</u>	<u>3,246,200</u>
Capital Assets Being Depreciated:				
Buildings	24,264,597	9,947,612	0	34,212,209
Improvements Other Than Buildings	2,822,343	300,748	0	3,123,091
Machinery and Equipment:				
Board and Clerk	14,712,877	2,483,566	(217,837)	16,978,606
Sheriff	<u>2,382,873</u>	<u>848,835</u>	<u>(645,971)</u>	<u>2,585,737</u>
Total Machinery and Equipment	17,095,750	3,332,401	(863,808)	19,564,343
Infrastructure	<u>45,853,430</u>	<u>1,325,974</u>	<u>0</u>	<u>47,179,404</u>
Total Capital Assets Being Depreciated	<u>90,036,120</u>	<u>14,906,735</u>	<u>(863,808)</u>	<u>104,079,047</u>
Less Accumulated Depreciation:				
Buildings	(7,496,993)	(621,288)	0	(8,118,281)
Improvements Other Than Buildings	(425,269)	(60,339)	0	(485,608)
Machinery and Equipment	(9,964,896)	(1,293,387)	800,852	(10,457,431)
Infrastructure	<u>(15,777,570)</u>	<u>(2,845,521)</u>	<u>0</u>	<u>(18,623,091)</u>
Total Accumulated Depreciation	<u>(33,664,728)</u>	<u>(4,820,535)</u>	<u>800,852</u>	<u>(37,684,411)</u>
Total Capital Assets Being Depreciated, Net	<u>56,371,392</u>	<u>10,086,200</u>	<u>(62,956)</u>	<u>66,394,636</u>
<b>Total Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 68,527,029</u>	<u>\$ 11,048,611</u>	<u>\$ (9,934,804)</u>	<u>\$ 69,640,836</u>

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

General Government	\$ 329,226
Public Safety	695,493
Physical Environment	64,679
Transportation	3,163,150
Economic Environment	20,215
Human Services	436,827
Culture and Recreation	<u>110,945</u>
<b>Total Depreciation Expense</b>	
<b>Governmental Activities</b>	<u>\$ 4,820,535</u>

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 7 - Long-term Debt**

**Summary of Changes in Long-term Debt**

The following is a summary of changes in long-term debt for the year ended September 30, 2010.

	<u>Balance</u> <u>10/1/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/10</u>	<u>Due Within</u> <u>One Year</u>
Estimated Landfill Postclosure Costs	\$ 710,350	\$ 0	\$ (47,356)	\$ 662,994	\$ 47,356
Employee Compensated Absences Payable	1,353,548	1,100,030	(1,008,735)	1,444,843	659,327
Other Postclosure Benefits	531,000	527,000	0	1,058,000	0
Installment Purchase, Hancock Bank, Due in Four Annual Installments of \$217,882, Plus a Payment in the Fifth Year of \$135,079, Commencing in December 2007, Including Interest at 4.08%	467,027	0	(172,836)	294,191	179,888
Vehicle Purchase of 5, Payable in 12 Quarterly Payments of \$9,768, Including Interest at 5.60%, Commencing December 2007	37,741	0	(37,741)	0	0
Installment Purchase, Hancock Bank of Florida, Due in Four Annual Payments of \$139,246, Commencing August 2006, Including Interest at 3.870%, Secured by Future Non-ad Valorem Revenues	134,058	0	(134,058)	0	0
Loan with the Florida Municipal Loan Council for 2003B Revenue Bonds, Semi-annual Interest Payments in May and November, Commencing May 2005, Interest at 4.53%, Principal Payment in December for \$460,000 Through 2018, Funds to be Used for Infrastructure	6,370,000	0	(535,000)	5,835,000	550,000
Loan with the Florida Municipal Loan Council for 2006B Revenue Bonds, Semi-annual Interest Payments in April and October, Commencing April 2007, Interest at 4.46%, Principal Payment in October for \$115,000 Through 2022, Funds to be Used for Financing and Refinancing Costs of Library Facilities	2,180,000	0	(125,000)	2,055,000	130,000

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 7 - Long-term Debt (Continued)**

**Summary of Changes in Long-term Debt (Concluded)**

	<u>Balance</u> <u>10/1/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/10</u>	<u>Due Within</u> <u>One Year</u>
Loan with Capital City Bank for 2008 Florida Sales Tax Revenue Bonds Commencing December 2008, Interest Payments in June and December Commencing June 2009, Interest at 4.34%, Principal Payment at Maturity Date of June 30, 2010, Funds to be Used for the Financing of the Construction, Renovation, and Equip- ping of the Gadsden Community Hospital.	\$ 9,750,000	\$ 0	\$ (9,750,000)	\$ 0	\$ 0
Vehicle Purchase of 20, Payable in 12 Quarterly Payments of \$44,883 Including Interest at 5.10%, Commencing December 2009	0	502,825	(163,516)	339,309	165,357
Loan with BB&T for 2010 Hospital Bond Commencing March 2010. Principal and Interest Payments Occurring Monthly \$66,142. Interest at 5.03% Maturing on March 2030. Funds Used to Pay Short- term Capital City Loan and Complete Hospital Renovations	0	10,000,000	(147,001)	9,852,999	793,704
<b>Total</b>	<u>\$ 21,533,724</u>	<u>\$ 12,129,855</u>	<u>\$ (12,121,243)</u>	<u>\$ 21,542,336</u>	<u>\$ 2,525,632</u>

Interest expense and other debt related charges during 2010 on long-term debt totaled \$856,102, none of which was capitalized.

**Maturities of Long-term Debt**

Maturities of long-term debt for years ending September 30 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,037,234	\$ 877,686
2012	1,314,277	818,570
2013	1,062,547	765,771
2014	1,109,922	715,115
2015	1,163,192	656,795
2016-2020	5,984,675	2,321,279
2021-2025	3,220,060	1,201,025
2026-2030	3,191,276	381,441
Other Years (Including Compensated Absences After One Year, Other Postemployment Benefits, and Estimated Landfill Postclosure Costs)	2,459,153	0
<b>Total</b>	<u>\$ 21,542,336</u>	<u>\$ 7,737,682</u>

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 7 - Long-term Debt (Concluded)**

**Original Issue Premium and Loan Issue Costs**

Unamortized original issue premium and loan issuance costs for the loans with the Florida Municipal Loan Council at September 30, 2010, were \$280,302 and \$193,854, respectively.

**Note 8 - Pledged Revenues**

The County has pledged certain revenues to repay bonds outstanding as of September 30, 2010. The following table reports the revenues pledged for each debt issue, the amounts of such revenues received in the current year principal and interest paid on the debt, the approximated percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2010:

<u>Pledged Revenue</u>	<u>Description of Bonds</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
County Fuel Tax	Revenue Bond for Infrastructure					
	Revenue Bond Series 2003B	<u>\$ 1,611,143</u>	<u>\$ 817,196</u>	50.72%	<u>\$ 7,264,384</u>	2018
Non Ad Valorem Revenues	Revenue Bond for Library					
	Revenue Bond Series 2006B	<u>\$ 4,841,322</u>	<u>\$ 223,833</u>	4.62%	<u>\$ 2,692,913</u>	2022
Non Ad Valorem Revenues		<u>\$ 4,841,322</u>				
Indigent Surtax Revenues	Sales Tax and Revenue Refund	<u>1,364,528</u>				
	Bond Series 2010	<u>\$ 6,205,850</u>	<u>\$ 396,968</u>	6.40%	<u>\$ 15,481,770</u>	2030

**Note 9 - Defined Benefit Pension Plan**

**Plan Description**

The County contributes to the Florida Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

**Fund Policy**

The System is employee noncontributory. The County is required to contribute at an actuarially determined rate. The contributions required for the years ended September 30, 2010, 2009, and 2008 were \$1,759,702, \$1,787,307, and \$1,153,462, respectively, which is equal to 100% of the required contribution for each year. The rates for 2010 and 2009 were as follows:

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 9 - Defined Benefit Pension Plan (Concluded)**

**Fund Policy (Concluded)**

<b>Membership Category</b>	<b>Benefit</b>	<b>Vesting</b>	<b><u>Employer Contribution Rate</u></b>	
			<b><u>July 1, 2009</u></b>	<b><u>July 1, 2010</u></b>
Regular Class	Normal Retirement at age 62 or at least 30 years of service; 1.60% times average compensation (five highest years) times years of creditable service.	After six years creditable service.	9.85%	10.77%
Senior Management Class	Normal retirement at seven years and age 62: 2.00% times average compensation (five highest years) times years of creditable service.	After six years creditable service.	13.12%	14.57%
Special Risk (Sworn Employees)	Normal retirement at age 55, or 25 years of special risk service: 2% to 3% times average compensation (five highest years times years of creditable service.	After six years creditable service.	20.92%	23.25%
Elected County Officers' Class (ESCOC) – Non-Judicial	Normal retirement at eight years ESCOC service and age 62: 3.00% times average compensation (five highest years) times years of creditable service.	After six years creditable service.	16.53%	18.64%
Deferred Retirement Option Program (DROP)	Retirement benefit paid to DROP where it earns 6.5% interest, tax deferred, for up to five years while the member continues to work.	Available to vested members at normal retirement age or date.	10.91%	12.25%

**Note 10 - Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public, or damage to property of others. The County obtained commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- Public Employees' Bond
- Workers' Compensation
- Automobile Liability

The County participates in the Florida Association of Counties Trust (FACT), a public entity risk pool for risks related to comprehensive general liability. The agreement provides that the financial liability of each participating county is limited to premiums and surplus contributions paid or obligations made to FACT. Aggregate coverage provided is limited to \$1,000,000 for each claim.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 11 - Hospital Endowment Trust Fund**

On July 7, 1952, a trust was established with Quincy State Bank (now Capital City Bank) as trustee to accept gifts and bequests for the benefit of the Hospital. The corpus of the trust is unavailable for use except in an emergency, and then only upon the approval of the parties to the trust agreement and the Circuit Court of Gadsden County. The trust is accounted for as a private purpose trust fund in the fiduciary fund financial statements.

**Note 12 - Landfill Postclosure Costs**

The Board has obtained engineering estimates of future costs to monitor the landfill sites as required by U.S. Environmental Protection Agency regulations and the related provisions of GASB Statement No. 18. A long-term liability for accrued landfill postclosure costs at September 30, 2010 has been recorded in the statement of net assets representing the Board's estimated liabilities for such costs. In addition, the Board has established a landfill escrow account to accumulate funds for monitoring the final closure of the landfills. The County does not presently own or operate any open sanitary landfill sites.

**Note 13 - Commitments and Contingencies**

**Pending Litigation**

The County is subject to a 2005 lawsuit by Ashford Healthcare Systems, Inc. seeking \$6 million in damages it allegedly suffered related to the provision of indigent healthcare. The lawsuit has been stayed since late 2005 when Ashford went into bankruptcy, where it still remains. Management believes that an adverse result of such litigation is not probable and a liability has not been recorded in accordance with criteria provided by FASB ASC 450-20-25. If the County does not prevail, the claim would potentially be paid from the HETF. However, if the County does not prevail the claim could have a material effect on the financial condition of the County.

The County is also contingently liable with respect to other lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of the County's management, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the County.

**Construction Commitments**

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2010:

<u>Project</u>	<u>Fund</u>	<u>Contract Amount</u>	<u>Expended as of 9/30/10</u>
Water and Sewer Projects	Physical Environment	\$ 1,300,000	\$ 775,378
Road Resurfacing	Transportation	3,448,588	685,626
<b>Total</b>		<u>\$ 4,748,588</u>	<u>\$ 1,461,004</u>



**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 14 - Postemployment Benefits Other than Pension Benefits (OPEB)**

**Plan Description**—The County participates and administers an agent single-employer plan under which qualified retired employees are permitted to participate in the health, dental, vision and life insurance benefits program (the Program). 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.

**Annual OPEB Cost and Net OPEB Obligations**—The County's OPEB obligation is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the guidance provided by Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 20 years. The following table shows the County's annual cost, its actuarial contributions, and changes in the County's net OPEB obligation:

	<u>Sheriff</u>	<u>BOCC</u>	<u>Clerk of Courts</u>	<u>Property Appraiser</u>	<u>Tax Collector</u>	<u>Total</u>
Normal Cost	\$ 202,000	\$ 133,000	\$ 24,000	\$ 6,000	\$ 5,000	\$ 370,000
Amortization of Unfunded Actuarial Accrued Liability	91,000	81,000	10,000	6,000	3,000	191,000
Amortization of Net OPEB Obligation	<u>20,000</u>	<u>14,000</u>	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>	<u>38,000</u>
Annual Required Contribution	313,000	228,000	36,000	13,000	9,000	599,000
Interest on Net OPEB Obligation	11,000	8,000	1,000	0	0	20,000
Adjustment to the ARC	<u>(20,000)</u>	<u>(14,000)</u>	<u>(2,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>(38,000)</u>
Annual OPEB Cost	304,000	222,000	35,000	12,000	8,000	581,000
Employer Contributions	<u>(24,000)</u>	<u>(23,000)</u>	<u>(5,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>(54,000)</u>
Increase in Net OPEB Obligation	280,000	199,000	30,000	11,000	7,000	527,000
<b>Net OPEB Obligation, Beginning of Year</b>	<u>282,000</u>	<u>197,000</u>	<u>33,000</u>	<u>11,000</u>	<u>8,000</u>	<u>531,000</u>
<b>Net OPEB Obligation, End of Year</b>	<u>\$ 562,000</u>	<u>\$ 396,000</u>	<u>\$ 63,000</u>	<u>\$ 22,000</u>	<u>\$ 15,000</u>	<u>\$ 1,058,000</u>

The percentage of annual OPEB cost contribution to the plan for fiscal year 2010 was 9.3%.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

**Note 14 - Postemployment Benefits Other than Pension Benefits (OPEB) (Concluded)**

**Funded Status and Funding Progress**—As of the most recently completed actuarial valuation (October 1, 2008), the unfunded actuarial accrued liability for benefits was \$2,680,000, all of which was unfunded. The County's covered payroll (annual payroll of active employees covered by the plan) was \$12,188,000. The ratio of the County's actuarial accrued liability to the County's covered payroll was 22%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumption 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 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 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.

The requirements of GASB Statement No. 45 have been implemented on a prospective basis. For the October 1, 2008 actuarial valuation, the projected unit credit method of funding was used. The objective under that 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 (which includes inflation at 2.75% per annum) based on the estimated long-term investments that are expected to be used to finance the payment of the benefits; healthcare cost trend rates were assumed to increase on a declining scale of 10.0% for the 2009-10 fiscal year, to 6.0% for the 2016-17 fiscal year, and 5.0% (the ultimate rate) thereafter. 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, 2010 was 19 years.

**Note 15 - Other Disclosures**

**Restatement**

A restatement of beginning fund balance in the nonmajor governmental funds and beginning net assets in the statement of activities was recorded as follows:

Sheriff - Nonmajor	\$ 245,223
Gadsden Hospital, Inc.	(74,574)

The Sheriff's restatement was necessary to more appropriately report excess funds in the Sheriff's nonmajor funds as reserved fund balance as opposed to deferred revenues which was reported in the previous year.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**  
*(Concluded)*

**Note 15 - Other Disclosures (Concluded)**

**Restatement (Concluded)**

Gadsden Hospital, Inc. was determined to be a component unit of Gadsden County in the current year. A restatement was necessary to include its beginning fund balance/net assets in the accompanying financial statements.

Beginning net assets in the statement of activities were increased by \$817,759 to properly reflect the effects of recognizing certain deferred revenues which were unavailable at the end of the previous year in accordance with GASB Statement No. 33.

**Deficits in Fund Balance**

The following nonmajor governmental funds had deficits in fund balance as of September 30, 2010:

General Grants Fund	\$ (57,170)
Gadsden Hospital, Inc.	(86,072)
Capital Projects – Hospital	(90,356)
<b>Total</b>	<u>\$ (233,598)</u>

**Budget Over-expenditure**

The General Grants fund had transfers out in excess of appropriated amounts in the amount of \$138,452. This resulted from the expenditures for a JAG grant being originally budgeted by the Board but the funds were ultimately transferred to the Sheriff for expenditure.

**Restricted Net Assets**

Certain net assets are considered restricted for future use by enabling legislation or from other restricted sources. These amounts have been classified as restricted net assets on the County's Statement of Net Assets. A summary of the County's restricted net assets and the purpose of each as of September 30, 2010 is as follows:

Transportation	\$ 2,486,283
Public Safety	523,112
Grants and Other Purposes:	
Indigent Surtax	1,197,311
Choose Life	15,697
Waste Services	86,965
Wireless Services	129,183
Boating Improvement	151,020
State Housing Initiative Program	47,621
Court Facilities	108,282
Landfill Escrow	49,729
Judicial Services	29,053
Tourist Development	213,706
Building Inspection	27,083
Small County Surtax	221,242
Capital Projects - Court Facilities	6,238
Capital Projects - Parks	35,000
Public Records Modernization	310,401
Total Grants and Other Purposes	<u>2,628,531</u>
<b>Total Restricted Net Assets</b>	<u>\$ 5,637,926</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**GADSDEN COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

<b>Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as Percentage of Covered Payroll</b>
10/1/2008	\$ 0	\$ 2,680,000	\$ 2,680,000	0.0%	\$ 12,188,000	22.00%

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the system's funded status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

## **COMBINING NONMAJOR FUND STATEMENTS**

**GADSDEN COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

	Special Revenue			
	Landfill	Fines and Forfeitures	Emergency Medical Services	State Housing Initiative Partnership
<b>Assets</b>				
Cash	\$ 148,896	\$ 321,825	\$ 192,609	\$ 405,665
Investments	49,729	0	0	0
Receivables (Net of Allowance for Uncollectible):				
Accounts	0	0	358,514	0
Due from Other Funds	0	71,887	5,383	0
Due from Other Governments	0	997	0	0
<b>Total Assets</b>	<u>198,625</u>	<u>394,709</u>	<u>556,506</u>	<u>405,665</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	12,374	0	18,128	53,247
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	0	0
Accrued Wages	0	0	38,104	0
Deferred Revenue	0	0	203,793	304,797
<b>Total Liabilities</b>	<u>12,374</u>	<u>0</u>	<u>260,025</u>	<u>358,044</u>
<b>Fund Balances</b>				
Reserved for:				
Radio Communications	0	0	0	0
Inmate Welfare	0	0	0	0
Teen Court	0	0	0	0
Records Modernization	0	0	0	0
Unreserved	186,251	394,709	296,481	47,621
<b>Total Fund Balances</b>	<u>186,251</u>	<u>394,709</u>	<u>296,481</u>	<u>47,621</u>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<u>\$ 198,625</u>	<u>\$ 394,709</u>	<u>\$ 556,506</u>	<u>\$ 405,665</u>

## Special Revenue

Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Hospital Operating	Tourist Development	Small Co. Surtax
\$ 490,568	\$ 47,482	\$ 182,184	\$ 109,765	\$ 220	\$ 209,492	\$ 0
0	0	0	0	0	0	0
0	0	0	0	57,407	0	0
0	0	0	0	0	0	0
10,000	0	525	0	0	11,919	357,322
<u>500,568</u>	<u>47,482</u>	<u>182,709</u>	<u>109,765</u>	<u>57,627</u>	<u>221,411</u>	<u>357,322</u>
11,387	18,429	57,663	1,483	220	2,405	0
0	0	0	0	0	0	514
0	0	0	0	1,230	0	0
0	0	0	0	0	0	0
0	0	0	0	0	5,300	135,566
<u>11,387</u>	<u>18,429</u>	<u>57,663</u>	<u>1,483</u>	<u>1,450</u>	<u>7,705</u>	<u>136,080</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
489,181	29,053	125,046	108,282	56,177	213,706	221,242
<u>489,181</u>	<u>29,053</u>	<u>125,046</u>	<u>108,282</u>	<u>56,177</u>	<u>213,706</u>	<u>221,242</u>
<u>\$ 500,568</u>	<u>\$ 47,482</u>	<u>\$ 182,709</u>	<u>\$ 109,765</u>	<u>\$ 57,627</u>	<u>\$ 221,411</u>	<u>\$ 357,322</u>



**GADSDEN COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

	Special Revenue			
	Indigent Surtax	GHI	E-911	Building Insp. Fund
<b>Assets</b>				
Cash	\$ (10,417)	\$ 13,928	\$ 93,685	\$ 17,066
Investments	0	0	0	0
Receivables (Net of Allowance for Uncollectible):				
Accounts	0	0	0	0
Due from Other Funds	0	0	0	0
Due from Other Governments	241,725	0	31,551	10,700
<b>Total Assets</b>	<u>231,308</u>	<u>13,928</u>	<u>125,236</u>	<u>27,766</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	83,721	0	4,644	683
Due to Other Funds	0	100,000	67,361	0
Due to Other Governments	0	0	0	0
Accrued Wages	0	0	0	0
Deferred Revenue	91,843	0	0	0
<b>Total Liabilities</b>	<u>175,564</u>	<u>100,000</u>	<u>72,005</u>	<u>683</u>
<b>Fund Balances</b>				
Reserved for:				
Radio Communications	0	0	0	0
Inmate Welfare	0	0	0	0
Teen Court	0	0	0	0
Records Modernization	0	0	0	0
Unreserved	55,744	(86,072)	53,231	27,083
<b>Total Fund Balances</b>	<u>55,744</u>	<u>(86,072)</u>	<u>53,231</u>	<u>27,083</u>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<u>\$ 231,308</u>	<u>\$ 13,928</u>	<u>\$ 125,236</u>	<u>\$ 27,766</u>

Debt Service					Capital Projects	
Debt Service Hospital	Debt Service Fire	Debt Service Library	Debt Service Public Works	Debt Service IT Equipment	Capital Projects General	Capital Project Water/Sewer
\$ 1,141,567	\$ 0	\$ 30,745	\$ 0	\$ 26,790	\$ 519,449	\$ 97,160
0	0	0	717,585	0	80,000	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	179,199	182,249	0	0	0
<u>1,141,567</u>	<u>0</u>	<u>209,944</u>	<u>899,834</u>	<u>26,790</u>	<u>599,449</u>	<u>97,160</u>
0	0	0	0	0	0	1,804
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	88,824	92,192	0	0	95,356
<u>0</u>	<u>0</u>	<u>88,824</u>	<u>92,192</u>	<u>0</u>	<u>0</u>	<u>97,160</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1,141,567	0	121,120	807,642	26,790	599,449	0
<u>1,141,567</u>	<u>0</u>	<u>121,120</u>	<u>807,642</u>	<u>26,790</u>	<u>599,449</u>	<u>0</u>
<u>\$ 1,141,567</u>	<u>\$ 0</u>	<u>\$ 209,944</u>	<u>\$ 899,834</u>	<u>\$ 26,790</u>	<u>\$ 599,449</u>	<u>\$ 97,160</u>

**GADSDEN COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**  
*(Concluded)*

	Capital Projects			
	Capital Project Parks	Capital Project SCRAP	Capital Project Court Facilities	Capital Project Hospital
<b>Assets</b>				
Cash	\$ 16,320	\$ 0	\$ 7,982	\$ 0
Investments	0	0	0	0
Receivables (Net of Allowance for Uncollectible):				
Accounts	0	0	0	0
Due from Other Funds	0	0	0	0
Due from Other Governments	69,066	363,859	0	0
<b>Total Assets</b>	<u>85,386</u>	<u>363,859</u>	<u>7,982</u>	<u>0</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	50,386	363,859	1,744	90,356
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	0	0
Accrued Wages	0	0	0	0
Deferred Revenue	0	0	0	0
<b>Total Liabilities</b>	<u>50,386</u>	<u>363,859</u>	<u>1,744</u>	<u>90,356</u>
<b>Fund Balances</b>				
Reserved for:				
Radio Communications	0	0	0	0
Inmate Welfare	0	0	0	0
Teen Court	0	0	0	0
Records Modernization	0	0	0	0
Unreserved	35,000	0	6,238	(90,356)
<b>Total Fund Balances</b>	<u>35,000</u>	<u>0</u>	<u>6,238</u>	<u>(90,356)</u>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<u>\$ 85,386</u>	<u>\$ 363,859</u>	<u>\$ 7,982</u>	<u>\$ 0</u>

<b>Constitutional Officer Sheriff Special Revenues</b>	<b>Constitutional Officer Clerk of the Circuit Court</b>	<b>Constitutional Officer Property Appraiser</b>	<b>Constitutional Officer Tax Collector</b>	<b>Constitutional Officer Supervisor of Elections</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 379,171 0	\$ 411,070 0	\$ 37,579 0	\$ 69,560 0	\$ 28,435 0	\$ 4,988,796 847,314
0	0	0	0	0	415,921
216,959	18,439	0	44,203	0	356,871
90,417	4,440	396	0	0	1,554,365
<u>686,547</u>	<u>433,949</u>	<u>37,975</u>	<u>113,763</u>	<u>28,435</u>	<u>8,163,267</u>
525	8,050	1,201	1,616	4,302	788,227
374,222	2,048	36,639	111,867	0	692,651
0	45	135	280	0	1,690
0	64,349	0	0	5,675	108,128
18,970	49,056	0	0	18,458	1,104,155
<u>393,717</u>	<u>123,548</u>	<u>37,975</u>	<u>113,763</u>	<u>28,435</u>	<u>2,694,851</u>
127,780	0	0	0	0	127,780
146,607	0	0	0	0	146,607
18,443	0	0	0	0	18,443
0	310,401	0	0	0	310,401
0	0	0	0	0	4,865,185
<u>292,830</u>	<u>310,401</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,468,416</u>
<u>\$ 686,547</u>	<u>\$ 433,949</u>	<u>\$ 37,975</u>	<u>\$ 113,763</u>	<u>\$ 28,435</u>	<u>\$ 8,163,267</u>

**GADSDEN COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

	<b>Special Revenue</b>			
	<b>Landfill</b>	<b>Fine and Forfeitures</b>	<b>Emergency Medical Services</b>	<b>State Housing Initiative Partnership</b>
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental	37,683	183,888	0	619,676
Charges for Services	56,787	167,165	1,660,179	0
Fines and Forfeitures	0	21,363	0	0
Miscellaneous	179	0	4,151	45,979
<b>Total Revenues</b>	<b>94,649</b>	<b>372,416</b>	<b>1,664,330</b>	<b>665,655</b>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Public Safety	0	23,840	2,191,997	0
Physical Environment	468,792	0	0	0
Economic Environment	0	0	0	627,702
Human Services	0	0	0	0
Culture and Recreation	0	0	0	0
Debt Service:				
Principal Payments	0	0	0	0
Interest	0	0	0	0
Other	0	0	0	0
Capital Outlay:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Human Services	0	0	0	0
Culture and Recreation	0	0	0	0
<b>(Total Expenditures)</b>	<b>(468,792)</b>	<b>(23,840)</b>	<b>(2,191,997)</b>	<b>(627,702)</b>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<b>(374,143)</b>	<b>348,576</b>	<b>(527,667)</b>	<b>37,953</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	475,639	6,859,357	407,867	0
Debt Proceeds	0	0	0	0
Debt Refunding	0	0	0	0
Transfers (out)	0	(7,101,197)	(8,400)	0
<b>Total Other Financing Sources (Uses)</b>	<b>475,639</b>	<b>(241,840)</b>	<b>399,467</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>101,496</b>	<b>106,736</b>	<b>(128,200)</b>	<b>37,953</b>
<b>Fund Balances, Beginning of Year (As Restated)</b>	<b>84,755</b>	<b>287,973</b>	<b>424,681</b>	<b>9,668</b>
<b>Fund Balances, End of Year</b>	<b>\$ 186,251</b>	<b>\$ 394,709</b>	<b>\$ 296,481</b>	<b>\$ 47,621</b>

## Special Revenue

Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Hospital Operating	Tourist Development	Small Co. Surtax
\$ 0	\$ 0	\$ 0	\$ 0	\$ 24	\$ 77,803	\$ 2,021,577
0	0	0	0	0	0	0
374,819	0	0	0	0	0	0
16,242	144,184	0	250,332	(30,830)	0	0
0	0	0	0	0	0	0
4,512	0	0	202	4,168	618	863
<u>395,573</u>	<u>144,184</u>	<u>0</u>	<u>250,534</u>	<u>(26,638)</u>	<u>78,421</u>	<u>2,022,440</u>
0	255,336	0	151,419	0	0	0
0	0	830,919	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	62,387	0
0	0	0	0	353,219	0	0
964,447	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	5,877	0	0	0	0	0
0	0	16,450	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>(964,447)</u>	<u>(261,213)</u>	<u>(847,369)</u>	<u>(151,419)</u>	<u>(353,219)</u>	<u>(62,387)</u>	<u>0</u>
<u>(568,874)</u>	<u>(117,029)</u>	<u>(847,369)</u>	<u>99,115</u>	<u>(379,857)</u>	<u>16,034</u>	<u>2,022,440</u>
453,599	109,243	908,190	0	311,426	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	(52,125)	(132,000)	0	(2,069,548)
<u>453,599</u>	<u>109,243</u>	<u>908,190</u>	<u>(52,125)</u>	<u>179,426</u>	<u>0</u>	<u>(2,069,548)</u>
(115,275)	(7,786)	60,821	46,990	(200,431)	16,034	(47,108)
<u>604,456</u>	<u>36,839</u>	<u>64,225</u>	<u>61,292</u>	<u>256,608</u>	<u>197,672</u>	<u>268,350</u>
<u>\$ 489,181</u>	<u>\$ 29,053</u>	<u>\$ 125,046</u>	<u>\$ 108,282</u>	<u>\$ 56,177</u>	<u>\$ 213,706</u>	<u>\$ 221,242</u>

**GADSDEN COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**  
*(Continued)*

	<b>Special Revenue</b>			
	<b>Indigent Surtax</b>	<b>GHI</b>	<b>E-911</b>	<b>Building Insp. Fund</b>
<b>Revenues</b>				
Taxes	\$ 580,853	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	277,211
Intergovernmental	0	0	258,036	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Miscellaneous	0	1,005	1,290	75
<b>Total Revenues</b>	<b>580,853</b>	<b>1,005</b>	<b>259,326</b>	<b>277,286</b>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Public Safety	0	0	126,751	264,904
Physical Environment	0	0	0	0
Economic Environment	0	0	0	0
Human Services	194,302	144,503	0	0
Culture and Recreation	0	0	0	0
Debt Service:				
Principal Payments	0	0	0	0
Interest	0	0	0	0
Other	0	0	0	0
Capital Outlay:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Human Services	0	0	0	0
Culture and Recreation	0	0	0	0
<b>(Total Expenditures)</b>	<b>(194,302)</b>	<b>(144,503)</b>	<b>(126,751)</b>	<b>(264,904)</b>
<b>(Deficiency) Excess of Revenues (Under)</b>				
<b>Over Expenditures</b>	<b>386,551</b>	<b>(143,498)</b>	<b>132,575</b>	<b>12,382</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	132,000	13,345	15,254
Debt Proceeds	0	0	0	0
Debt Refunding	0	0	0	0
Transfers (out)	(330,807)	0	(145,184)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(330,807)</b>	<b>132,000</b>	<b>(131,839)</b>	<b>15,254</b>
<b>Net Change in Fund Balances</b>	<b>55,744</b>	<b>(11,498)</b>	<b>736</b>	<b>27,636</b>
<b>Fund Balances, Beginning of Year</b>				
<b>(As Restated)</b>	<b>0</b>	<b>(74,574)</b>	<b>52,495</b>	<b>(553)</b>
<b>Fund Balances, End of Year</b>	<b>\$ 55,744</b>	<b>\$ (86,072)</b>	<b>\$ 53,231</b>	<b>\$ 27,083</b>

Debt Service					Capital Projects	
Debt Service Hospital	Debt Service Fire	Debt Service Library	Debt Service Public Works	Debt Service IT Equipment	Capital Projects General	Capital Project Water/Sewer
\$ 783,657	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	1,075,624	1,121,593	0	0	156,839
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1,061	0	600	2,956	0	1,787	0
784,718	0	1,076,224	1,124,549	0	1,787	156,839
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	125,000	669,058	172,836	0	0
441,029	0	96,231	287,384	4,711	0	0
72,816	0	2,602	6,634	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	223,247	0
0	0	0	0	0	0	156,839
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(513,845)	0	(223,833)	(963,076)	(177,547)	(223,247)	(156,839)
270,873	0	852,391	161,473	(177,547)	(221,460)	0
330,807	0	0	0	217,883	175,000	0
10,000,000	0	0	0	0	0	0
(9,897,001)	0	0	0	0	0	0
(315,164)	(64,091)	(844,872)	(62,208)	0	(13,345)	0
118,642	(64,091)	(844,872)	(62,208)	217,883	161,655	0
389,515	(64,091)	7,519	99,265	40,336	(59,805)	0
752,052	64,091	113,601	708,377	(13,546)	659,254	0
\$ 1,141,567	\$ 0	\$ 121,120	\$ 807,642	\$ 26,790	\$ 599,449	\$ 0



**GADSDEN COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**  
*(Concluded)*

	<b>Capital Projects</b>			
	<b>Capital Project Parks</b>	<b>Capital Project SCRAP</b>	<b>Capital Project Court Facilities</b>	<b>Capital Project Hospital</b>
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental	61,521	448,807	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Miscellaneous	0	0	0	208
<b>Total Revenues</b>	<b>61,521</b>	<b>448,807</b>	<b>0</b>	<b>208</b>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Economic Environment	0	0	0	0
Human Services	0	0	0	6,454
Culture and Recreation	0	0	0	0
Debt Service:				
Principal Payments	0	0	0	0
Interest	0	0	0	0
Other	0	0	0	0
Capital Outlay:				
General Government	0	0	45,887	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	448,807	0	0
Human Services	0	0	0	3,088,058
Culture and Recreation	61,521	0	0	0
<b>(Total Expenditures)</b>	<b>(61,521)</b>	<b>(448,807)</b>	<b>(45,887)</b>	<b>(3,094,512)</b>
<b>(Deficiency) Excess of Revenues (Under)</b>				
<b>Over Expenditures</b>	<b>0</b>	<b>0</b>	<b>(45,887)</b>	<b>(3,094,304)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	35,000	0	52,125	2,924,027
Debt Proceeds	0	0	0	0
Debt Refunding	0	0	0	0
Transfers (out)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>35,000</b>	<b>0</b>	<b>52,125</b>	<b>2,924,027</b>
<b>Net Change in Fund Balances</b>	<b>35,000</b>	<b>0</b>	<b>6,238</b>	<b>(170,277)</b>
<b>Fund Balances, Beginning of Year</b>				
<b>(As Restated)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,921</b>
<b>Fund Balances, End of Year</b>	<b>\$ 35,000</b>	<b>\$ 0</b>	<b>\$ 6,238</b>	<b>\$ (90,356)</b>

<b>Constitutional Officer Sheriff Special Revenues</b>	<b>Constitutional Officer Clerk of the Circuit Court</b>	<b>Constitutional Officer Property Appraiser</b>	<b>Constitutional Officer Tax Collector</b>	<b>Constitutional Officer Supervisor of Elections</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,463,914
0	0	0	0	0	277,211
128,208	1,345,309	0	0	6,614	5,818,617
140,568	271,969	1,561	806,933	0	3,485,090
0	0	0	0	0	21,363
73,997	45,117	14,945	2,334	0	206,047
<u>342,773</u>	<u>1,662,395</u>	<u>16,506</u>	<u>809,267</u>	<u>6,614</u>	<u>13,272,242</u>
0	2,090,253	648,291	695,575	455,785	4,296,659
801,297	0	0	0	0	4,239,708
0	0	0	0	0	468,792
0	0	0	0	0	690,089
0	0	0	0	0	698,478
0	0	0	0	0	964,447
0	0	0	0	0	966,894
0	0	0	0	0	829,355
0	0	0	0	0	82,052
0	24,006	12,954	2,679	2,696	94,099
282,418	0	0	0	0	522,115
0	0	0	0	0	156,839
0	0	0	0	0	448,807
0	0	0	0	0	3,088,058
0	0	0	0	0	61,521
<u>(1,083,715)</u>	<u>(2,114,259)</u>	<u>(661,245)</u>	<u>(698,254)</u>	<u>(458,481)</u>	<u>(17,607,913)</u>
<u>(740,942)</u>	<u>(451,864)</u>	<u>(644,739)</u>	<u>111,013</u>	<u>(451,867)</u>	<u>(4,335,671)</u>
703,485	539,689	686,041	0	451,867	15,801,844
0	0	0	0	0	10,000,000
0	0	0	0	0	(9,897,001)
0	0	(41,302)	(111,013)	0	(11,291,256)
<u>703,485</u>	<u>539,689</u>	<u>644,739</u>	<u>(111,013)</u>	<u>451,867</u>	<u>4,613,587</u>
<u>(37,457)</u>	<u>87,825</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>277,916</u>
<u>330,287</u>	<u>222,576</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,190,500</u>
<u>\$ 292,830</u>	<u>\$ 310,401</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,468,416</u>

**GADSDEN COUNTY, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS**  
**AND LIABILITIES - AGENCY FUNDS**  
**SEPTEMBER 30, 2010**

	Agency Funds Clerk of the Courts		Agency Funds Sheriff	
	Trust Funds	Cash Bond	Civil Account	Suspense
<b>Assets</b>				
Cash	\$ 1,155,463	\$ 172,732	\$ 2,663	\$ 16,792
Accounts Receivable	0	0	0	0
Due from Other Funds	0	0	3,324	0
Due from Other Governments	40	0	0	0
<b>Total Assets</b>	<u>1,155,503</u>	<u>172,732</u>	<u>5,987</u>	<u>16,792</u>
<b>Liabilities</b>				
Accounts Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Due to Other Governments	18,922	0	0	0
Installment Tax Deposits	0	0	0	0
Assets Held for Other	0	0	5,987	16,792
Deferred Revenue	0	0	0	0
Deposits	1,136,581	172,732	0	0
<b>Total Liabilities</b>	<u>\$ 1,155,503</u>	<u>\$ 172,732</u>	<u>\$ 5,987</u>	<u>\$ 16,792</u>

Agency Funds Sheriff		Agency Fund Tax Collector	
Confiscated Funds	Commissary and Inmate Welfare	Tax	Totals
\$ 18,306	\$ 39,230	\$ 294,118	\$ 1,699,304
0	0	4,202	4,202
5,135	0	854	9,313
0	0	182	222
23,441	39,230	299,356	1,713,041
0	0	525	525
0	0	235	235
0	0	30,796	49,718
0	0	266,310	266,310
23,441	39,230	0	85,450
0	0	1,490	1,490
0	0	0	1,309,313
\$ 23,441	\$ 39,230	\$ 299,356	\$ 1,713,041

## **OTHER INFORMATION**

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES;  
THE PROVISIONS OF THE OFFICE OF MANAGEMENT AND BUDGET  
(OMB) CIRCULAR A-133; THE *RULES OF THE AUDITOR GENERAL* OF  
THE STATE OF FLORIDA; AND OTHER CONTRACT REQUIREMENTS**

**GADSDEN COUNTY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR YEAR ENDING SEPTEMBER 30, 2010**

<b>Federal Grantor/Pass-Through Grantor/ Grant Program</b>	<b>Federal CFDA Number</b>	<b>Grant ID Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Justice</b>			
Gadsden County Sheriff's Office Summer Camp Program	16.738	2009-FJ-BX-1156	\$ 8,638
MDT Communications System Project for Gadsden County -ARRA	16.804	2009-SB-B9-1539	71,247
Passed Through the State of Florida Office of the Attorney General: Victims of Crime Act	16.575	V09227	35,303
Passed Through the State of Florida Department of Law Enforcement: SCAPP - State Criminal Alien Assistance Program	16.606	2009 - Award	8,077
SCAPP - State Criminal Alien Assistance Program	16.606	2008 - Award	7,401
Subtotal Expenditures - CFDA No.16.606			15,478
Gadsden County Anti-Firearm Initiative	16.609	2009-PSNN-GADS-1-V9-005	13,020
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-JAGC-GADS-1-4X-187	87,351
Gadsden Co. Sheriff's Office Jail Mgmt Information Sharing System - ARRA	16.803	2010-ARRC-GADS-5-W7-203	193,655
Chattahoochee Police Dept. Drug Interdiction Program - ARRA	16.803	2010-ARRC-GADS-2-W7-193	31,000
Quincy Police Dept. Equipment Acquisition Program - ARRA	16.803	2010-ARRC-GADS-6-W7-054	51,000
City of Gretna Combating Narcotics through Police K-9 Enforcement - ARRA	16.803	2010-ARRC-GADS-3-W7-194	32,000
Greensboro Police Dept. Improving Officer Safety - ARRA	16.803	2010-ARRC-GADS-4-W7-083	21,000
Havana Police Dept. Drug Apprehension - ARRA	16.803	2010-ARRC-GADS-1-W7-192	29,900
Subtotal Expenditures - CFDA No.16.803			358,555
<b>Total United States Department of Justice</b>			589,592
<b>U.S. Department of Transportation/Federal Highway Administration</b>			
Passed Through Florida Department of Transportation:			
Local Agency Program Agreement - Apalachicola Northern R/R Depot	20.205	APF19	14,170
Local Agency Program Agreement - Rural Pavement Markings - ARRA	20.205	426682-1-58-01	519,778
Local Agency Program Agreement - Urban Pavement Markings - ARRA	20.205	426686-1-58-01	268,359
Local Agency Program Agreement - Glades Rd. CR 12B - ARRA	20.205	426683-1-58-01	384,409
Local Agency Program Agreement - S. Main Street CR 269 - ARRA	20.205	426685-1-58-01	120,119
Subtotal Expenditures - CFDA No.20.205			1,306,835
Public Transportation Joint Participation Agreement	20.516	FL-37-X030-00	23,220
<b>Total U.S. Department of Transportation</b>			1,330,055

**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR YEAR ENDING SEPTEMBER 30, 2010**  
*(Continued)*

Federal Grantor/Pass-Through Grantor/ Grant Program	Federal CFDA Number	Grant ID Number	Federal Expenditures
<b>National Foundation on the Arts and the Humanities</b>			
Passed Through Florida Department of State: Technology Enhancement Project	45.310	09-LSTA-F-01	\$ 33,637
<b>U.S. Department of Environmental Protection Agency</b>			
Brownfield Award	66.818	BF-95460910	99
<b>U.S. Election Assistance Commission</b>			
Passed Through Florida Department of State: Poll worker Recruitment and Training	39.011	Appropriation 3175	5,025
Help America Vote Act	90.401	(MOVE) Act	1,589
<b>Total U.S. Election Assistance Commission</b>			6,614
<b>U.S. Department of Health and Human Services</b>			
Passed Through State of Florida Department of Revenue: Child Support Enforcement	93.563	CSP20	13,240
Child Support Reimbursement Payments	93.563	CD320	189,937
Subtotal Expenditures - CFDA No.93.563			203,177
<b>Total U.S. Department of Health and Human Services</b>			203,177
<b>U.S. Department of Homeland Security</b>			
Passed Through State of Florida Department of Community Affairs: FEMA - Hazard Mitigation Grant	97.039	10-HM-E7-02-30-01-001	165,018
Emergency Management Preparedness Grant	97.042	09-BG-03-02-30-01-353	34,152
State Homeland Security Grant Program (SHSGP)	97.067	09-DS-60-02-30-01-361	35,141
State Homeland Security Grant Program (SHSGP)	97.067	09-DS-51-02-30-01-393	18,000
Subtotal Expenditures - CFDA No.97.067			53,141
<b>Total U.S. Department of Homeland Security</b>			252,311
<b>Total Federal Expenditures</b>			2,415,485



**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR YEAR ENDING SEPTEMBER 30, 2010**  
*(Continued)*

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantors Number	State Expenditures
<b>Florida Department of Environmental Protection</b>			
Small County Solid Waste 09-10	37.012	009SC	\$ 78,787
Florida Recreation Development Assistance Program	37.017	A9078	61,521
Water and Sewer Infrastructure Study	37.039	LP6721	106,951
Agriculture Film Collection Project	37.074	SO427	30,000
<b>Total Florida Department of Environmental Protection</b>			<u>277,259</u>
<b>Florida Department of Agriculture and Consumer Services</b>			
Arthropod Control/Mosquito Control	42.003	Contract 014951	<u>37,693</u>
<b>Florida Department of State</b>			
Division of Library and Information Systems:			
State Aid to Libraries 09-10	45.030	10-ST-13	178,250
State Aid to Libraries Prior Year Grants	45.030	Various	329,758
Subtotal Expenditures - CSFA No.45.030			<u>508,008</u>
<b>Total Florida Department of State</b>			<u>508,008</u>
<b>Florida Department of Community Affairs</b>			
Emergency Management Preparedness Grant	52.008	10BG-25-02-30-01-084	<u>102,724</u>
Hurricane Shelter Retrofit Project - Havana High School	52.024	09-SR-18-02-30-01-286	157,836
Hurricane Shelter Retrofit Project - East Gadsden High School	52.024	09-SR-68-02-30-01-046	158,148
Subtotal Expenditures - CSFA No.55.024			<u>315,984</u>
<b>Total Florida Department of Community Affairs</b>			<u>418,708</u>
<b>Florida Housing Finance Corporation</b>			
FHOP	52.901	Unknown	45,956
State Housing Initiatives Partnership Grant 08/09	52.901	Unknown	443,250
State Housing Initiatives Partnership Grant 07/08	52.901	Unknown	138,496
SHIP Impact Fee Proviso Program	52.901	Unknown	618,324
Subtotal Expenditures - CSFA No.52.901			<u>1,246,026</u>
<b>Total Florida Housing Finance Corporation</b>			<u>1,246,026</u>

**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR YEAR ENDING SEPTEMBER 30, 2010**  
*(Concluded)*

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantors Number	State Expenditures
<b>Florida Department of Transportation</b>			
County Incentive Grant Program - Dupont Road	55.008	4256531-58-01	\$ 346,054
Public Transportation Joint Participation Agreement	55.012	4246241-84-01	23,220
Small County Road Assistance Program - Sycamore Road	55.016	4248741-58-01	448,807
<b>Total Florida Department of Transportation</b>			<u>818,081</u>
<b>Florida Department of Health</b>			
EMS Matching Grant	64.003	R8021	<u>75,600</u>
EMS County Grant 08/09	64.005	C8020	19,048
EMS County Grant 09/10	64.005	C9020	15,874
Subtotal Expenditures - CSFA No.64.005			<u>34,922</u>
<b>Total Florida Department of Health</b>			<u>110,522</u>
<b>Florida Department of Management Services</b>			
E-911 Rural County Grant	72.001	Grant 09-10-11	<u>54,911</u>
<b>Total State Financial Assistance</b>			<u>3,471,208</u>
<b>Total Expenditures of Federal Awards and State Financial Assistance</b>			<u>\$ 5,886,693</u>

**GADSDEN COUNTY, FLORIDA**  
**NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance projects includes the federal and state award activity of Gadsden County, Florida, and is presented on the modified accrual basis of accounting.

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable Board of County Commissioners  
and Constitutional Officers  
Gadsden County, Florida

**Compliance**

We have audited the compliance of Gadsden County, Florida (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2010. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance 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 Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2010.

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The Honorable Board of County Commissioners  
and Constitutional Officers  
Gadsden County, Florida

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL  
(Concluded)**

**Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state financial assistance projects. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state financial assistance project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis.

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

Pursuant to Chapter 119, Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards accepted in the United States of America requires us to indicate that this report is intended solely for the information and use of the County's management, Board of County Commissioners, Constitutional Officers, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 29, 2011  
Gainesville, Florida

**GADSDEN COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**Summary of Auditors' Results**

1. The independent auditors' report expresses an unqualified opinion on the financial statements of Gadsden County, Florida (the County).
2. *Significant deficiencies* identified during the audit of the financial statements are reported in the report 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* for the County and the individual reports of the Constitutional Officers, some of which were considered to be material weaknesses.
3. Instances of noncompliance identified during the audit of the financial statements are reported in the report 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* for the County.
4. The audit disclosed no significant deficiencies and/or material weaknesses in internal control over major federal programs or state projects that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major federal programs and state projects expresses an unqualified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.
7. The programs tested as major federal awards programs and state financial assistance projects included:

<u><b>Federal Program</b></u>	<u><b>CFDA No.</b></u>
Edward Byrne Memorial Justice Assistance Grant Program - ARRA	16.803
Highway Planning and Construction - ARRA	20.205
<u><b>State Project</b></u>	<u><b>CSFA No.</b></u>
State Housing Initiatives Partnership Program (SHIP)	52.901
Hurricane Shelter Retrofit Project	52.024
State Aid to Libraries	45.030

8. The threshold for distinguishing Type A and B programs was \$300,000 for major federal program and state projects.
9. The entity was determined to not be a low-risk audit pursuant to OMB Circular A-133.

**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**  
*(Concluded)*

**Financial Statement Findings**

Financial statement findings can be found in our report 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 in the individual reports of the Constitutional Officers.

**Findings and Questioned Costs for Major Federal Programs and State Projects**

The audit disclosed no findings for major federal programs or state projects to be reported under OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

**Status of Prior Audit Findings**

There were no prior year findings required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

**REPORT 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***

Honorable Board of County Commissioners  
and Constitutional Officers  
Gadsden County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gadsden County, Florida (the County), as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies, 10-2 and 10-4, described below to be a material weaknesses:

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**REPORT 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  
(Continued)**

**Internal Control Over Financial Reporting (Continued)**

■ **10-1 Adjusting Journal Entries**

*Condition*—Our testing noted that not all journal entries are reviewed by a second individual, and not all journal entries contain adequate documentation to support the adjustment recorded.

*Effect*—Lack of secondary approval or review allows for errors to occur and not be detected in a timely manner. Insufficient supporting documentation for journal entries yields a greater risk of errors or fraud going undetected.

*Recommendation*—A secondary review of journal entries, and adequate supporting documentation for all entries supports a sound internal control environment. We recommend that all journal entries have an independent secondary review and contain adequate supporting documentation.

■ **10-2 Compliance with Purchasing Policies**

*Condition*—During the audit, it was noted that several invoices that were required to have quotes or bids did not have adequate documentation to support compliance with the County's purchasing policy.

*Effect*—Lack of competitive bidding could lead to fraudulent purchases of goods and services or higher costs for goods and services.

*Recommendation*—We recommend that the County review its procedures for documentation of compliance with purchasing policies to ensure that all purchases adhere to these policies.

■ **10-3 Emergency Medical Services Segregation of Duties**

*Condition*—It was noted that the Emergency Medical Services (EMS) supervisor and the EMS assistant have the ability to create new customer accounts, bill those accounts, receive payments, prepare deposit slips and write off uncollectible accounts.

*Effect*—Proper segregation of incompatible duties involves separating job functions so that ideally no one individual is able to authorize a transaction, record the transaction and maintain custody of the assets resulting from the transaction.

*Recommendation*—We recommend a review of these functions within the EMS department to ensure that any incompatible duties are either separated or implement compensating controls to mitigate risk.

■ **10-4 Analysis of EMS Accounts Receivable Collectability**

*Condition*—It was noted during the audit that the reserve for uncollectible EMS accounts receivable is insufficient. As a result an audit adjustment was proposed which significantly increased the reserve and decreased EMS billing revenue.

*Effect*—The lack of an analysis of EMS accounts receivable collectability resulted in an overstatement of EMS receivables and revenues during the audit period.

*Recommendation*—We recommend the County review the aged EMS accounts receivable and determine the collectability of these receivables and prepare an allowance adjustment at least annually.

Honorable Board of County Commissioners  
and Constitutional Officers  
Gadsden County, Florida

**REPORT 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  
(Concluded)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

■ **10-5 Budget Amendments**

*Condition*—Florida Statutes 129.06 (2) permits the County at any time within a fiscal year to amend a budget for that year, and may within the first 60 days of a fiscal year amend the budget for the prior fiscal year. It was noted that final year end budget amendments were approved on December 7, 2010, which is outside of the allowable time period.


*Effect*—The County did not amend its budget in accordance with the time period allowed under Florida Statutes 129.06 (2).

*Recommendation*—We recommend the County review their budget policies and procedures to ensure that all amendments are prepared and approved by the appropriate parties within the 60 day window as allowed under Florida Statutes.

The County's response to the findings identified in our audit is included in the accompanying letter prepared by management. We did not audit the County's response and, accordingly, we express no opinion on it. Additional findings and management responses are included in the reports of the Constitutional Officers.

We noted certain matters that were reported to management in a separate management letter dated March 29, 2011.

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

  
March 29, 2011  
Gainesville, Florida

## MANAGEMENT LETTER

Honorable Board of County Commissioners  
and Constitutional Officers  
Gadsden County, Florida

We have audited the financial statements of Gadsden County, Florida (the County), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 29, 2011.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our report on internal control over financial reporting and compliance and other matters, report on compliance with requirements applicable to each major federal program and state project and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports, which are dated March 29, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs 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 reports or schedules:

- 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. Corrective actions have been taken to address findings and recommendation in the preceding annual financial report, except as noted below. Additional corrective actions can be found in the respective reports of the Constitutional Officers.

### **Status of Prior Year Findings and Recommendations**

- **Fixed Assets (repeat comment)**

The prior audit report noted that during 2007, the County purchased \$891,344 worth of IT equipment. As of March 2009, this equipment had not been tagged with property identification numbers and had not been entered into the fixed asset inventory system.

*As of September 30, 2010, these assets have not been recorded in the fixed asset inventory system. We recommend that the IT department and the Clerk's finance department work to resolve this matter and ensure that all equipment has been properly tagged, documented and reported in the fixed asset inventory system.*

### **Certified Public Accountants**

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**MANAGEMENT LETTER**  
*(Continued)*

- 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 County 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. Additional recommendations are included in the respective reports of the Constitutional Officers.

**Current Year Findings and Recommendations**

■ **Documentation of Fixed Assets Policies and Procedures**

It was noted during the audit that there are no written policies and procedures for the purchase, recording and identification of capital assets or for their disposals. Documenting accounting policies, procedures and controls provides a reference and training tool for staff, helps prevent internal control erosion over time, and assists the County in assessing the sufficiency of the system of internal controls. We recommend that the County document, in a central location, its accounting policies, procedures, and controls for the purchase, recording, identification and disposition of capital assets.

■ **Disposal of Old Hospital Equipment**

In July 2010, the Board approved the disposal of obsolete furniture and equipment at Gadsden Memorial in accordance with alternative procedures in Florida Statutes 274.046 and ratified donations to local nonprofits of usable items. Although the assets were disposed of as directed by the Board, the accounting entries to dispose of these assets have not yet been made pending identification of assets to be disposed in the accounting records. Although not believed to be a material misstatement of the County's financial statements, delaying write off of the disposed assets has overstated property, plant and equipment at year-end. We recommend the disposed assets be identified and written off.

■ **Annual Physical Inventory Noncompliance**

Florida Administrative Code (FAC) 69I-73.006 requires each governmental unit to ensure a complete physical inventory of all property on an annual basis. The County did not perform a physical inventory count for the fiscal year September 30, 2010. Yearly physical inventory counts are part of a sound internal control structure. Without a annual physical inventory count, errors or irregularities in additions and disposals of property may go unnoticed. We recommend that the County adopt a formal policy that requires all department heads to conduct an annual physical inventory count of their property.

■ **Disaster Recovery Plan**

The Board does not appear to have a thorough written contingency plan for recovery of information technology infrastructure in the case of a disaster or other catastrophic event. We recommend that a comprehensive plan be developed, updated, and tested to the extent possible to insure continuity of IT operations in the case of a disaster. The information should include detailed documentation of current IT infrastructure, including diagrams and full system wide configurations. Other minimum information to be included is emergency contact information, backup procedures and storage locations, vendor information for replacement equipment and software products, and a priority of the systems to be restored.

Honorable Board of County Commissioners  
and Constitutional Officers  
Gadsden County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of laws, regulations, contracts or grant agreements or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based upon professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contraction or grant agreements, fraud, illegal acts, or abuse; and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The County was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The County includes component units as described in Note 1 of the financial statements.
- Section 10.554(1)(i)7.a., *The Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County does not meet the conditions of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine that the financial report for the County for the fiscal year ended September 30, 2010, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, requires that we apply financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

*Purvis, Gray and Company, LLP*

March 29, 2011  
Gainesville, Florida



# **GADSDEN COUNTY**

## **Board of County Commissioners**

**EDWARD J. BUTLER**

**GADSDEN COUNTY GOVERNMENTAL COMPLEX**

**COMMISSIONERS:**  
**EUGENE LAMB, JR.**  
District 1  
**DOUGLAS M. CROLEY**  
District 2  
**GENE MORGAN**  
District 3  
**BRENDA A. HOLT**  
District 4  
**SHERRIE D. TAYLOR**  
District 5

**JOHNNY WILLIAMS**  
County Administrator

**DEBORAH S. MINNIS**  
County Attorney

March 29, 2011

Purvis Gray & Company  
P.O. Box 23999  
Gainesville, FL 32602—0999

RE: GADSDEN COUNTY BOARD OF COUNTY COMMISSIONERS  
MANAGEMENT LETTER RESPONSE

Gentlemen:

In response to your Management Letter dated March 29, 2011, listed herein is our response to each of your findings/comments.

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:**

#### **10-1 Adjusting Journal Entries –**

##### **COMMENT:**

Condition -- Our testing noted that not all journal entries are reviewed by a second individual and not all journal entries contain adequate documentation to support the adjustment recorded.

Effect -- Lack of secondary approval or review allows for errors to occur and not be detected in a timely manner. Insufficient supporting documentation for journal entries yields a greater risk of errors or fraud going undetected.

Recommendation -- A secondary review of journal entries and adequate supporting documentation for all entries supports a second internal control environment. We recommend that all journal entries have an independent secondary review and contain adequate supporting documentation.

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[www.gadsdencountyfl.gov](http://www.gadsdencountyfl.gov)



**RESPONSE:**

All journal entries are reviewed by the Finance Director; however, the entries written by the Finance Director are not reviewed by anyone. As per your recommendation, we will add a secondary review to all entries. The Finance Department will seek to ensure that all journal entries have adequate supporting documentation.

**10-2 Compliance with Purchasing Policies –**

**COMMENT:**

Condition – During the audit, it was noted that several invoices that were required to have quotes or bids did not have adequate documentation to support compliance with the County's purchasing policy.

Effect – Lack of competitive bidding could lead to fraudulent purchases of goods and services or higher costs for goods and services.

Recommendation – We recommend that the County review its procedures for documentation of compliance with purchasing policies to ensure that all purchases adhere to these policies.

**RESPONSE:**

Policies will be reviewed with the Department supervisors for adherence with purchasing policy and bid requirements. Every effort will be made to ensure compliance.

**10-3 Emergency Medical Services Segregation of Duties –**

**COMMENT:**

Condition – It was noted that the Emergency Medical Services (EMS) supervisor and the EMS assistant have the ability to create new customer accounts, bill those accounts, receive payments, prepare deposit slips and write off uncollectible accounts.

Effect – Proper segregation of incompatible duties involves separating job functions so that ideally no one individual is able to authorize a transaction, record the transaction and maintain custody of the assets resulting from the transaction.

Recommendation – We recommend a review of these functions within the EMS department to ensure that any incompatible duties are either separated or implement compensating controls to mitigate risk.

**RESPONSE:**

At this time a review is underway to comply with applying compensating controls within the EMS Department.

**10-4 Analysis of EMS Accounts Receivable Collectability –**

**COMMENT:**

Condition – It was noted during the audit that the reserve for uncollectible EMS accounts receivable is insufficient. As a result, an audit adjustment was proposed which significantly increased the reserve and decreased EMS billing revenue.

Effect – The lack of an analysis of EMS accounts receivable collectability resulted in an overstatement of EMS receivables and revenue during the audit period.

Recommendation – We recommend the County review the aged EMS accounts receivable and determine the collectability of these receivables and prepare an allowance adjustment at least annually

**RESPONSE:**

**The County will review the aged EMS accounts for collectability and process the accounts accordingly.**

**10-5 Budget Amendments –**

**COMMENT:**

Condition -- Florida Statutes 129.06 (2) permits the county at any time within a fiscal year to amend a budget for that year, and may within the first 60 days of a fiscal year amend the budget for the prior fiscal year. It was noted that final year end budget amendments were approved on December 7, 2010, which is outside of the allowable time period.

Effect – The County did not amend its budget in accordance with the time period allowed under Florida Statutes 129.06 (2).

Recommendation – We recommend the County review their budget policies and procedures to ensure that all amendments are prepared and approved by the appropriate parties within the 60 day window as allowed under Florida Statutes.

**RESPONSE:**

**The County will comply with the 60 day window as allowed under Florida Statutes.**

**STATUS OF PRIOR YEAR FINDINGS & RECOMMENDATIONS:**

**Fixed Assets (repeat Comment)** – The prior audit report noted that during 2007, the County purchased \$891,344.00 worth of IT equipment. As of March 2009, this equipment had not been tagged with property identification numbers and had not been entered into the fixed asset inventory system.

**COMMENT:**

As of September 30, 2010, these assets have not been recorded in the fixed asset inventory system. We recommend that the IT Department and the Clerk's Finance Department work to resolve this matter and ensure that all equipment has been properly tagged, documented and reported in the fixed asset inventory system.



**RESPONSE:**

Action has been taken and work is in process between the Board's IT Department and the Clerk's Finance Department to locate, identify, properly tag, document and enter into Fixed Asset Inventory the IT equipment referred to herein.

**CURRENT YEAR FINDINGS & RECOMMENDATIONS:**

**Documentation of Fixed Assets Policies & Procedures --**

**COMMENT:**

It was noted during the audit that there are no written policies and procedures for the purchase, recording and identification of capital assets or for their disposals. Documenting accounting policies, procedures and controls provides a reference and training tool for staff, helps prevent internal control erosion over time, and assists the County in assessing the sufficiency of the system of internal controls. We recommend that the County document (in a central location) its accounting policies, procedures and control for the purchase, recording, identification and disposition of capital assets.

**RESPONSE:**

As recommended, a written policy will be prepared for the documentation of fixed assets – policies and procedures. This policy will be readily accessible to all departments through the County Administrator's Office, the Purchasing Department, and the Clerk's Finance Department. Policy will also include written departmental (Department Head/Supervisor) responsibilities which must be adhered to.

**Disposal of Old Hospital Equipment –**

**COMMENT:**

In July 2010, the Board approved the disposal of obsolete furniture and equipment at Gadsden Memorial in accordance with alternative procedures in Florida Statutes 274.046 and ratified donations to local non-profits of usable items. Although the assets were disposed of as directed by the Board, the accounting entries to dispose of these assets have not yet been made pending identification of assets to be disposed in the accounting records. Although not believed to be a material misstatement of the County's financial statements, delaying write-off of the disposed assets has overstated property, plant and equipment at year-end. We recommend the disposed assets be identified and written off.

**RESPONSE:**

Efforts are being made to identify all such equipment. Once information is complete all such disposed of assets will be properly identified and written off.

**Annual Physical Inventory Non-compliance –**

**COMMENT:**

Florida Administrative Code (FAC) 691-73.006 requires each governmental unit to ensure a complete physical inventory of all property on an annual basis. The County did not perform a physical inventory count for the fiscal year September 30, 2010. Yearly physical inventory counts are part of a sound internal control structure. Without an annual physical inventory count, errors or irregularities in additions and disposals of property may go unnoticed. We recommend the County adopt a formal policy that requires all department heads to conduct an annual physical inventory count of their property.

**RESPONSE:**

As recommended, a formal policy will be established in accordance with FAC 691-73.006 and will indicate each department head being responsible for an annual physical inventory of their respective departments.

**Disaster Recovery Plan –**

**COMMENT:**

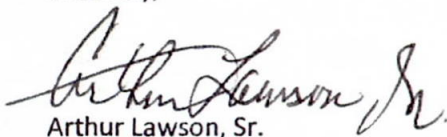
The Board does not appear to have a thorough written contingency plan for recovery of information technology infrastructure in the case of a disaster or other catastrophic event. We recommend that a comprehensive plan be developed, updated, and tested to the extent possible to insure continuity of IT operations in the case of a disaster. The information should include detailed documentation of current IT infrastructure, including diagrams and full system wide configurations. Other minimum information to be included is emergency contact information, backup procedures and storage locations, vendor information for replacement equipment and software products, and a priority of the systems to be restored.

**RESPONSE:**

The Board of County Commissioner's Information Technology Division is currently preparing a written contingency plan for recovery of information technology infrastructure in the case of a disaster or other catastrophic event. While currently internal protocols exist of this nature, no written policy or plan has been put in place. The plan will include detailed documentation of current infrastructure, including diagrams and full system-wide configuration. Other information will include emergency contact information, back up procedures and storage locations, vendor information for replacement of equipment and software products, as well as priority order of systems restoration. Again, these protocols are already in place within the current IT Division; however, a written plan is under development to meet the concerns of the Management Letter.

We are also pleased to acknowledge the annual audit revealed no other findings or disclosures.

Sincerely,



Arthur Lawson, Sr.  
Interim County Administrator  
Gadsden County, Florida



**SPECIAL PURPOSE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Nicholas Thomas  
Gadsden County Clerk of the Circuit Court  
Gadsden County, Florida

We have audited the accompanying special purpose financial statements of the Clerk of the Circuit Court of Gadsden County, Florida (the Clerk), as of and for the year ended September 30, 2010, as listed in the table of contents. These special purpose financial statements are the responsibility of the Clerk's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices prescribed by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Gadsden County, Florida, that is attributable to the transactions of the Clerk. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida, as a whole as of September 30, 2010, and the changes in its financial position, or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each of the major funds and the agency funds of the Clerk as of September 30, 2010, the results of each of the major funds' operations, and the respective budgetary comparisons of each of the major funds, for the year then ended, in conformity with the basis of accounting described in Note 1.

### Certified Public Accountants

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The Honorable Nicholas Thomas  
Gadsden County Clerk of the Circuit Court  
Gadsden County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2011, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Clerk's financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such financial statements or to the special purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

This report is intended solely for the information and use of the management of the Clerk and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



March 22, 2011  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**



**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	<b>Major</b>			<b>Total</b>
	<b>General Fund</b>	<b>Court Fund</b>	<b>Public Records Trust Fund</b>	<b>Governmental Funds</b>
<b>Assets</b>				
Cash	\$ 5,145	\$ 95,524	\$ 310,401	\$ 411,070
Due from Individuals	50	268	0	318
Due from Other County Units	8	88	0	96
Due from Other Governments	19,446	3,019	0	22,465
<b>Total Assets</b>	<u>24,649</u>	<u>98,899</u>	<u>310,401</u>	<u>433,949</u>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts Payable	5,618	2,432	0	8,050
Due to Other County Units	2,048	0	0	2,048
Due to Other Governments	0	45	0	45
Accrued Wages and Benefits	16,983	47,366	0	64,349
Deferred Revenue	0	49,056	0	49,056
<b>Total Liabilities</b>	<u>24,649</u>	<u>98,899</u>	<u>0</u>	<u>123,548</u>
<b>Fund Balances</b>				
Reserved for Records Modernization	<u>0</u>	<u>0</u>	<u>310,401</u>	<u>310,401</u>
<b>Total Fund Balances</b>	<u>0</u>	<u>0</u>	<u>310,401</u>	<u>310,401</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 24,649</u>	<u>\$ 98,899</u>	<u>\$ 310,401</u>	<u>\$ 433,949</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	<b>Major</b>			<b>Total</b>
	<b>General Fund</b>	<b>Court Fund</b>	<b>Public Records Trust Fund</b>	<b>Governmental Funds</b>
<b>Revenues</b>				
Intergovernmental Revenues	\$ 165,466	\$ 1,179,843	\$ 0	\$ 1,345,309
Charges for Services	158,660	0	113,309	271,969
Interest	1,405	0	670	2,075
Miscellaneous	43,042	0	0	43,042
<b>Total Revenues</b>	<u>368,573</u>	<u>1,179,843</u>	<u>113,979</u>	<u>1,662,395</u>
<b>Expenditures</b>				
General Government:				
Personal Services	811,140	1,068,705	25,977	1,905,822
Operating Expenditures	73,116	111,138	177	184,431
Capital Outlay	24,006	0	0	24,006
<b>(Total Expenditures)</b>	<u>(908,262)</u>	<u>(1,179,843)</u>	<u>(26,154)</u>	<u>(2,114,259)</u>
<b>(Deficiency) Excess of Expenditures (Under) Over Revenues</b>	<u>(539,689)</u>	<u>0</u>	<u>87,825</u>	<u>(451,864)</u>
<b>Other Financing Sources</b>				
Transfers in	539,689	0	0	539,689
<b>Total Other Financing Sources (Uses)</b>	<u>539,689</u>	<u>0</u>	<u>0</u>	<u>539,689</u>
<b>Change in Fund Balances</b>	0	0	87,825	87,825
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>222,576</u>	<u>222,576</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 310,401</u>	<u>\$ 310,401</u>

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2010**  
**GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

**Assets**

Cash	\$ 1,328,195
Due from Other Governments for Fees	<u>40</u>

**Total Assets**

1,328,235

**Liabilities**

Due to Other Governments	18,922
Deposits	<u>1,309,313</u>

**Total Liabilities**

\$ 1,328,235

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental Revenues	\$ 718,185	\$ 705,154	\$ 165,466	\$ (539,688)
Charges for Services	168,700	149,966	158,660	8,694
Interest	5,000	1,405	1,405	0
Miscellaneous	52,790	51,737	43,042	(8,695)
<b>Total Revenues</b>	<u>944,675</u>	<u>908,262</u>	<u>368,573</u>	<u>(539,689)</u>
<b>Expenditures</b>				
General Government:				
Personal Services	795,267	811,140	811,140	0
Operating Expenditures	148,250	73,116	73,116	0
Capital Outlay	1,158	24,006	24,006	0
<b>(Total Expenditures)</b>	<u>(944,675)</u>	<u>(908,262)</u>	<u>(908,262)</u>	<u>0</u>
<b>(Deficiency) of Expenditures (Under) Revenues</b>	<u>0</u>	<u>0</u>	<u>(539,689)</u>	<u>(539,689)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	0	539,689	539,689
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>539,689</u>	<u>539,689</u>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
(Continued)**

	Court Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental Revenues	\$ 883,000	\$ 1,177,333	\$ 1,179,843	\$ 2,510
<b>Total Revenues</b>	<u>883,000</u>	<u>1,177,333</u>	<u>1,179,843</u>	<u>2,510</u>
<b>Expenditures</b>				
Court Related:				
Personal Services	816,387	1,085,518	1,068,705	16,813
Operating Expenditures	<u>66,613</u>	<u>91,815</u>	<u>111,138</u>	<u>(19,323)</u>
<b>(Total Expenditures)</b>	<u>(883,000)</u>	<u>(1,177,333)</u>	<u>(1,179,843)</u>	<u>(2,510)</u>
<b>Excess of Expenditures Over Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
(Concluded)**

	Public Records Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>Revenues</b>				
Charges for Services	\$ 0	\$ 113,309	\$ 113,309	\$ 0
Interest	0	592	670	78
<b>Total Revenues</b>	<u>0</u>	<u>113,901</u>	<u>113,979</u>	<u>78</u>
<b>Expenditures</b>				
General Government:				
Personal Services	0	25,977	25,977	0
Operating Expenditures	0	177	177	0
Capital Outlay	0	0	0	0
<b>(Total Expenditures)</b>	<u>0</u>	<u>(26,154)</u>	<u>(26,154)</u>	<u>0</u>
<b>(Total Expenditures)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Expenditures Over Revenues</b>	<u>0</u>	<u>87,747</u>	<u>87,825</u>	<u>78</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	0	0	0
Remittance to Florida Department of Revenue	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>0</u>	<u>87,747</u>	<u>87,825</u>	<u>78</u>
<b>Fund Balances, Beginning of Year</b>	<u>222,576</u>	<u>222,576</u>	<u>222,576</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 222,576</u>	<u>\$ 310,323</u>	<u>\$ 310,401</u>	<u>\$ 78</u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

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

**Reporting Entity**

Gadsden County, Florida is a political subdivision of the State of Florida located in the panhandle of the state. The County was established under Article VIII, Section 1(d), *Constitution of the State of Florida*.

The Clerk of the Circuit Court (the Clerk) is an elected Constitutional Officer of the County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Clerk is a separate Constitutional Officer as provided by Chapter 218, Florida Statutes. However, the Clerk does not meet the definition of a legally separate organization and is not considered to be a component unit. Accordingly, the Clerk is considered to be a part of the primary government of Gadsden County, Florida (the County), and the financial activities of the Clerk are included as such in the Gadsden County annual financial report, along with the other Constitutional Officers and the Gadsden County Board of County Commissioners (the Board). The financial statements contained herein represent the financial transactions of the Clerk only. There are no component units for the Clerk to consider for inclusion in these special purpose financial statements.

The Clerk funds his non-court operations as a Budget Officer and a Fee Officer pursuant to Florida Statutes, Chapters 28, 129 and 218, respectively. As a Budget Officer, the operations of the Clerk are funded by the County General Fund. Prior to July 1, 2009, as a Fee Officer, the operations of the Clerk were funded from fees and charges authorized under Chapter 2004-265, Laws of Florida. Beginning July 1, 2009, the Clerk's court-related operations were funded from the State's general appropriations, pursuant to Chapter 2009-204, Laws of Florida. The receipts from the County General Fund are recorded as other financing sources on the Clerk's General Fund financial statements. Any excess of revenues and other financing sources received over expenditures of the General Fund are remitted to the County General Fund at year-end. Any excess of revenues over court-related expenditures of the court fund are remitted to the State of Florida at year-end.

The accounting policies of the Clerk 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 accounting principles and policies used in the preparation of these special purpose financial statements.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Clerk's office, but are not a complete presentation of the County as a whole. The accompanying financial statements are special purpose financial statements because they were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557, *Rules of the Auditor* Section 10.556(4), *Rules of the Auditor General - Local Governmental Entity Audits* requires the Clerk to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Clerk as of September 30, 2010, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).



**STATEMENTS NOTES TO SPECIAL PURPOSE FINANCIAL  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fund Accounting**

The financial activities of the Clerk are recorded in separate funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The purposes of the Clerk's various funds are categorized and described as follows:

■ **Governmental Fund Types**

● **Major Funds**

▶ **General Fund**

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

▶ **Court Fund**

The Court Fund was established to account for court-related revenues and expenditures and are required to be reported separately from the Clerk's General Fund activities.

▶ **Public Records Trust Fund**

The Public Records Trust Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

■ **Fiduciary Fund Type**

● **Agency Fund**

The Agency Funds are used to account for assets held by the Clerk in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. 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. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Clerk considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

**STATEMENTS NOTES TO SPECIAL PURPOSE FINANCIAL  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Measurement Focus**

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Generally, this means that only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**Budgets and Budgetary Accounting**

Government fund reserves and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is adopted for the Clerk’s General Fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

During the 2009 legislative session, the Florida legislature reduced state-wide funding for the Clerk’s budgets for the current fiscal year. The legislature changed any future budget to a State fiscal year of July 1 to June 30. The Clerk’s funding process was also changed to an appropriation from the State of Florida rather than the existing revenue model. All court revenues will be collected and disbursed monthly to the State. The fiscal year for the Clerk continues to be from October 1 to September 30, and any unexpected appropriation for the Court’s budget is rolled into the new fiscal year.

The Clerk’s annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. Appropriations lapse at the end of the fiscal year to the extent they have not been expended, except for the Clerk’s court funds, which lapse at the end of the State year in June.

Section 28.36 of the Florida Statutes requires the Clerk to prepare a separate budget for the court-related functions of the Clerk. Only those functions specified by Section 28.53(3)(a) of the Florida Statutes may be funded from court-related fees, service charges, court costs, and fines retained by the Clerk. The proposed budget is filed with the Clerks of Court Operations Corporation (CCOC) by October 1 preceding the fiscal year of the budget, in the format required by CCOC. CCOC verifies that the proposed budget is limited to court-related functions. Section 28.36, Florida Statutes also defines the maximum annual budget permitted. With the 2010 legislative changes, CCOC will submit a Legislative Budget Request for all Clerks that will result in an appropriation by the legislature.

Increases to the court functions’ budget must be submitted to and approved by the CCOC. Transfers of approved budget funds between accounts and appropriation categories (personal services, operating expenses, capital outlay and non-operating) may be approved by the Clerk.

The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect the Clerk’s original adopted budget and the final budget with all amendments approved by the Clerk, the CCOC and/or the Board.

**STATEMENTS NOTES TO SPECIAL PURPOSE FINANCIAL  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

Capital assets purchased in the Governmental Fund type are recorded as expenditures (capital outlay) at the time of purchase. The tangible personal property used by the Clerk is recorded by the Board as capital assets, at cost, in the statement of net assets in the government-wide financial statements of the County. The Clerk maintains custodial responsibility for the capital assets used by the Clerk.

**Compensated Absences**

Employees accrue vacation leave based on their length of employment. They may accrue from 13 to 20 days of vacation leave per year. A minimum of five consecutive days of vacation leave must be taken by each employee every year. Vacation leave in excess of 200 hours is forfeited on December 31 following the end of the fiscal year. Employees are not paid for vacation leave in lieu of taking vacation. An employee is paid for earned vacation leave only upon separation or by authorization of the Clerk. Upon retirement or resignation, employees may be paid a cash benefit equal to the number of vacation hours accumulated, based upon the employee's current wage rate.

Employees earn four hours of sick leave for each two weeks of employment. Upon separation, employees of the Clerk, with three years or more of service, are paid a fixed percentage of their sick leave hours earned in excess of 300 hours. The percentage varies based upon the number of years of service the employee has at separation.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Clerk uses the vesting method to calculate the liability for compensated absences. The Clerk 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 General Fund, but is included in the statement of net assets in the government-wide financial statements of the County.

**Use of Estimates**

The preparation of special purpose financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the special purpose financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Reserved Fund Balance**

The public records modernization fund reserved fund balance is legally restricted for the public records system of the Clerk's office and additional court-related operational needs and program enhancements.

**Transfers In and Out**

The Clerk is a fee officer whose operating budget is funded from fees, fines, and service charges relating to various statutory court and non-court services provided by the office. The Clerk also receives appropriations from the Board to fund the Clerk's functions as auditor and custodian of county funds. The payments by the Board to fund these services are recorded as transfers out on the financial statements of the Board and as transfers in on the financial statements of the Clerk.

**STATEMENTS NOTES TO SPECIAL PURPOSE FINANCIAL  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Transfers In and Out (Concluded)**

In accordance with Section 218.36, Florida Statutes, all General Fund non-court related revenues in excess of non-court related expenditures during the fiscal year are distributed to the Board within 31 days following the end of the fiscal year. In accordance with Section 28.37, Florida Statutes, the excess of court related fees, service charges, court costs and fines retained by the Clerk in excess of approved court-related expenditures, are distributed to the Florida Department of Revenue by January 1 following the Clerk's fiscal year-end. Accordingly, such amounts are recorded as liabilities due to other county units and other governments and as transfers out to the Board and the Florida Department of Revenue on the financial statements of the Clerk. The Clerk's transfers to the Board are recognized as transfers in on the financial statements of the Board. With the 2010 legislative changes, all court-related revenues are considered state funds and are remitted to the Department of Revenue for deposit into the Clerk's Trust Fund within the Justice Administration Commission.

**Deferred Revenue**

Deferred Revenue consists of amounts received from the State's court appropriation which apply to the following fiscal period.

**Note 2 - Cash**

As of September 30, 2010, the Clerk had the following in cash:

	<b><u>Carrying Amount</u></b>
Cash on Hand	\$ 1,000
Deposits in Qualified Public Depositories	<u>1,738,265</u>
<b>Total Cash</b>	<b><u>\$ 1,739,265</u></b>

**Credit Risk**

The Clerk's investment practices are governed by Section 218.415(17), Florida Statutes, which provides for the following authorized investments:

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

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

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it.

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 custodian 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 Clerk's deposits are therefore considered fully insured or collateralized. Bank deposit balances at September 30, 2010 were \$2,067,293.

**STATEMENTS NOTES TO SPECIAL PURPOSE FINANCIAL  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
(Continued)**

**Note 3 - Employees' Retirement and Benefit Plans**

All full-time and permanent part-time employees of the Clerk 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 Gadsden County, Florida annual financial report. Contributions and benefits are established by Section 121.71, Florida Statutes.

Participating employer contributions are based upon actuarially determined state-wide 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.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Clerk, are required to contribute 10.77% of the compensation for regular members, 14.57% of senior management employees, and 18.64% for County elected officials. No employee contributions are required. The contributions paid for the years ended September 30, 2010, 2009, and 2008 were \$170,978, \$170,725 and \$190,974, respectively, which is equal to the required contribution for each year.

The FRS 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 4 - Long-term Liabilities**

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

	<b><u>Balance</u></b>				<b><u>Balance</u></b>
	<b><u>October 1, 2009</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>		<b><u>September 30, 2010</u></b>
Liability for					
Compensated Absences	\$ 130,384	\$ 173,945	\$ (143,839)	\$	160,490
Other Postemployment					
Benefits	33,000	35,000	(5,000)		63,000
<b>Total</b>	<b><u>\$ 163,384</u></b>	<b><u>\$ 208,945</u></b>	<b><u>\$ (148,839)</u></b>	<b><u>\$</u></b>	<b><u>223,490</u></b>

Of the \$160,490 liability for accrued compensated absences, management estimates that \$84,287 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Clerk since it is not payable from available resources at September 30, 2010. As discussed in Note 1, they are reported in the statement of net assets in the government-wide financial statements of the County.

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Clerk's office. See Note 8 for a description of other postemployment benefits.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**  
*(Continued)*

**Note 5 - Operating Leases**

The Clerk has a noncancelable operating lease for a copier and a postage meter which expire in May 2011 and November 2013, respectively. The Clerk also has an operating lease for copiers, which is on a 90 day renewal period. For the year ended September 30, 2010, the equipment lease expense was \$37,728.

Future rental payments for the leases are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 25,232
2012	20,038
2013	20,038
2014	2,580
<b>Total</b>	<u><u>\$ 67,888</u></u>

**Note 6 - Risk Management**

The Clerk is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Clerk participates in the risk management program through the Gadsden County Board of County Commissioners, which uses commercial insurance and a public entity risk pool to cover certain risks from loss.

The Board obtained commercial insurance against losses for Real and Personal Property Damage, Public Employees' Bond, Workers' Compensation and Automobile Liability.

The Board participates in the Florida Association of Counties Trust (FACT), a public entity risk pool for risks related to comprehensive general liability. The agreement provides that the financial liability of each participating county is limited to premiums and surplus contributions paid or obligations made to FACT. Aggregate coverage provided is limited to \$1,000,000 for each claim.

**Note 7 - Other Disclosures**

The Court fund had expenditures in excess of appropriations in the amount of \$2,510 at September 30, 2010. This resulted from the timing of when expenditures were incurred on the Clerk's fiscal year versus the approved budget which is on the State's fiscal year. Final budget to actual expenditures will be reported as of June 30, 2011. This is not considered a violation of the Court related budget.

**Note 8 - Other Postemployment Benefits**

*Plan Description*—The Clerk participates in an agent single-employer plan under which qualified retired employees are permitted to participate in the health, dental, vision and life insurance benefits program (the Program). 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.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**  
*(Concluded)*

**Note 8 - Other Postemployment Benefits (Concluded)**

*Annual OPEB Cost and Net OPEB Obligation*—The Clerk’s OPEB obligation is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the guidance provided by Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 20 years.

The Clerk’s portion of the OPEB liability as of September 30, 2010 totaled \$63,000. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other disclosures can be found in the County-wide annual financial report.

## **SUPPLEMENTARY INFORMATION**



**COMBINING STATEMENT OF FIDUCIARY  
ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2010  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	<b>General Trust</b>	<b>Cash Bonds</b>	<b>Total of All Agency Funds</b>
<b>Assets</b>			
Cash	\$ 1,155,463	\$ 172,732	\$ 1,328,195
Due from Other Governments	40	0	40
	<u>1,155,503</u>	<u>172,732</u>	<u>1,328,235</u>
<b>Total Assets</b>	<u><u>1,155,503</u></u>	<u><u>172,732</u></u>	<u><u>1,328,235</u></u>
<b>Liabilities</b>			
Due to Other Governments	18,922	0	18,922
Deposits	1,136,581	172,732	1,309,313
	<u>1,155,503</u>	<u>172,732</u>	<u>1,328,235</u>
<b>Total Liabilities</b>	<u><u>\$ 1,155,503</u></u>	<u><u>\$ 172,732</u></u>	<u><u>\$ 1,328,235</u></u>

## **OTHER REPORTS**

**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***

The Honorable Nicholas Thomas  
Gadsden County Clerk of the Circuit Court  
Gadsden County, Florida

We have audited the special purpose financial statements of the Clerk of the Circuit Court of Gadsden County, Florida (the Clerk), as of and for the year ended September 30, 2010, and have issued our report thereon dated March 22, 2011, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

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

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

**Compliance and Other Matters**

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

**Certified Public Accountants**

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Nicholas Thomas  
Gadsden County Clerk of the Circuit Court  
Gadsden County, Florida

**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*  
(Concluded)**

**Compliance and Other Matters (Concluded)**

We noted certain matters that we have reported to management of the Clerk in a separate letter dated March 22, 2011.

The Clerk's response to the findings identified in our audit is described in the accompanying Management's Response. We did not audit the Clerk's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Clerk of the Circuit Court of Gadsden County, Florida, management and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 22, 2011  
Gainesville, Florida

## MANAGEMENT LETTER

The Honorable Nicholas Thomas  
Gadsden County Clerk of the Circuit Court  
Gadsden County, Florida

We have audited the special purpose financial statements of the Gadsden County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 22, 2011, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our report on internal control over financial reporting and on compliance and other matters. Disclosures in that report, which is dated March 22, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the 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' reports or schedule.

- *Rules of the Auditor General*, Section 10.554(1)(i)1., requires that we address in the management letter whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- *Rules of the Auditor General*, Section 10.554(1)(i)2., 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 Clerk complied with Section 218.415, Florida Statutes.
- *Rules of the Auditor General*, Section 10.554(1)(i)3., requires that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we offer the following recommendations.

### Certified Public Accountants

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**MANAGEMENT LETTER**  
*(Continued)*

**Information Technology**

**Access Controls**

**Physical Access**—The physical access security over the Information Technology (IT) facilities could be improved. We noted that the entrance to certain facilities are not monitored and could potentially be accessed without challenge. We also observed certain wiring access points that are unsecured. We recommend the Clerk review alternatives for providing additional security over the IT equipment.

**Data Access**—The current network password access methodology could be improved. Currently, passwords are not required to be complex (alphanumeric required with special characters and/or combinations) or periodically expire. As somewhat of a compensating factor, users are locked out after 3 invalid attempts to logon. In order to provide additional data access security, we recommend that password complexity be strengthened and passwords be changed on a periodic basis.

**Operational Controls**

The current backup methodology includes the use of offsite backups including tape and hard drive backups between the main administration building and the Guy Race Building. Fire detection for the server room includes only the use of hand held extinguishment units. An unattended fire after hours could destroy the facilities including the server room equipment. The Clerk's office may want to review its insurance coverage over this equipment or consider the need for automatic fire suppression alternatives.

**Disaster Recovery/Contingency Planning**

We noted that the Clerk's office does not appear to have a written contingency plan for recovery of IT infrastructure in the case of a catastrophic event. We did find some documentation of a portion of the existing systems, but not at the level of detail that would be considered a formal plan. We recommend that a comprehensive plan be developed, updated, and tested to the extent possible to ensure continuity of IT operations in the case of a disaster. The information should include detailed documentation of current IT infrastructure, including diagrams and full system-wide configurations. Other minimum information to be included is emergency contact information, backup procedures and storage locations, vendor information for replacement equipment and software products, and a priority of the systems to be restored and in what order.

- *Rules of the Auditor General*, Section 10.554(1)(i)4., requires that we address any violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- *Rules of the Auditor General*, Section 10.554(1)(i)5., requires based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or are likely to have occurred; and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. In connection with our audit, we did not have any such findings.

The Honorable Nicholas Thomas  
Gadsden County Clerk of the Circuit Court  
Gadsden County, Florida

## MANAGEMENT LETTER

(Continued)

- *Rules of the Auditor General*, Section 10.554(1)(i)6., 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 special purpose financial statements. The name or official title and legal authority for the primary government of the reporting entity is disclosed in Note 1 of the notes to the special purpose financial statements. The Clerk has no component units.
- *Rules of the Auditor General*, Section 10.554(1)(i)8., requires our audit to included a review of the provisions of Section 28.35 and 28.36, Florida Statutes, regarding compliance with performance measures and standards and compliance with the budget certified by the Clerk's of Court Operations Corporation. In connection with our audit, and with the exception of the current year recommendations below, we determined that the Clerk complied with the performance measures and standards and the budget pursuant to Section 28.35 and Section 28.36, Florida Statutes.
- **Failure to Achieve Performance Measure Standards**  
In accordance with Section 28.35(2)(d), Florida Statutes, the Clerk of Court Operations Corporation (CCOC) has developed and certified a uniform system of performance measures and standards for court-related functions. We noted that the Clerk did not meet the standards established by the COCC for the period of October 2009 to September 2010 for the following court/case type collections:
  - ▶ Circuit Criminal—CCOC Standard is 9%; Clerk did not meet this standard for the reporting period ending December 31, 2009 and March 31, 2009.
  - ▶ Civil Traffic—CCOC Standard is 90%; Clerk did not meet this standard for any reporting period.
  - ▶ Family—CCOC Standard is 75%; Clerk did not meet this standard for any reporting period.
  - ▶ Juvenile Delinquency—CCOC Standard is 9%; Clerk did not meet this standard for any reporting period.
  - ▶ Juror Management (timely juror payments)—CCOC Standard is 100%; Clerk's performance for the period of April 1, 2010 through September 30, 2010 was 99.6%.

We recommend that the Clerk continue to implement the Correction Action Plan that has been submitted to the CCOC.

- **Article V - Timeless Reporting of Traffic Citations**

During testing of the compliance with Article V for court-related budget compliance and performance measure requirements, we became aware that the Clerk's office was not properly using the appropriate "clock-in date" or date information received by the clerk for traffic citations for purposes of tracking timeliness of new cases opened within a specified number of business days after initial documents are clocked in.

We recommend that the Clerk's office review the methodology for recording the clock-in date for traffic citations.

The Honorable Nicholas Thomas  
Gadsden County Clerk of the Circuit Court  
Gadsden County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Purvis, Gray and Company, LLP*

March 22, 2011  
Gainesville, Florida



Gadsden County, Florida

Clerk of the Circuit Court



Clerk of the County Court

March 29, 2011

Clerk to the Board of County Commissioners  
County Recorder  
County Auditor

Purvis Gray & Company  
P.O. Box 23999  
Gainesville, FL 32602-0999

RE: GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
MANAGEMENT LETTER RESPONSE

Gentlemen:

Management would like to thank Purvis Gray & Company for the annual audit of the Clerk of the Circuit Court, Gadsden County, Florida for the year ended September 30, 2010.

Below is our response to each of your findings/comments shown in your Management Letter dated March 29, 2011.

INFORMATION TECHNOLOGY:

Access Controls-

COMMENT:

Physical Access-The physical access security over the Information Technology (IT) facilities could be improved. We noted that the entrance to certain facilities are not monitored and could potentially be accessed without challenge. We also observed certain wiring access points that are unsecured. We Recommend the Clerk review alternatives for providing additional security over the IT equipment.

RESPONSE:

Corrective actions are being taken to enhance the security of the IT facilities providing additional security over the IT equipment as follows:

- Sonitrol Password for the IT Department is being changed.
- The IT equipment room (Server area) will be locked at all times and a "security fob" will be required for entry into this area.
- Entry will be by authorized personnel only; thereby eliminating a potential breach in security for the IT Department and/or IT equipment.

COMMENT:

Data Access- The current network password access methodology could be improved. Currently, passwords are not required to be complex (alphanumeric required with special characters and/or combinations) or periodically expire. As somewhat of a compensating factor, users are locked out after 3 invalid attempts to log on. In order to provide additional data access security, we recommend that password complexity be strengthened and passwords be changed on a periodic basis.

RESPONSE:

As recommended, measures are being taken to further insure data access security as follows:

- Passwords will be changed every two months for all employees.
- New and more complex passwords will be mandatory.
- Any employee failing to change their password will automatically be locked out of the data access system at the end of 60 days.
- If an employee is locked out, they will be required to contact the IT Administrator for assistance before they will be allowed data access authorization.

COMMENT:

Operational Controls-The current backup methodology includes the use of offsite backups including tape and hard drive backups between the main administration building and the Guy Race Building. Fire detection for the server room includes only the use of hand-held extinguishment units. An unattended fire after hours could destroy the facilities, including the server room equipment. The Clerk's Office may want to review its insurance coverage over this equipment or consider the need for automatic fire suppression alternatives.

RESPONSE:

- Preventative Action is being taken to diminish the possibility of fire damage through the use of an automatic fire extinguishing system.
- Fire Protection alternatives/quotes are being submitted by DACAR Fire Protection which will provide a high quality, standard automatic fire extinguishing system for use in the IT Department.

COMMENT:

Disaster Recovery/Contingency Planning-We noted that the Clerk's Office does not appear to have a written contingency plan for recovery of IT infrastructure in the case of a catastrophic event. We did find some documentation of a portion of the existing systems, but not at the level of detail that would be considered a formal plan. We recommend that a comprehensive plan be developed, updated, and tested to the extent possible to ensure continuity of IT operations in the case of a disaster. The information should include detailed documentation of current IT infrastructure, including diagrams and full system-wide configurations. Other minimum information to be included is emergency contact information, backup procedures and storage locations, vendor information for replacement equipment and software products, and a priority of the systems to be restored and in what order.

RESPONSE:

- Current Disaster Recovery/Contingency Plan is being phased out.
- A new Plan will be implemented in phases-
  - o Prepare Written Plan
  - o Specify Date Plan will be placed in action
  - o Begin implementation, testing and monitoring of all facets of the Disaster Recovery/Contingency Plan for the IT Infrastructure.
  - o Plan will become standard practice to ensure continuity of the IT operations and will include diagrams, full system-wide configurations, backup procedures, emergency contact information, storage locations, vendor information for replacement of equipment and software products, a priority of the systems to be restored and in what order.

COMMENT:

Failure to Achieve Performance Measure Standards- In accordance with Section 28.35 (2) (d), Florida Statutes, the Clerk of Court Operations Corporation (CCOC) has developed and certified a uniform system of performance measures and standards for court-related functions. We noted that the Clerk did not meet the standards established by the CCOC for the period of October 2009 to September 2010 for the following court/case type collections:

- Circuit Criminal-CCOC Standard is 9%; Clerk did not meet this standard for the reporting period ending December 31, 2009 and March 31, 2009.
- Civil Traffic- CCOC Standard is 90%; Clerk did not meet this standard for any reporting period.
- Family- CCOC Standard is 75%; Clerk did not meet this standard for any reporting period.
- Juvenile Delinquency- CCOC Standard is 9%; Clerk did not meet this standard for any reporting period.
- Juror Management (timely juror payments)-CCOC Standard is 100%; Clerk's performance for the period of April 1, 2010, through September 30, 2010 was 99.6%.

We recommend that the Clerk continue to implement the Correction Action Plan that has been submitted to the CCOC.

RESPONSE:

As recommended the Clerk will continue implementation of the Correction Action Plan as submitted to the CCOC and will continue with efforts to attain the Performance Measure Standards as set forth in Florida Statute Section 38.25 (2) (d). These collection standards are extremely difficult to meet in Gadsden County but the Clerk's Office will continue to make every effort to reach set standards.

COMMENT:

Article V - Timeless Reporting of Traffic Citations- During testing of the compliance with Article V for Court-related budget compliance and performance measure requirements, we became aware that the Clerk's Office was not properly using the appropriate "Docket Entry Date" or date information received by the Clerk for traffic citations for purposes of tracking timeliness of new cases opened within a specified number of business days after initial documents are clocked in.

RESPONSE:

The Traffic Division within the Clerk's Office has modified its practice to comply with the use of appropriate "Docket Entry Date" for tracking timeliness of new cases opened within a specified number of business days after initial documents are clocked in.

We are pleased to acknowledge the annual audit revealed no other findings or disclosures.

Sincerely,



Nicholas Thomas  
Clerk of the Circuit Court  
Gadsden County, Florida



**SPECIAL PURPOSE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SHERIFF  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SHERIFF  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Morris A. Young  
Gadsden County Sheriff  
Gadsden County, Florida

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida Sheriff (the Sheriff), as of and for the year ended September 30, 2010, as listed in the table of contents. These special purpose financial statements are the responsibility of the Sheriff's management. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices prescribed by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Gadsden County, Florida, that is attributable to the transactions of the Sheriff. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida, as a whole as of September 30, 2010, and the changes in its financial position, or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major funds and the aggregate remaining fund information of the Sheriff, as of September 30, 2010, and the respective changes in financial position thereof, and the respective budgetary comparison for the major funds for the year then ended in conformity with the basis of accounting described in Note 1.

### Certified Public Accountants

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The Honorable Morris A. Young  
Gadsden County Sheriff  
Gadsden County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 2011, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying other financial information is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. The other information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

*Purvis, Gray and Company, LLP*

March 19, 2011  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010  
GADSDEN COUNTY SHERIFF**

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Radio</b>	<b>Inmate</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Communications</b>	<b>Welfare</b>	<b>Funds</b>	<b>Funds</b>
<b>Assets</b>					
Cash	\$ 8,395	\$ 140,725	\$ 172,006	\$ 66,440	\$ 387,566
Due from Other Funds	374,222	0	0	0	374,222
Due from Board of County Commissioners	0	0	0	216,959	216,959
Due from Other Governments	0	0	0	90,417	90,417
<b>Total Assets</b>	<b>382,617</b>	<b>140,725</b>	<b>172,006</b>	<b>373,816</b>	<b>1,069,164</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts Payable and Accrued Expenses	302,271	0	525	0	302,796
Due to Board of County Commissioners	71,887	0	0	0	71,887
Due to Other Funds	8,459	12,945	24,874	336,403	382,681
Deferred Revenues	0	0	0	18,970	18,970
<b>Total Liabilities</b>	<b>382,617</b>	<b>12,945</b>	<b>25,399</b>	<b>355,373</b>	<b>776,334</b>
<b>Fund Balance - Reserved</b>	<b>0</b>	<b>127,780</b>	<b>146,607</b>	<b>18,443</b>	<b>292,830</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 382,617</b>	<b>\$ 140,725</b>	<b>\$ 172,006</b>	<b>\$ 373,816</b>	<b>\$ 1,069,164</b>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY SHERIFF**

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General Fund</b>	<b>Radio Communications</b>	<b>Inmate Welfare</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Revenues</b>					
Intergovernmental Revenue	\$ 0	\$ 0	\$ 0	\$ 128,208	\$ 128,208
Charges for Services	0	104,454	0	36,114	140,568
Miscellaneous Revenue	2,500	0	73,997	0	76,497
<b>Total Revenues</b>	<b>2,500</b>	<b>104,454</b>	<b>73,997</b>	<b>164,322</b>	<b>345,273</b>
<b>Expenditures</b>					
Public Safety:					
Personal Services	5,258,926	0	23,846	336,611	5,619,383
Operating	1,616,948	43,395	8,944	388,501	2,057,788
Capital Outlay	509,678	142,533	0	139,885	792,096
Debt Service:					
Principal	201,257	0	0	0	201,257
Interest	17,523	0	0	0	17,523
<b>(Total Expenditures)</b>	<b>(7,604,332)</b>	<b>(185,928)</b>	<b>(32,790)</b>	<b>(864,997)</b>	<b>(8,688,047)</b>
<b>(Deficiency) Excess of Expenditures (Under) Over Revenues</b>	<b>(7,601,832)</b>	<b>(81,474)</b>	<b>41,207</b>	<b>(700,675)</b>	<b>(8,342,774)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers from Board of County Commissioners	7,101,197	0	0	703,485	7,804,682
Transfers to Board of County Commissioners	(2,190)	0	0	0	(2,190)
Installment Purchase	502,825	0	0	0	502,825
<b>Total Other Financing Sources (Uses)</b>	<b>7,601,832</b>	<b>0</b>	<b>0</b>	<b>703,485</b>	<b>8,305,317</b>
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>(81,474)</b>	<b>41,207</b>	<b>2,810</b>	<b>(37,457)</b>
<b>Fund Balances, Beginning of Year (As Restated)</b>	<b>0</b>	<b>209,254</b>	<b>105,400</b>	<b>15,633</b>	<b>330,287</b>
<b>Fund Balances, End of Year</b>	<b>\$ 0</b>	<b>\$ 127,780</b>	<b>\$ 146,607</b>	<b>\$ 18,443</b>	<b>\$ 292,830</b>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY SHERIFF**

	General Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous Revenue	\$ 0	\$ 2,500	\$ 2,500	\$ 0
Total Revenues	0	2,500	2,500	0
Expenditures				
Public Safety:				
Personal Services	5,259,077	5,259,077	5,258,926	151
Operating	1,616,420	1,618,920	1,616,948	1,972
Capital Outlay	225,700	728,525	509,678	218,847
Debt Service:				
Principal	0	0	201,257	(201,257)
Interest	0	0	17,523	(17,523)
(Total Expenditures)	(7,101,197)	(7,606,522)	(7,604,332)	2,190
(Deficiency) of Revenues (Under) Expenditures	(7,101,197)	(7,604,022)	(7,601,832)	2,190
Other Financing Sources (Uses)				
Transfers in	7,101,197	7,101,197	7,101,197	0
Transfers (out)	0	0	(2,190)	(2,190)
Installment Purchase	0	502,825	502,825	0
Total Other Financing Sources (Uses)	7,101,197	7,604,022	7,601,832	(2,190)
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	0	0	0	0
Fund Balances, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - RADIO COMMUNICATIONS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY SHERIFF**

	Radio Communications Fund		
	Budgeted Amounts		Variance with
	Original	Final	Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 185,929	\$ 185,929	\$ 104,454
<b>Total Revenues</b>	185,929	185,929	104,454
<b>Expenditures</b>			
Public Safety:			
Operating	43,395	43,395	43,395
Capital Outlay	142,534	142,534	142,533
<b>(Total Expenditures)</b>	(185,929)	(185,929)	(185,928)
<b>Net Change in Fund Balances</b>	0	0	(81,474)
<b>Fund Balances, Beginning of Year (As Restated)</b>	0	0	209,254
<b>Fund Balances, End of Year</b>	\$ 0	\$ 0	\$ 127,780

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - INMATE WELFARE  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY SHERIFF**

	Inmate Welfare			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous Revenue	\$ 32,790	\$ 32,790	\$ 73,997	\$ 41,207
Total Revenues	32,790	32,790	73,997	41,207
Expenditures				
Public Safety:				
Personal Services	23,846	23,846	23,846	0
Operating	8,944	8,944	8,944	0
(Total Expenditures)	(32,790)	(32,790)	(32,790)	0
Net Change in Fund Balances	0	0	41,207	41,207
Fund Balances, Beginning of Year (As Restated)	0	0	105,400	105,400
Fund Balances, End of Year	\$ 0	\$ 0	\$ 146,607	\$ 146,607

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2010**  
**GADSDEN COUNTY SHERIFF**

**Assets**

Cash	\$ 76,991
Due from Other Funds	<u>8,459</u>

**Total Assets**

\$ 85,450

**Liabilities**

Assets Held for Others	<u>85,450</u>
------------------------	---------------

**Total Liabilities**

\$ 85,450

See accompanying notes to financial statements.



**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SHERIFF**

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

**Reporting Entity**

Gadsden County, Florida is a political subdivision of the State of Florida located in the northern portion of the state. The County was established under Article VIII, Section 1(d), *Constitution of the State of Florida*.

The Sheriff is an elected Constitutional Officer of the County. For financial statement and reporting purposes, the Sheriff is a separate Constitutional Officer as provided by Chapter 218, Florida Statutes. However, the Sheriff does not meet the definition of a legally separate organization and is not considered to be a component unit. Accordingly, the Sheriff is considered to be a part of the primary government of Gadsden County, Florida (the County), and the financial activities of the Sheriff are included as such in the comprehensive annual financial report, along with the other Constitutional Officers and the Gadsden County Board of County Commissioners (the Board). The financial statements contained herein represent the financial transactions of the Sheriff only. There are no component units for the Sheriff to consider for inclusion in its financial statements.

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**

The accompanying financial statements include all the funds and accounts of the Sheriff's office, but are not a complete presentation of the County as a whole. The accompanying financial statements are special purpose financial statements because they were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557, *Rules of the Auditor General - Local Governmental Entity Audits*.

Section 10.556(4), *Rules of the Auditor General - Local Governmental Entity Audits* requires the Sheriff to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Sheriff as of September 30, 2010, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

**Fund Accounting**

The financial activities of the Sheriff are recorded in separate funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SHERIFF**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fund Accounting (Continued)**

The Sheriff reports the following major and nonmajor governmental funds:

■ **Major Governmental Funds**

- **General Fund**—The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Sheriff that are not required either legally or by accounting principles generally accepted in the United States of America to be accounted for in another fund.
- **Radio Communications**—A Special Revenue Fund which accounts for activities related to moving violation fines used for a radio communications program and local law enforcement automation.
- **Inmate Welfare**—A Special Revenue Fund which accounts for commissions received from pay telephones and commissary profits used for the benefit of inmates.

■ **Nonmajor Governmental Funds**

- **Special Revenue Funds**—Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports the following special revenue funds in the special purpose financial statements under the title “Other Governmental Funds:”
  - ▶ **VOCA**—Accounts for the activities related to funds received from the Florida Attorney General for use related to the Victims Crime Act.
  - ▶ **E-911**—Accounts for the activities related to funds received from the Florida Department of Management Services for the pro-rated share of E-911 cell phone tax.
  - ▶ **Emergency Management**—Accounts for the activities related to establishing and maintaining disaster assistance services.
  - ▶ **Justice Assistance**—These two funds account for the activities related to funds received from the Florida Department of Law Enforcement for the Justice Assistance Grant and the related program income.
  - ▶ **Teen Court**—Accounts for the activities related to establishing and maintaining a teen court.
  - ▶ **Victims Special**—Accounts for the activities related to funds received from the State of Florida for the Victim Advocates’ Assistance Emergency Fund.
  - ▶ **SCAAP**—Accounts for the activities related to funds received from the Department of Justice Assistance for State Criminal Alien Assistance Program.
  - ▶ **JAG**—Accounts for the activities related to ARRA stimulus funds received from the U.S. Department of Justice for the purchase of various equipment.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SHERIFF**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fund Accounting (Concluded)**

■ **Nonmajor Governmental Funds (Concluded)**

● **Special Revenue Funds (Concluded)**

- ▶ **Homeland Security**—Accounts for the activities related to funds received from the U.S. Department of Homeland Security for the purchase of various supplies and equipment.
- ▶ **Anti Firearm**—Accounts for the activities related to funds received from the U.S. Department of Justice for the purchase of various supplies and equipment.
- ▶ **Communication MDT**—Accounts for the activities related to funds received from the Department of Justice for the purchase of various information technology supplies and equipment.
- ▶ **Cops and Kids Summer Camp**—Accounts for the activities related to grant funds received from the U.S. Department of Justice for educational activities of a summer camp for children in Gadsden County.

■ **Fiduciary Funds**

- **Agency Funds**—The Agency Funds account for the assets held by the Sheriff in a trustee capacity as an agent for individuals, private organizations, and/or governmental units. 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. Basis of accounting 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 or when they are considered both measurable and available 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. The following major revenues are considered susceptible to accrual: intergovernmental revenue, charges for services, and interest earned. However, intergovernmental revenue, consisting of a cost reimbursement grant, is recognized as revenue as the related expenditures are incurred.

**Budgets and Budgetary Accounting**

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes. Budgets are adopted for the General Fund and for the nonmajor governmental funds. The Radio Communications fund and the Inmate Welfare fund expenditures are restricted by statute, therefore, these budgets are not approved by the Board.

The Sheriff follows these procedures in establishing the budgetary data reflected in the fund financial statements:

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SHERIFF**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Budgets and Budgetary Accounting (Concluded)**

Sections 129.03 and 30.49 of the Florida Statutes requires the Sheriff, to establish an annual budget reflecting resources available and functions for which funds are to be expended.

- The proposed budget is filed with the Board by May 1 preceding the fiscal year of the budget. Prior to October 1, the budget is legally enacted by approval of the Board subject to the notice and hearing requirements of Section 200.065 of the Florida Statutes.
- The Sheriff's budget can be amended by the Board as necessary during the year. Line item expenditures in excess of appropriations are authorized to the extent that total expenditures by category do not exceed total appropriations by category.
- Formal budgetary integration is employed as a management control device during the year for the Sheriff's General Fund. Appropriations lapse at the close of the fiscal year to the extent they have not been expended.
- The budget for the Sheriff's General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The budgeted revenues and expenditures in the accompanying statement of revenues, expenditures and changes in fund balances - budget and actual reflect the Sheriff's original adopted budget and the final budget with all amendments approved by the Sheriff and the Board.

**Prepaid Items**

Certain payments to vendors are made in advance of the accounting period to which the costs relate. These payments are reported under the purchases method; i.e., expenditures are recorded when payment is made.

**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, as the Board holds legal title and is accountable for such assets under Florida law.

Capital assets purchased in the Governmental Funds costing \$1,000 or more and having a useful life in excess of one year are recorded as expenditures (capital outlay) at the time of purchase.

Capital assets acquired under capital leases are recorded at cost as capital outlay expenditures and other financing sources at inception of the capital lease. The tangible personal property used by the Sheriff is reported as capital assets, at cost, in the statement of net assets as part of the government-wide financial statements of the County. Donated and confiscated fixed assets are recorded in the County's statement of net assets at fair value at the time received. Capital assets are depreciated using the straight-line method over three to seven years. The depreciation expense is recorded in the statement of activities as part of the government-wide financial statements of the County.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SHERIFF**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Liability for Compensated Absences**

Employees accrue vacation leave based on their employment date and length of employment. They may accrue from 12 to 18 days of vacation per year. Annual leave in excess of 30 days is forfeited on December 31. Employees are generally not paid for vacation leave in lieu of taking a vacation except that an employee may be paid for earned vacation leave upon separation.

Employees earn one day of sick leave for each month of employment. Sick leave can be carried forward from year to year. An employee with ten years of service or more may be paid for 25% of accrued sick leave upon separation.

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 General Fund, but is included in the statement of net assets in the government-wide financial statements of the County.

**Reserved Fund Balances**

Reserves indicate that portion of fund balances that is not available for appropriation or which is legally segregated for a specific future use. The description of each reserve indicates the purpose for which each is intended. Reservations of fund balance as of September 30, 2010 are as follows:

Radio Communications	\$ 127,780
Inmate Welfare	146,607
Teen Court	<u>18,443</u>
<b>Total</b>	<b><u>\$ 292,830</u></b>

**Transfers In and Out**

The Board funds primarily all of the operating budget of the Sheriff's General Fund. The payments by the Board to fund the operations of the Sheriff are recorded as transfers out on the financial statements of the Board and as transfers in on the financial statements of the Sheriff. Section 218.36, Florida Statutes, requires the Sheriff to distribute all General Fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year. Accordingly, such amounts are recorded as a liability and as transfers out on the financial statements of the Sheriff and as an asset and as transfers in on the financial statements of the Board.

**Related Organizations - Service Fees and Common Expenses**

Certain expenses, 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. These expenses paid by the Board relating to the Sheriff's operations are:

- Occupancy Costs
- Property and Worker's Compensation Insurance
- Employees' Health and Life Insurance

**Use of Estimates**

The preparation of special purpose financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the special purpose financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SHERIFF**  
*(Continued)*

**Note 2 - Cash**

As of September 30, 2010, the Sheriff had the following in cash:

	<b><u>Carrying Amount</u></b>
Deposits in Qualified Public Depositories	\$ 464,557
<b>Total Cash</b>	<b><u>\$ 464,557</u></b>

**Credit Risk**

The Sheriff's investment practices are governed by Section 218.415(17), Florida Statutes, and included the following investments:

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

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

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it.

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 custodian 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 all held in a qualified public depository and are therefore considered fully insured or collateralized. Bank balances at September 30, 2010, were \$720,104.

**Note 3 - Capital Assets**

A summary of the changes in capital assets for the year ended September 30, 2010 follows:

	<b><u>Balance October 1, 2009</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance September 30, 2010</u></b>
Vehicles, Furniture and Equipment	\$ 2,382,872	\$ 848,835	\$ (645,971)	\$ 2,585,736
(Accumulated Depreciation)	(1,950,907)	(301,374)	645,971	(1,606,310)
<b>Capital Assets, Net</b>	<b><u>\$ 431,965</u></b>	<b><u>\$ 547,461</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 979,426</u></b>

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SHERIFF**  
*(Continued)*

**Note 4 - Long-term Liabilities**

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

	<b>Balance</b>			<b>Balance</b>
	<b><u>October 1, 2009</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>September 30, 2010</u></b>
Capital Lease	\$ 37,741	\$ 502,825	\$ (201,257)	\$ 339,309
Liability for Compensated Absences	439,599	267,960	(257,764)	449,795
Other Postemployment Benefits	282,000	313,000	(33,000)	562,000
<b>Total</b>	<b><u>\$ 759,340</u></b>	<b><u>\$ 1,083,785</u></b>	<b><u>\$ (492,021)</u></b>	<b><u>\$ 1,351,104</u></b>

Of the \$449,795 liability for accrued compensated absences, management estimates that \$199,087 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 expendable available resources at September 30, 2010. They are reported in the statement of net assets in the government-wide financial statements of the County.

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Sheriff's office. See Note 10 for a description of other postemployment benefits.

**Lease Obligations**

During the fiscal year, the Sheriff was committed under two capital leases for the purchase of vehicles. The first lease is for the purchase of five vehicles, and the second lease is for the purchase of twenty vehicles. Annual payments under the leases are reported as debt service principal and interest expenditures and are included in the approved budget.

The first lease agreement provided for twelve quarterly payments of \$9,768, including interest, beginning December 2007 and ending September 2010. The net present value of the capital lease was computed utilizing an interest rate of 5.60%, which was the rate provided in the terms of the lease agreement.

The second lease agreement provides for 12 quarterly payments of \$44,883, including interest, beginning December 2009 and ending September 2012. The net present value of the capital lease was computed utilizing an interest rate of 5.10%, which was the rate provided in the terms of the lease agreement.

At September 30, 2010, aggregate future minimum lease payments are as follows:

<b><u>Year Ending</u></b>	<b><u>Amount</u></b>
<b><u>September 30</u></b>	
2011	\$ 179,533
2012	179,533
<b>Total Future Minimum Lease Payments</b>	359,066
<b>(Less Amount Representing Interest)</b>	(19,757)
<b>Present Value of Net Minimum Lease Payments</b>	<b><u>\$ 339,309</u></b>



**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SHERIFF**  
*(Continued)*

**Note 5 - Interfund Receivables and Payables**

Interfund receivables and payables at September 30, 2010, are as follow:

	<b><u>Due from Other Funds</u></b>	<b><u>Due to Other Funds</u></b>
<b>General Fund</b>	\$ 374,222	\$ 8,459
<b>Special Revenue Funds</b>		
Radio Communications	0	12,945
Inmate Welfare		24,874
VOCA	0	6,710
E-911	0	67,361
Emergency Management	0	39,135
Justice Assistance	0	45,465
Justice Assistance Program Income	0	50,732
Teen Court	0	31,132
Victims Special	0	490
JAG	0	2,462
Homeland Security	0	11,804
Anti Firearm	0	1,227
Communications MDT	0	71,247
Cops and Kids Summer Camp	0	8,638
<b>Agency Funds</b>		
Confiscated Funds	5,135	0
Individual Depository - Civil Account	<u>3,324</u>	<u>0</u>
<b>Totals</b>	<u>\$ 382,681</u>	<u>\$ 382,681</u>

**Note 6 - Employees' Retirement and Benefit Plans**

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 Gadsden County, Florida annual financial report. Contributions and benefits are established by Section 121.71, Florida Statutes.

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. The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Sheriff, are required to contribute 10.77% of compensation for regular members, 23.25% for special risk, and 18.64% for County elected officials. No employee contributions are required. The contributions paid for the years ended September 30, 2010, 2009, and 2008 were \$710,977, \$677,936 and \$680,473, respectively, which is equal to the required contribution for each year.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SHERIFF**  
*(Continued)*

**Note 6 - Employees' Retirement and Benefit Plans (Concluded)**

The FRS 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 7 - Other Disclosures**

A restatement of beginning fund balance was recorded in the following funds:

Radio Communications	\$ 124,190
Inmate Welfare	105,400
Teen Court	<u>15,633</u>
<b>Total</b>	<u><u>\$ 245,223</u></u>

This restatement was necessary to more appropriately report excess funds in these accounts as reserved fund balance as opposed to deferred revenues. In addition, the Inmate Welfare fund was converted from an agency fund to a special revenue fund to more appropriately account for the nature of its activities.

**Note 8 - Risk Management**

**Professional Liability**

The Sheriff is currently a member of the Florida Sheriff's 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, 2010 was \$95,607.

The limits of the Self-Insurance Fund for the above mentioned damages, fees and defense costs are \$3,200,000 per claim and \$3,500,000 in aggregate for the policy year. Settled claims did not exceed this coverage in the current year.

**Automobile Coverage**

The Sheriff participates in the Florida Municipal Insurance Trust which is sponsored by the Florida League of Cities for automobile coverage. The contribution required for the year ended September 30, 2010 was \$45,524.

**Workers' Compensation**

The Sheriff participates in the Florida Municipal Insurance Trust for workers' compensation coverage which provides for coverage of risks of loss related to workers' compensation claims. The Board makes payments to the 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, 2010 was \$107,854.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SHERIFF**  
*(Concluded)*

**Note 9 - Contingencies**

Various claims and legal actions arising in the normal course of the Sheriff's operations were pending against the Sheriff at September 30, 2010. These claims are covered through the Sheriff's participation in the Florida Sheriff's 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. Accordingly, no provision has been made in the financial statements for such contingencies.

**Note 10 - Other Postemployment Benefits**

*Plan Description*—The Sheriff participates in an agent single-employer plan under which qualified retired employees are permitted to participate in the health, dental, vision and life insurance benefits program (the Program). 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.

*Annual OPEB Cost and Net OPEB Obligation*—The Sheriff's OPEB obligation is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the guidance provided by Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 20 years.

The Sheriff's portion of the OPEB liability as of September 30, 2010 totaled \$562,000. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other disclosures can be found in the County-wide annual financial report.

## **SUPPLEMENTARY INFORMATION**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2010  
GADSDEN COUNTY SHERIFF**

	<b>VOCA</b>	<b>E-911</b>	<b>Emergency Management</b>	<b>Justice Assistance</b>	<b>Justice Assistance Program Income</b>	<b>Teen Court</b>
<b>Assets</b>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,980
Due from Board of County Commissioners	0	67,361	39,135	45,465	50,732	0
Due from Other Governments	6,710	0	0	0	0	2,595
<b>Total Assets</b>	<u>6,710</u>	<u>67,361</u>	<u>39,135</u>	<u>45,465</u>	<u>50,732</u>	<u>49,575</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Due to Other Funds	6,710	67,361	39,135	45,465	50,732	31,132
Deferred Revenue	0	0	0	0	0	0
<b>Total Liabilities</b>	<u>6,710</u>	<u>67,361</u>	<u>39,135</u>	<u>45,465</u>	<u>50,732</u>	<u>31,132</u>
<b>Fund Balance - Reserved</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,443</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,710</u>	<u>\$ 67,361</u>	<u>\$ 39,135</u>	<u>\$ 45,465</u>	<u>\$ 50,732</u>	<u>\$ 49,575</u>

<b>Victims Special</b>	<b>SCAAP</b>	<b>JAG</b>	<b>Homeland Security</b>	<b>Anti Firearm</b>	<b>Communications MDT</b>	<b>Cops and Kids Summer Camp</b>	<b>Total Other Governmental Funds</b>
\$ 19,460	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 66,440
0	0	2,462	11,804	0	0	0	216,959
0	0	0	0	1,227	71,247	8,638	90,417
<u>19,460</u>	<u>0</u>	<u>2,462</u>	<u>11,804</u>	<u>1,227</u>	<u>71,247</u>	<u>8,638</u>	<u>373,816</u>
490	0	2,462	11,804	1,227	71,247	8,638	336,403
18,970	0	0	0	0	0	0	18,970
19,460	0	2,462	11,804	1,227	71,247	8,638	355,373
0	0	0	0	0	0	0	18,443
<u>\$ 19,460</u>	<u>\$ 0</u>	<u>\$ 2,462</u>	<u>\$ 11,804</u>	<u>\$ 1,227</u>	<u>\$ 71,247</u>	<u>\$ 8,638</u>	<u>\$ 373,816</u>

**COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2010  
GADSDEN COUNTY SHERIFF**

	<b>VOCA</b>	<b>E-911</b>	<b>Emergency Management</b>	<b>Justice Assistance</b>	<b>Justice Assistance Program Income</b>	<b>Teen Court</b>
<b>Revenues</b>						
Intergovernmental Revenue	\$ 35,303	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0	0	0	36,114
<b>Total Revenues</b>	<u>35,303</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,114</u>
<b>Expenditures</b>						
Public Safety:						
Personal Services	35,303	136,894	70,379	40,360	0	33,304
Operating	0	8,290	20,421	28,296	49,287	0
Capital Outlay	0	0	46,076	18,695	1,445	0
<b>(Total Expenditures)</b>	<u>(35,303)</u>	<u>(145,184)</u>	<u>(136,876)</u>	<u>(87,351)</u>	<u>(50,732)</u>	<u>(33,304)</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>0</u>	<u>(145,184)</u>	<u>(136,876)</u>	<u>(87,351)</u>	<u>(50,732)</u>	<u>2,810</u>
<b>Other Financing Sources</b>						
Transfers from Board of County Commissioners	0	145,184	136,876	87,351	50,732	0
<b>Total Other Financing Sources</b>	<u>0</u>	<u>145,184</u>	<u>136,876</u>	<u>87,351</u>	<u>50,732</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	0	0	0	2,810
<b>Fund Balances, Beginning of Year (As Restated)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,633</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,443</u>

<b>Victims Special</b>	<b>SCAAP</b>	<b>JAG</b>	<b>Homeland Security</b>	<b>Anti Firearm</b>	<b>Communications MDT</b>	<b>Cops and Kids Summer Camp</b>	<b>Total Other Governmental Funds</b>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,020	\$ 71,247	\$ 8,638	\$ 128,208
0	0	0	0	0	0	0	36,114
0	0	0	0	13,020	71,247	8,638	164,322
0	6,299	0	0	13,020	0	1,052	336,611
0	9,179	164,196	53,141	0	48,105	7,586	388,501
0	0	50,527	0	0	23,142	0	139,885
0	(15,478)	(214,723)	(53,141)	(13,020)	(71,247)	(8,638)	(864,997)
0	(15,478)	(214,723)	(53,141)	0	0	0	(700,675)
0	15,478	214,723	53,141	0	0	0	703,485
0	15,478	214,723	53,141	0	0	0	703,485
0	0	0	0	0	0	0	2,810
0	0	0	0	0	0	0	15,633
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,443



**COMBINING STATEMENT OF FIDUCIARY  
ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2010  
GADSDEN COUNTY SHERIFF**

	<u>Confiscated Funds</u>	<u>Civil Account</u>	<u>Suspense</u>	<u>Inmate Commissary</u>	<u>Totals</u>
<b>Assets</b>					
Cash	\$ 18,306	\$ 2,663	\$ 16,792	\$ 39,230	\$ 76,991
Due from Other Funds	5,135	3,324	0	0	8,459
	<u>23,441</u>	<u>5,987</u>	<u>16,792</u>	<u>39,230</u>	<u>85,450</u>
<b>Total Assets</b>	<u>23,441</u>	<u>5,987</u>	<u>16,792</u>	<u>39,230</u>	<u>85,450</u>
<b>Liabilities</b>					
Assets Held for Others	23,441	5,987	16,792	39,230	85,450
	<u>23,441</u>	<u>5,987</u>	<u>16,792</u>	<u>39,230</u>	<u>85,450</u>
<b>Total Liabilities</b>	<u>\$ 23,441</u>	<u>\$ 5,987</u>	<u>\$ 16,792</u>	<u>\$ 39,230</u>	<u>\$ 85,450</u>

## **OTHER REPORTS**

**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***

The Honorable Morris A. Young  
Gadsden County Sheriff  
Gadsden County, Florida

We have audited the special purpose financial statements of the Sheriff of Gadsden County, Florida (the Sheriff), as of and for the year ended September 30, 2010, and have issued our report thereon dated March 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the 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 *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Sheriff's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sheriff's special purpose financial statements that is more than inconsequential will not be prevented or detected by the Sheriff's internal control. We consider the deficiencies described in the accompanying management letter to be significant in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sheriff's internal control. However, we believe that none of the significant deficiencies described in the accompanying management letter is a material weakness.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

**Certified Public Accountants**

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Morris A. Young  
Gadsden County Sheriff  
Gadsden County, Florida

**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*  
(Concluded)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sheriff's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying management letter.

We noted certain matters that we have reported to management of the Sheriff in a separate letter dated March 19, 2011.

The Sheriff's response to the findings identified in our audit is described in the accompanying Management's Response. We did not audit the Sheriff's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Sheriff, management, the Florida Auditor General, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 19, 2011  
Gainesville, Florida

## MANAGEMENT LETTER

The Honorable Morris A. Young  
Gadsden County Sheriff  
Gadsden County, Florida

We have audited the special purpose financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Sheriff (the Sheriff), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 19, 2011, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

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. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters. Disclosures in that report, which is dated March 19, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, *Rules of the Auditor General*, which governs 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 significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted under the heading prior year findings and recommendations.

### **Prior Year Findings and Recommendations**

#### ■ **Cash Receipts**

It was noted in the previous year's audit that cash receipts were not deposited in a timely manner. The Sheriff's policies and procedures state that all receipts of cash and checks should be deposited daily. It was also noted that some receipts were held at the Sheriff's office for well over a month, which increases the risk of loss and could delay the timely posting of such deposits to remitter's account. Such receipts were physically safeguarded in a locked cabinet.

It was also noted in the previous year's that the Sheriff did not remit certain fees, commissions or other funds collected by the Sheriff for services rendered or performed by his office as required by Section 30.51(5) Florida Statutes. This statute requires that such revenue be remitted to the Board on a monthly basis. The funds were subsequently remitted in June 2010.

### **Certified Public Accountants**

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The Honorable Morris A. Young  
Gadsden County Sheriff  
Gadsden County, Florida

**MANAGEMENT LETTER**  
*(Continued)*

**Prior Year Findings and Recommendations (Concluded)**

■ **Cash Receipts (Concluded)**

These two items were still present during the current year. Certain cash receipts collected outside of the finance department were not deposited in a timely manner. In addition, certain fees, commissions and other funds were not remitted to the Board of County Commissioners until January 2011.

We recommend that cash receipts be deposited daily and that all applicable monies be remitted at least monthly to the Board of County Commissioners.

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 findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we offer the following recommendations:

**Current Year Findings and Recommendations**

■ **Agency Funds**

During our review of the Sheriff's agency funds, we noted that there were certain balances that have accumulated over several years in the Suspense and Inmate Commissary accounts that were unidentified as to whom the funds are owed. The Suspense account contained approximately \$14,000 of unidentified funds and the Inmate Commissary contained approximately \$22,000 of unidentified funds. We recommend the Sheriff's office investigate these balances and remit them to the appropriate party. We also recommend that a detailed subsidiary listing be maintained for all agency funds and reconciled to the general ledger on a monthly basis.

■ **Journal Entries**

During our review of internal controls over nonstandard journal entries, we noted that there is currently no formal approval process over these types of entries. We recommend the Sheriff's office adopt a policy for who can initiate and approve journal entries and what supporting documentation should be maintained for each entry.

■ **Compensated Absences Policy**

The Sheriff's compensated absences policy did not address whether accumulated holiday or compensatory time would be paid out when an employee terminates employment with the Sheriff's office. However, in practice these accumulated balances were being paid out at termination. We recommend the Sheriff update this policy to reflect current practice.

■ **Information Technology Controls**

The Sheriff's office currently only has one Information Technology (IT) professional on staff. If this individual were to miss work for extended periods of time, this could create a significant problem for the Sheriff's office.

The Honorable Morris A. Young  
Gadsden County Sheriff  
Gadsden County, Florida

**MANAGEMENT LETTER**  
*(Continued)*

**Current Year Findings and Recommendations (Concluded)**

■ **Information Technology Controls (Concluded)**

Currently, there are no written policies and procedures over the IT function. In addition, there is no formalized business continuity planning and/or documentation. We recommend that a comprehensive disaster recovery plan be developed, continually updated, and tested to the extent possible to ensure continuity of IT operations in the case of any disaster. The information should include detailed documentation of current IT infrastructure, including diagrams and full system wide configurations and settings. Other minimum information to be included is emergency contact information, backup procedures and storage locations, vendor information for replacement equipment and software products, alternative physical locations or “Hot Sites”, and a priority of the systems to be restored.

The current backup methodology includes the use of tape (LTO version). However, there does not appear to be offsite backups of the tapes on a daily basis. We would recommend the use of offsite backups daily, and would also recommend they consider redundant backups to hard disk at a separate facility in the future as the strategy for their primary backups.

Currently there is not an enforced policy for users to logoff their workstation from the network after a predetermined amount of inactivity. This increases the probability that someone may use another staff’s workstation to access an application the person normally does not have access to. We recommend the use of a “group policy” using Windows Server settings to enforce this rule by having the system automatically locking the workstation during periods of inactivity by the user.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.

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

Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The name or official title and legal authority for the primary government of the reporting entity is disclosed in Note 1 of the notes to the special purpose financial statements. The Sheriff has no component units.

The Honorable Morris A. Young  
Gadsden County Sheriff  
Gadsden County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Additional Disclosures**

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Purvis, Gray and Company, LLP*

March 19, 2011  
Gainesville, Florida





March 19, 2011

Mr. Ryan M Tucker, CPA  
Purvis, Gray & Company, LLP  
443 East College Avenue  
Tallahassee, Florida 32301

Dear Mr. Tucker:

After reviewing the management letter comments regarding the audit performed by Purvis, Gray & Company, LLP for the fiscal year end September 30, 2010, we would like to respond as follows:

### **Prior Year Findings and Recommendations**

#### ***Cash Receipts:***

- It was noted in the previous year's audit that cash receipts were not deposited in a timely manner. The Sheriff's policies and procedures state that all receipts of cash and checks should be deposited daily. It was also noted that some receipts were held at the Sheriff's Office for well over a month, which increases the risk of loss and could delay the timely posting of such deposits to remitter's account. Such receipts were physically safeguarded in a locked cabinet.

It was also noted in the previous year's audit that the Sheriff did not remit certain fees, commissions or other funds collected by the Sheriff for services rendered or performed by his office as required by Section 30.51(5) *Florida Statutes*. This statute requires that such revenue be remitted to the Board on a monthly basis. The full amount was remitted in June 2010.

These two items were still present during the current year. Certain cash receipts collected outside of the finance department were not deposited in a timely manner. In addition, certain fees, commissions and other funds were not remitted to the Board of County Commissioners until January 2011.

We recommend that cash receipts be deposited daily and that all applicable monies be remitted at least monthly to the Board of County Commissioners.

#### **Management's Response**

The Sheriff's office will make every effort to deposit these funds daily and will remit fees to the Board of County Commissioners monthly.

## Current Year Finding and Recommendations

### ▪ **Agency Funds**

During our review of the Sheriff's agency funds, we noted that there were certain balances that have accumulated over several years in the Suspense and Inmate Commissary accounts that were unidentified as to whom the funds are owed. The Suspense account contained approximately \$14,000 of unidentified funds and Inmate Commissary contained approximately \$22,000 of unidentified funds. We recommend the Sheriff's office investigate these balances and remit them to the appropriate party. We also recommend that a detailed subsidiary listing be maintained for all agency funds and reconciled to the general ledger on a monthly basis.

#### Management's Response

The Suspense account consists of funds from individuals arrested for nonpayment of child support, criminal record check and arrest reports fees. Child support payments are deposited and checks are written to the agency issuing the arrest warrants or to the Clerk of the Courts for that county. Criminal record check and arrest reports fees are remitted to the Board of County Commissioners, monthly. In response to the carryover of the unidentified funds, we concur. The remaining balances in these accounts were accumulated prior to the current administration, we will continue to investigate these balances and remit them to the appropriate party. Any unidentified funds in these accounts will be remitted to the Board of County Commissioners at year end. Reconciliation of all funds will be done on a monthly basis.

### ▪ **Journal Entries**

During our review of internal controls over nonstandard journal entries, we noted that there is currently no formal approval process over these types of entries. We recommend the Sheriff's Office adopt a policy for who can initiate and approve journal entries and what supporting documentation should be maintained for each entry.

#### Management's Response

We concur. Currently nonstandard adjusting journal entries are initiated by our CPA and approved by the CFO and recorded in our computerized accounting system. We will maintain supporting documentation for each journal entry.

### ▪ **Compensated Absences Policy**

The Sheriff's compensated absences policy did not address whether accumulated holiday or compensatory time would be paid out when an employee terminated with the Sheriff's office. However, in practice these accumulated balances were being paid at termination. We recommended the Sheriff update this policy to reflect current practices.

#### Management's Response

Effective January 2011, the Sheriff's Office updated its compensated absences policy to address accumulated holiday and compensatory leave balances. The policy no longer provide for the pay out of holiday or compensatory time for employees at termination.

### ▪ **Information Technology Controls**

The Sheriff's office currently only has one Information Technology (IT) professional staff. If this individual were to miss work for extended periods of time, this could create a significant problem for the Sheriff's office.



Currently, there are no written policies and procedures over the IT function. In addition, there is no formalized business continuity planning and/or documentation. We recommend that a comprehensive disaster recovery plan be developed, continually updated, and tested to the extent possible to ensure continuity of IT operations in the case of any disaster. The information should include detailed documentation of current IT infrastructure, including diagrams and full system wide configurations and settings. Other minimum information to be included is emergency contact information, back up procedures and storage locations, vendor information for replacement equipment and software products, alternative physical locations or "Hot Sites", and a priority of the systems to be restored.

The current backup methodology includes the use of tape (LTO version). However, there does not appear to be offsite backups of the tapes on a daily basis. We would recommend the use of offsite backups daily, and would also recommend they consider redundant backups to hard disk at a separate facility in the future as the strategy for their primary backups.

Currently there is not an enforced policy for users to logoff their workstations from the network after a predetermined amount of inactivity. This increases the probability that someone may use another staff's workstation to access an application the person normally does not have access to. We recommend the use of a "group policy" using Windows Server settings to enforce this rule by having the system automatically locking the workstation during periods of inactivity by the user.

#### Management's Response

In response to the Information Technology control issue regarding personnel, we concur. However, local budgetary constraints have limited our ability to increase our staff at this time. We are seeking additional funding to address this critical issue.

In response to the written policy and procedures issue, we concur. We are working on developing a Comprehensive Disaster Recovery Plan for our IT functions.

In response to the offsite tape backup, we concur. We will provide redundancy backup of the hard drive at a separate facility, as funding becomes available.

In response to the policy on user's logoff, currently in areas of sensitive applications we have an automatic inactivity feature enabled that ranges from 15 minutes to 2 hours. We will update this policy to include all workstations in the department.

We wish to take this opportunity to thank Purvis, Gray & Company, LLP and staff for the professionalism they exemplified during the course of our audit.

Sincerely,

  
Morris A. Young  
Gadsden County Sheriff

MAY: kp



**SPECIAL PURPOSE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY TAX COLLECTOR  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY TAX COLLECTOR  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

The Honorable W. Dale Summerford  
Gadsden County Tax Collector  
Gadsden County, Florida

We have audited the accompanying special purpose financial statements of the General Fund and the aggregate remaining fund information of the Gadsden County, Florida Tax Collector (the Tax Collector), as of and for the year ended September 30, 2010, as listed in the table of contents. These special purpose financial statements are the responsibility of the Tax Collector's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full-accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Gadsden County, Florida, that is attributable to the transactions of the Tax Collector. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida, as a whole as of September 30, 2010, and the changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the General Fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2010, and the changes in financial position of its General Fund and the respective budgetary comparison for the General Fund for the year then in conformity with the basis of accounting described in Note 1.

### Certified Public Accountants

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The Honorable W. Dale Summerford  
Gadsden County Tax Collector  
Gadsden County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2011, on our consideration of the Tax Collector's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Tax Collector and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 22, 2011  
Gainesville, Florida



**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2010  
GADSDEN COUNTY TAX COLLECTOR**

**Assets**

Cash	\$ 69,560
Due from Other Funds	235
Due from Other County Units for Commissions	43,968
	<hr/>

**Total Assets**

113,763

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**Liabilities and Fund Balance**

Liabilities:

Accounts Payable	1,616
Due to Other Funds	854
Due to Other County Units for Excess Revenue	111,013
Due to Other Governments for Excess Revenue	280
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**Total Liabilities**

113,763

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**Fund Balance**

0

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**Total Liabilities and Fund Equity**

\$ 113,763

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See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY TAX COLLECTOR**

<b>Revenues</b>	
Charges for Services	\$ 806,933
Miscellaneous	2,334
<b>Total Revenues</b>	<u>809,267</u>
 <b>Expenditures</b>	
Current:	
General Government:	
Personal Services	521,634
Operating	173,941
Capital Outlay	2,679
<b>(Total Expenditures)</b>	<u>(698,254)</u>
 <b>Excess of Revenues Over Expenditures</b>	<u>111,013</u>
 <b>Other Financing Sources (Uses)</b>	
Transfers (out)	(111,013)
<b>Total Other Financing Sources (Uses)</b>	<u>(111,013)</u>
 <b>Net Change in Fund Balance</b>	0
 <b>Fund Balance, Beginning of Year</b>	<u>0</u>
 <b>Fund Balance, End of Year</b>	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY TAX COLLECTOR**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Charges for Services	\$ 784,810	\$ 784,810	\$ 806,933	\$ 22,123
Miscellaneous	2,150	2,150	2,334	184
<b>Total Revenues</b>	<u>786,960</u>	<u>786,960</u>	<u>809,267</u>	<u>22,307</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personal Services	537,501	529,790	521,634	8,156
Operating	172,581	180,292	173,941	6,351
Capital Outlay	2,679	2,679	2,679	0
<b>(Total Expenditures)</b>	<u>(712,761)</u>	<u>(712,761)</u>	<u>(698,254)</u>	<u>14,507</u>
<b>Excess of Revenues Over Expenditures</b>	<u>74,199</u>	<u>74,199</u>	<u>111,013</u>	<u>36,814</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(74,199)	(74,199)	(111,013)	(36,814)
<b>Total Other Financing Sources (Uses)</b>	<u>(74,199)</u>	<u>(74,199)</u>	<u>(111,013)</u>	<u>(36,814)</u>
<b>Net Change in Fund Balance</b>	0	0	0	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**SEPTEMBER 30, 2010**  
**GADSDEN COUNTY TAX COLLECTOR**

**Assets**

Cash	\$ 294,118
Credit Card Receivables	4,202
Due from Other Funds	854
Due from Other Governments for Fees	<u>182</u>

**Total Assets**

299,356

**Liabilities**

Accounts Payable	525
Due to Other Funds	235
Due to Other Governments - Issuances and Collections	30,796
Unearned Fees for Issuances	1,490
Installment Tax Deposits	<u>266,310</u>

**Total Liabilities**

\$ 299,356

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS GADSDEN COUNTY TAX COLLECTOR

### **Note 1 - Summary of Significant Accounting Policies**

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

#### **Reporting Entity**

Gadsden County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator, as provided by Section 125.73, Florida Statutes. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

The Gadsden County, Florida Tax Collector (the Tax Collector), is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Tax Collector is a part of the primary government of the County. Although the Florida Department of Revenue approves the Tax Collector's operating budget, the Tax Collector is responsible for the administration and operation of the Tax Collector's office, and the Tax Collector's special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of Gadsden County, Florida. There were no component units related to the Tax Collector.

The Tax Collector operates as a Fee Officer. Upon approval of the operating budget, revenues are collected from fees and from commissions earned for the collection of taxes for the Gadsden County taxing authorities pursuant to Section 192.091(2), Florida Statutes. Any excess revenues received over expenditures made are remitted at year-end to the taxing districts.

For financial reporting purposes, the Tax Collector is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

#### **Basis of Presentation**

The accompanying financial statements include all funds and accounts of the Tax Collector's office, but are not a complete presentation of the County as a whole. The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General—Local Governmental Entity Audits*.

These accompanying financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting requirements prescribed by the State of Florida Office of the Auditor General. As such, they omit entity-wide, full-accrual financial statements and related disclosures, and certain other required supplementary information to be in conformity with generally accepted accounting principles (GAAP) in the United States of America. Except for these omissions, they are otherwise in conformity with GAAP.

The financial transactions of the Tax Collector are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY TAX COLLECTOR**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Concluded)**

The Tax Collector reports the following fund types:

■ **Governmental Fund Type**

● **Major Fund**

- ▶ **General Fund**—The General Fund is the general operating fund of the Tax Collector. This fund is used to account for all financial transactions not required to be accounted for in another fund.

■ **Fiduciary Fund Type**

- **Agency Fund**—The Agency Fund is used to account for assets held by the Tax Collector as an agent for individuals, private organizations and/or other governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such assets include receipts for property taxes, vehicle registrations and sales tax, and hunting and fishing licenses.

**Basis of Accounting**

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

The accounts of the General Fund and Agency Fund 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 Tax Collector considers receivables collected within 30 days after year-end to be available and susceptible to accrual as revenues of the current year. The following major revenues are considered susceptible to accrual: charges for services and interest earned.

**Budgets and Budgetary Accounting**

Section 195.087, Florida Statutes governs the preparation, adoption and administration of the annual budget of the Tax Collector. The budget and the subsequent budget amendments of the Tax Collector are submitted to the Florida Department of Revenue for approval. A copy of the budget is furnished to the Board.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenses, capital outlay, and nonoperating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund 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 balance – budget and actual, reflect all approved amendments.



**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY TAX COLLECTOR**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Prepaid Items**

Certain payments to vendors are made in advance of the accounting period to which the cost relates. These payments are reported under the purchases method, i.e., expenditures are recorded when payment is made.

**Capital Assets**

Capital assets purchased in the Governmental Fund type are recorded as expenditures (capital outlay) at the time of purchase. Capital assets and software acquired under capital leases are recorded, at cost, as operating and capital outlay expenditures and other financing sources at the inception of the capital lease. The tangible personal property used by the Tax Collector is reported as capital assets, at cost, in the statement of net assets in the government-wide financial statements of Gadsden County, Florida.

The Tax Collector also utilizes certain computer equipment and software for vehicle and boat registrations, which belongs to the Florida Department of Highway Safety & Motor Vehicles (DMV) and software licensed to the State of Florida Fish and Wildlife Conservation Commission (FFWCC). The cost of this equipment is not recognized in the statement of net assets of the County as title to the equipment is held by DMV and FFWCC.

**Liability for Compensated Absences**

It is the Tax Collector's policy to grant all full-time employees annual and sick leave. Annual leave can be accumulated, but it is limited to an accumulation of 240 hours at the end of each calendar year. Excess annual leave at December 31 is converted to sick leave. There is no limitation on the accumulation of sick leave. Upon termination of employment, the employee can receive a cash benefit for certain balances of their annual and sick leave based upon the employee's current wage rate. The maximum payout of annual leave will not exceed 240 hours. After five years of employment, sick leave in excess of 240 hours is paid at 15%; 25% after 15 years of employment.

The Tax Collector 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 General Fund, but is included in the statement of net assets in the government-wide financial statements of Gadsden County, Florida.

**Excess Revenues**

The Tax Collector is considered a fee officer because operations are funded primarily by fees for services. No funds are received from the Board other than applicable fees. In accordance with Florida Statutes, the Tax Collector distributes all General Fund revenues in excess of expenditures to the Board of County Commissioners and other ad valorem taxing authorities on a pro-rata basis of fees collected, within 31 days following the end of the fiscal year. These excess fees are reported as a liability and as transfers out to the Board of County Commissioners or deducted from fees earned for amounts distributed to other governments.

**Related Organizations – Service Fees and Common Expenses**

The Tax Collector's charges for services included approximately \$489,454 received from the Board of County Commissioners as fees for real and tangible property tax collections.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY TAX COLLECTOR**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Related Organizations – Service Fees and Common Expenses (Concluded)**

Certain expenses, 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 Tax Collector. These expenses paid by the Board relating to the Tax Collector's operations are:

- Occupancy Costs
- Janitorial Service
- Utilities (Except Telephone)
- Property and Worker's Compensation Insurance
- Employees' Health and Life Insurance

**Note 2 - Cash**

As of September 30, 2010, the Tax Collector had the following in cash:

	<b><u>Carrying Amount</u></b>
Cash on Hand	\$ 1,525
Deposits in Qualified Public Depositories	<u>362,153</u>
<b>Total Cash</b>	<b><u>\$ 363,678</u></b>

**Credit Risk**

Section 218.415(17), Florida Statutes, stipulates the State-approved investment policy for all governmental entities and includes the following investments:

- The Local Government Surplus Funds Trust Fund, administered by the State Board of Administration.
- Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally-recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories.
- Direct obligations of the U.S. Treasury.

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

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it.

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 custodian 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 Tax Collector's deposits are therefore considered fully insured or collateralized. Bank deposit balances at September 30, 2010 were \$408,354.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY TAX COLLECTOR**  
*(Continued)*

**Note 2 - Cash (Concluded)**

**Custodial Credit Risk (Concluded)**

Tax Collector funds are maintained in an interest bearing demand deposit account, which is collateralized pursuant to Section 280.04, Florida Statutes. Funds in excess of a compensating balance requirement of \$228,000, earn a variable rate of interest equal to the bank's Federal Funds rate less .5%, determined on a monthly basis.

**Note 3 - Employee Benefits**

**Defined Benefit Pension Plan**

All full-time employees of the Tax Collector participate in the Florida Retirement System (the System). This System was created by the Florida Legislature and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the State of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

The Tax Collector and all full-time employees are eligible to participate in the System. Employees who retire at or after age 62, with six years of creditable service or with 30 years of service regardless of age are entitled to a retirement benefit, payable monthly for life, equal to the product of: (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Benefits are fully vested on reaching six years of service. Vested employees may retire after six years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Tax Collector, are required to contribute 10.77% of the compensation for regular members, 14.57% of senior management employees, and 18.64% for County elected officials. No employee contributions are required. The contributions paid for the years ended September 30, 2010, 2009, and 2008 were \$53,668, \$53,843 and \$51,098, respectively, which is equal to the required contribution for each year.

**Note 4 - Risk Management**

The Tax Collector is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The Tax Collector participates in the risk management program through the Board, which uses commercial insurance and a public entity risk pool to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- Public Employees' Bond
- Workers' Compensation
- Automobile Liability

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY TAX COLLECTOR**  
*(Continued)*

**Note 4 - Risk Management (Concluded)**

The Board participates in the Florida Association of Counties Trust (FACT), a public entity risk pool for risks related to comprehensive general liability. The agreement provides that the financial liability for each participating county is limited to premiums and surplus contributions paid or obligations made to FACT. Aggregate coverage provided is limited to \$1,000,000 for each claim.

**Note 5 - Long-term Liabilities**

A summary of the Tax Collector's long-term liabilities is as follows:

	<u>Balance</u> <u>October 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2010</u>
Liability for Compensated Absences	\$ 40,480	\$ 18,673	\$ (15,449)	\$ 43,704
Other Postemployment Benefits	8,000	9,000	(2,000)	15,000
<b>Total</b>	<u>\$ 48,480</u>	<u>\$ 27,673</u>	<u>\$ (17,449)</u>	<u>\$ 58,704</u>

Of the \$43,704 liability for accrued compensated absences, management estimates that \$11,248 will be due and payable within one year. The liability is not reported in the financial statements of the Tax Collector since it is not payable from available resources at September 30, 2010. As discussed in Note 1, the liability is reported on the statement of net assets in the County-wide financial statements of Gadsden County, Florida.

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Tax Collector. See Note 8 for a description of the other postemployment benefits.

**Note 6 - Interfund Receivables and Payables**

The General Fund due to the Agency Fund of \$854 consists of an amount to cover bank service charges in excess of interest earned. The Agency Fund due to the General Fund of \$235 consists of fees on transactions collected by the Agency Fund. These payments were made shortly after the fiscal year-end.

**Note 7 - Encumbrances**

Encumbrances represent commitments related to underperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Tax Collector had no encumbrances at September 30, 2010.

**Note 8 - Other Postemployment Benefits**

*Plan Description*—The Tax Collector participates and administers an agent single-employer plan under which qualified retired employees are permitted to participate in health, dental, vision and life insurance benefits program (the Program). A stand alone financial report is not issued for the Program.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY TAX COLLECTOR**  
*(Concluded)*

**Note 8 - Other Postemployment Benefits (Concluded)**

*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.

*Annual OPEB Cost and Net OPEB Obligation*—The Tax Collector’s OPEB obligation is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the guidance provided by Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 20 years.

The Tax Collector’s portion of the other postemployment benefits liability at September 30, 2010 totaled \$15,000. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other required disclosures can be found in the County-wide annual financial report.

**Note 9 - Commitments and Contingencies**

**Operating Leases**

The Tax Collector is leasing a postage machine under an operating lease that concludes during the fiscal year ending September 30, 2011. The Tax Collector is leasing a paper folding machine under an operating lease that concludes during the fiscal year ending September 30, 2015. The Tax Collector is also leasing a copier under an operating lease that concludes during the fiscal year ending September 30, 2012. During the fiscal year ended September 30, 2010, the lease payments on all operating leases amounted to \$3,442. Total subsequent lease payments payable during 2011, 2012, 2013, 2014, and 2015 are \$5,302, \$1,459, \$1,187, \$1,187 and \$1,187, respectively.

The Tax Collector has entered into a noncancelable agreement for hardware and software maintenance and support. This agreement contains provision for automatic renewals every twelve months after the initial terms of five years for specific software support and three years for all other maintenance and support.

At September 30, 2010, aggregate future minimum payments under noncancelable maintenance and support agreements with remaining terms equal to or exceeding one year is as follows:

<b>Fiscal Year Ending</b>	
<b><u>September 30,</u></b>	
2011	<b><u>\$ 33,835</u></b>

**Legal Contingencies**

Various suits and claims arising in the ordinary course of operations are pending against the Tax Collector. These primarily relate to property assessments within the County. The ultimate effect of such litigation cannot be ascertained at this time. In the opinion of management for the Tax Collector, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the Tax Collector or its operations.

## **OTHER REPORTS**

**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***

The Honorable W. Dale Summerford  
Gadsden County Tax Collector  
Gadsden County, Florida

We have audited the special purpose financial statements of the Gadsden County, Florida Tax Collector (the Tax Collector), as of and for the year ended September 30, 2010, and have issued our report thereon dated March 22, 2011, which was modified to refer to a basis of accounting required for state filing requirements, and for other reasons. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Tax Collector's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control over financial reporting.

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

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

**Certified Public Accountants**

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable W. Dale Summerford  
Gadsden County Tax Collector  
Gadsden County, Florida

**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*  
(Concluded)**

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the Tax Collector and, management, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 22, 2011  
Gainesville, Florida



## MANAGEMENT LETTER

The Honorable W. Dale Summerford  
Gadsden County Tax Collector  
Gadsden County, Florida

We have audited the special purpose financial statements of the Gadsden County, Florida Tax Collector (the Tax Collector), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 22, 2011, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our report on internal control over financial reporting and compliance and other matters. Disclosures in that report, if any, dated March 22, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of 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' reports:

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the findings made in the preceding annual financial audit 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 Tax Collector 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 violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

### Certified Public Accountants

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The Honorable W. Dale Summerford  
Gadsden County Tax Collector  
Gadsden County, Florida

### MANAGEMENT LETTER

*(Concluded)*

- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that for matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors the following may be reported based upon professional judgment: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (b) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Tax Collector was established by the Constitution of the State of Florida, Article VII, Section 1(d). There were no component units related to the Tax Collector.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Purvis, Gray and Company, LLP*

March 22, 2011  
Gainesville, Florida



**SPECIAL PURPOSE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY PROPERTY APPRAISER  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY PROPERTY APPRAISER  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

We have audited the accompanying special purpose financial statements of the General Fund of the Gadsden County, Florida Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2010, as listed in the table of contents. These special purpose financial statements are the responsibility of the Property Appraiser's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full-accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Gadsden County, Florida, that is attributable to the transactions of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida, as a whole, as of September 30, 2010, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Property Appraiser as of September 30, 2010, the changes in financial position of its General Fund and the respective budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting described in Note 1.

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The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2011, on our consideration of the Property Appraiser's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Property Appraiser and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 23, 2011  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**



**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2010  
GADSDEN COUNTY PROPERTY APPRAISER**

**Assets**

Cash	\$ 37,579
Due from Other Governments	<u>396</u>

**Total Assets**

37,975

**Liabilities and Fund Balance**

Liabilities:

Accounts Payable	1,201
Due to Other County Units	36,639
Due to Other Governments	<u>135</u>

**Total Liabilities**

37,975

**Fund Balance**

0

**Total Liabilities and Fund Balance**

\$ 37,975

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY PROPERTY APPRAISER**

<b>Revenues</b>	
Charges for Services	\$ 1,561
Miscellaneous Revenue	14,945
<b>Total Revenues</b>	<u>16,506</u>
 <b>Expenditures</b>	
Current:	
General Government:	
Personal Services	516,222
Operating	132,069
Capital Outlay	12,954
<b>(Total Expenditures)</b>	<u>(661,245)</u>
 <b>(Deficiency) of Revenues</b>	
<b>(Under) Expenditures</b>	<u>(644,739)</u>
 <b>Other Financing Sources (Uses)</b>	
Transfers in	686,041
Transfers (out)	(41,302)
<b>Total Other Financing Sources (Uses)</b>	<u>644,739</u>
 <b>Net Change in Fund Balance</b>	0
 <b>Fund Balance, Beginning of Year</b>	<u>0</u>
 <b>Fund Balance, End of Year</b>	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY PROPERTY APPRAISER**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Charges for Services	\$ 0	\$ 0	\$ 1,561	\$ 1,561
Miscellaneous Revenue	0	0	14,945	14,945
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>16,506</u>	<u>16,506</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personal Services	511,243	518,372	516,222	2,150
Operating	168,379	154,669	132,069	22,600
Capital Outlay	0	13,000	12,954	46
Nonoperating	10,000	0	0	0
<b>(Total Expenditures)</b>	<u>(689,622)</u>	<u>(686,041)</u>	<u>(661,245)</u>	<u>24,796</u>
<b>(Deficiency) Excess of Revenues</b>				
<b>(Under) Over Expenditures</b>	<u>(689,622)</u>	<u>(686,041)</u>	<u>(644,739)</u>	<u>41,302</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	689,622	686,041	686,041	0
Transfers (out)	0	0	(41,302)	(41,302)
<b>Total Other Financing Sources (Uses)</b>	<u>689,622</u>	<u>686,041</u>	<u>644,739</u>	<u>(41,302)</u>
<b>Net Change in Fund Balance</b>	0	0	0	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
GADSDEN COUNTY PROPERTY APPRAISER**

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

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

**Reporting Entity**

Gadsden County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator, as provided by Section 125.73, Florida Statutes. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

The Gadsden County, Florida Property Appraiser (the Property Appraiser), is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Property Appraiser is a part of the primary government of the County. Although the Board and the Florida Department of Revenue approve the Property Appraiser's total operating budget, the Property Appraiser is responsible for the administration and operation of the Property Appraiser's office, and the Property Appraiser's special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of Gadsden County, Florida.

The operations of the Property Appraiser are funded by the Board of County Commissioners, and the Northwest Florida Water Management District. The receipts from the Board are recorded as other financing sources on the Property Appraiser's special purpose financial statements.

For financial reporting purposes, the Property Appraiser is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

**Basis of Presentation**

The accompanying financial statements include all funds and accounts of the Property Appraiser's office, but are not a complete presentation of the County as a whole. The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General—Local Governmental Entity Audits*.

These accompanying financial statements are fund financial statements that have been prepared in conformity with accounting practices and reporting requirements prescribed by the State of Florida Office of the Auditor General. As such, they omit entity-wide, full-accrual financial statements and related disclosures, and certain other required supplementary information to be in conformity with generally accepted accounting principles (GAAP) in the United States of America. Except for these omissions, they are otherwise in conformity with GAAP.

The financial transactions of the Property Appraiser are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Property Appraiser reports the following fund type:

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY PROPERTY APPRAISER**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Concluded)**

■ **Governmental Fund Type**

● **Major Fund**

- ▶ **General Fund**—The General Fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except for those required to be accounted for in another fund.

**Basis of Accounting**

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

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Property Appraiser considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which is not recorded until paid.

**Measurement Focus**

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The General Fund is accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

**Budgets and Budgetary Accounting**

Section 195.087, Florida Statutes governs the preparation, adoption, and administration of Property Appraiser's annual budget. The budget and the subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue for approval. A copy of the budget is furnished to the Board at the same time.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriations categories (personal services, operating expenses, capital outlay, debt service, and nonoperating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund 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 balance – budget and actual, reflect all approved amendments.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY PROPERTY APPRAISER**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Capital Assets**

Capital assets purchased in the Governmental Fund type are recorded as expenditures (capital outlay) at the time of purchase. The tangible personal property used by the Property Appraiser is reported as capital assets, at cost, in the statement of net assets in the County-wide financial statements of Gadsden County, Florida.

**Accrued Compensated Absences**

It is the Property Appraiser's policy to grant all full-time employees annual leave based on the number of years of continuous employment for agencies operating under the Florida Retirement System. Annual leave accrued above 240 hours is not carried forward to the subsequent calendar year. Upon termination of employment, the employee can receive a cash benefit based upon the employee's current wage rate and the annual leave not taken, not to exceed 240 hours.

Sick leave is accumulated at the rate of four hours for each full calendar month of continuous employment during the first year and eight hours during each subsequent year. There is no limit on the amount of sick leave that can be accumulated. At the time of termination, employees with twenty years or more continuous employment can receive payment based upon the employee's current wage rate for 50% of accumulated sick leave above 300 hours. For twelve to nineteen years, the percentage is 40%, nine to eleven years is 30%, six to eight years is 20%, and three to five years is 10%.

The Property Appraiser uses the vesting method to calculate the liability for compensated absences. The Property Appraiser 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 General Fund, but is included in the statement of net assets in the County-wide financial statements of Gadsden County, Florida.

**Transfers In and Out**

The Board funds primarily all the operating budget of Property Appraiser. The payments by the Board to fund the operations of the Property Appraiser are recorded as transfers in on the financial statements of the Property Appraiser. In accordance with Florida Statutes, the Property Appraiser distributes all General Fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year. Repayments to the Board are recorded as a liability and as transfers out on the financial statements of the Property Appraiser.

**Related Organizations - Common Expenses**

Certain expenses, 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 Property Appraiser. These expenses paid by the Board relating to the Property Appraiser's operations are:

- Occupancy Costs
- Janitorial Service
- Utilities (Except Telephone)
- Property and Worker's Compensation Insurance
- Employees' Health and Life Insurance

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY PROPERTY APPRAISER**  
*(Continued)*

**Note 2 - Cash**

The Property Appraiser maintains two cash accounts at banks designated by the Florida Division of Treasury as qualified public depositories. At September 30, 2010, the carrying amounts of the Property Appraiser's deposits with the financial institutions were \$32,128 and \$5,451, and the bank balances were \$42,839 and \$5,449, respectively. Deposits whose values exceed the limits of Federal depository insurance are entirely insured or collateralized pursuant to Chapter 280, Florida Statutes.

**Credit Risk**

Section 218.415(17), Florida Statutes, stipulates the State-approved investment policy for all governmental entities and includes the following investments:

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

The Property Appraiser does not have an investment policy that would further limit its investment choices.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure the government's deposits may not be returned to it.

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 custodian 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 Property Appraiser's deposits are therefore considered fully insured or collateralized.

**Note 3 - Employee Benefits**

**Defined Benefit Pension Plan**

All full-time employees of the Property Appraiser participate in the Florida Retirement System (the System). This System was created by the Florida Legislature and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the State of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.



**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY PROPERTY APPRAISER**  
*(Continued)*

**Note 3 - Employee Benefits (Concluded)**

**Defined Benefit Pension Plan (Concluded)**

The Property Appraiser and all full-time employees are eligible to participate in the System. Employees who retire at or after age 62, with six years of creditable service or with 30 years of service regardless of age are entitled to a retirement benefit, payable monthly for life, equal to the product of: (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Benefits are fully vested on reaching six years of service. Vested employees may retire after six years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Tax Collector, are required to contribute 10.77% of the compensation for regular members, 14.57% of senior management employees, and 18.64% for County elected officials. No employee contributions are required. The contributions paid for the years ended September 30, 2010, 2009, and 2008 were \$51,603, \$50,710 and \$48,938, respectively, which is equal to the required contribution for each year.

**Note 4 - Risk Management**

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The Property Appraiser participates in the risk management program through the Board, which uses commercial insurance and a public entity risk pool to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- Public Employees' Bond
- Workers' Compensation
- Automobile Liability

The Board participates in the Florida Association of Counties Trust (FACT), a public entity risk pool for risks related to comprehensive general liability. The agreement provides that the financial liability for each participating county is limited to premiums and surplus contributions paid or obligations made to FACT. Aggregate coverage provided is limited to \$1,000,000 for each claim.

**Note 5 - Long-term Liabilities**

A summary of the Property Appraiser's long-term liabilities is as follows:

	<b>Balance</b>				<b>Balance</b>
	<b><u>October 1, 2009</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>		<b><u>September 30, 2010</u></b>
Liability for Compensated					
Absences	\$ 51,011	\$ 26,618	\$ (25,481)	\$	52,148
Other Postemployment					
Benefits	11,000	13,000	(2,000)		22,000
<b>Total</b>	<b><u>\$ 62,011</u></b>	<b><u>\$ 39,618</u></b>	<b><u>\$ (27,481)</u></b>	<b><u>\$</u></b>	<b><u>74,148</u></b>

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY PROPERTY APPRAISER**  
*(Concluded)*

**Note 5 - Long-term Liabilities (Concluded)**

Of the \$52,148 liability for accrued compensated absences, management estimates that \$15,531 will be due and payable within one year. The liability is not reported in the financial statements of the Property Appraiser since they are not payable from available resources at September 30, 2010. As discussed in Note 1, the liability is reported on the statement of net assets in the County-wide financial statements of Gadsden County, Florida.

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Property Appraiser. See Note 7 for a description of other postemployment benefits.

**Note 6 - Encumbrances**

Encumbrances represent commitments related to underperformed contracts for goods or services. They do not constitute expenditures or liabilities. The encumbrances will be honored in the subsequent year. The Property Appraiser had no outstanding encumbrances at September 30, 2010.

**Note 7 - Other Postemployment Benefits**

*Plan Description*—The Property Appraiser participates and administers an agent single-employer plan under which qualified retired employees are permitted to participate in health, dental, vision and life insurance benefits program (the Program). 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.

*Annual OPEB Cost and Net OPEB Obligation*—The Property Appraiser's OPEB obligation is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the guidance provided by Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 20 years.

The Property Appraiser's portion of the other postemployment benefits liability at September 30, 2010 totaled \$22,000. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other required disclosures can be found in the County-wide annual financial report.

**Note 8 - Commitments and Contingencies**

**Operating Leases**

The Property Appraiser is leasing a vehicle under an operating lease that concludes during the fiscal year ending September 30, 2011. During the fiscal year ended September 30, 2010, the lease payments on all operating leases amounted to \$4,198. Total future lease payments payable during 2011 will be \$3,149.

## **OTHER REPORTS**

**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***

The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

We have audited the special purpose financial statements of the Gadsden County, Florida Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2010, and have issued our report thereon dated March 23, 2011, which was modified to refer to a basis of accounting required for state filing requirements, and for other reasons. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Property Appraiser's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting.

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

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

**Certified Public Accountants**

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The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

**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*  
(Concluded)**

**Compliance and Other Matters**

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

We noted a certain matter that we have reported to management of the Property Appraiser in a separate letter dated March 23, 2011.

The Property Appraiser's response to the finding identified in our audit is described in the accompanying Management Response. We did not audit the Property Appraiser's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Property Appraiser and management and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 23, 2011  
Gainesville, Florida

## MANAGEMENT LETTER

The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

We have audited the special purpose financial statements of the Gadsden County, Florida Property Appraiser (the Property Appraiser), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 23, 2011, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our report on internal control over financial reporting and compliance and other matters. Disclosures in that report, if any, which is dated March 23, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of 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' reports:

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.
- 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 Property Appraiser complied with Section 218.415, Florida Statutes.
- 10.554(1)(i)3., *Rules of the Auditor General*, Section 10.554(1)(i)3., requires that we address in the management letter any recommendations to improve the entity's financial management. In connection with our audit, we report the following matter:
  - **Accounting Software**  
The Property Appraiser uses QuickBooks as its accounting software to record general ledger activity, accounts payable and payroll activities. Software controls that would prevent changes to account balances after the entries were recorded into the accounting system had not been activated in the QuickBooks system. We recommend that the software control that prevents changes to the account balances after entries have been made be activated in the Property Appraiser's QuickBooks system. This will provide better documentation for changes made to account balances.

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The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

### MANAGEMENT LETTER

(Concluded)

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address in the management letter any violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.
- 10.554(1)(i)5., *Rules of the Auditor General*, provides that for matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, the following may be reported based upon professional judgment: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (b) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Property Appraiser was established by the Constitution of the State of Florida, Article VII, Section 1(d). There were no component units related to the Property Appraiser.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Purvis, Gray and Company, LLP*

March 23, 2011  
Gainesville, Florida





## GADSDEN COUNTY PROPERTY APPRAISER

Clay VanLandingham, CFA

Property Appraiser

16 S. Calhoun St.  
Quincy, FL 32351  
Telephone: 850.627.7168

[www.qpublic.net/gadsden](http://www.qpublic.net/gadsden)

Post Office Box 585  
Quincy, FL 32353  
Fax: 850.627.0396

March 23, 2011

Purvis, Gray & Company  
Certified Public Accountants  
P.O. Box 23999  
Gainesville, FL. 32602

ATTN: Terry Kite

Dear Mr. Kite:

In response to your question raised in the Management Letter regarding our accounting software and the particular issue of a "software control" feature related to account balances, we offer the following response:

We have contacted our accounting software representative and requested that she activate the particular software control feature mentioned above as soon as possible. We expect this activation to be completed by March 25, 2011.

As no other issues were reported or raised in the Management Letter, this will conclude the requested response. Additionally, we would like to thank you for your effort and time in insuring that the Office of the Gadsden County Property Appraiser has met and complied with the various rules and regulations of the Auditor General.

Sincerely,

A handwritten signature in black ink, appearing to read "Clay VanLandingham", written over a horizontal line.

Clay VanLandingham, CFA  
Gadsden County Property Appraiser





**SPECIAL PURPOSE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SUPERVISOR OF ELECTIONS  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SUPERVISOR OF ELECTIONS  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Shirley Green Knight  
Gadsden County Supervisor of Elections  
Gadsden County, Florida

We have audited the accompanying special purpose financial statements of the General Fund of the Gadsden County, Florida Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2010, as listed in the table of contents. These special purpose financial statements are the responsibility of the Supervisor of Elections' management. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices prescribed by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full-accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Gadsden County, Florida, that is attributable to the transactions of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida as a whole as of September 30, 2010, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Supervisor of Elections at September 30, 2010, the changes in financial position of its General Fund, and the respective budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting described in Note 1.

### Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Shirley Green Knight  
Gadsden County Supervisor of Elections  
Gadsden County, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 14, 2011, on our consideration of the Supervisor of Elections' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Supervisor of Elections and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 14, 2011  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2010  
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

<b>Assets</b>	
Cash	\$      28,435
<b>Total Assets</b>	<u>28,435</u>
<b>Liabilities</b>	
Accounts Payable	4,302
Accrued Wages	5,675
Deferred Revenue	<u>18,458</u>
<b>Total Liabilities</b>	<u>28,435</u>
<b>Fund Balance</b>	<u>0</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$      28,435</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

<b>Revenues</b>	
Intergovernmental	\$ 6,614
<b>Total Revenues</b>	<u>6,614</u>
<b>Expenditures</b>	
General Government:	
Personal Services	316,507
Operating Expenditures	139,278
Capital Outlay	2,696
<b>(Total Expenditures)</b>	<u>(458,481)</u>
<b>(Deficiency) of Expenditures (Under) Revenues</b>	<u>(451,867)</u>
<b>Other Financing Sources (Uses)</b>	
Transfers in	<u>451,867</u>
<b>Net Change in Fund Balance</b>	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 0</u></u>

See accompanying notes in financial statements.



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 0	\$ 6,595	\$ 6,614	\$ 19
Miscellaneous	0	20	0	(20)
<b>Total Revenues</b>	<u>0</u>	<u>6,615</u>	<u>6,614</u>	<u>(1)</u>
<b>Expenditures</b>				
General Government:				
Personal Services	290,990	290,990	316,507	(25,517)
Operating Expenditures	159,350	165,965	139,278	26,687
Capital Outlay	0	0	2,696	(2,696)
<b>(Total Expenditures)</b>	<u>(450,340)</u>	<u>(456,955)</u>	<u>(458,481)</u>	<u>(1,526)</u>
<b>(Deficiency) of Expenditures (Under)</b>				
<b>Revenues</b>	<u>(450,340)</u>	<u>(450,340)</u>	<u>(451,867)</u>	<u>(1,527)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>450,340</u>	<u>450,340</u>	<u>451,867</u>	<u>1,527</u>
<b>Net Change in Fund Balance</b>	0	0	0	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS GADSDEN COUNTY SUPERVISOR OF ELECTIONS

### **Note 1 - Summary of Significant Accounting Policies**

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

#### **Reporting Entity**

Gadsden County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator, as provided by Section 125.73, Florida Statutes. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

The Gadsden County, Florida Supervisor of Elections (the Supervisor of Elections), is an elected official of the County, pursuant to the *Constitution of the State of Florida*, Article VIII, Section 1(d) and is a part of the primary government of the County. The Board approves the Supervisor of Elections' total operating budget and is responsible for accounting for the Supervisor of Elections' transactions. The Supervisor of Elections is responsible for the administration and operation of the Supervisor of Elections' office, and the Supervisor of Elections' special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of Gadsden County, Florida. There were no component units related to the Supervisor of Elections.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements.

For financial reporting purposes, the Supervisor of Elections is deemed to be a part of the primary government of the County and, therefore, is included as such in the County's annual financial report.

#### **Basis of Presentation**

The accompanying financial statements include all funds and accounts of the Supervisor of Elections office, but are not a complete presentation of the County as a whole. The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General—Local Governmental Entity Audits*.

These accompanying financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting requirements prescribed by the State of Florida Office of the Auditor General. As such, they omit entity-wide, full-accrual financial statements and related disclosures, and certain other required supplementary information to be in conformity with generally accepted accounting principles (GAAP) in the United States of America. Except for these omissions, they are otherwise in conformity with GAAP.

The financial transactions of the Supervisor of Elections are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SUPERVISOR OF ELECTIONS**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Concluded)**

The Supervisor of Elections reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

- ▶ **General Fund**—The General Fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except for those required to be accounted for in another fund.

**Basis of Accounting**

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

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when they are received in cash or when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources, except for accumulated sick and vacation pay, which are not recorded until paid.

The Supervisor of Elections considers receivables collected within 30 days after year-end to be available and susceptible to accrual as revenues of the current year. The following major revenue is considered susceptible to accrual intergovernmental revenue.

**Measurement Focus**

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The General Fund is accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

**Budgetary Requirement**

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the General Fund.

The Supervisor of Elections' annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Budget to actual comparisons are provided in the financial statements for the General Fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SUPERVISOR OF ELECTIONS**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

Tangible personal property is recorded as expenditures in the General Fund at the time an asset is acquired. Assets acquired by the Supervisor of Elections are capitalized at cost in the capital asset accounts of the Board. The Supervisor of Elections maintains custodial responsibility for the capital assets used by her office.

**Accumulated Compensated Absences**

Permanent full-time employees of the Supervisor of Elections are entitled to accrue unlimited hours of sick leave and 240 hours of vacation time. Upon termination, employees can be paid up to 240 hours of vacation time and up to one-fourth of unused sick time, with the payment of one-fourth of unused sick time being subject to three years of consecutive employment.

The Supervisor of Elections' accumulated compensated absences are reported in the statement of net assets in the Board's financial statements.

**Risk Management**

The Supervisor of Elections is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and/or the public; or damage to property of others. The Supervisor of Elections participates in the risk management program through the Board which uses commercial insurance and a public entity risk pool to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- Public Employees' Bond
- Workers' Compensation
- Automobile Liability

The Board participates in the Florida Association of Counties Trust (FACT), a public entity risk pool for risks related to comprehensive general liability. The agreement provides that the financial liability for each participating county is limited to premiums and surplus contributions paid or obligations made to FACT. Aggregate coverage provided is limited to \$1,000,000 for each claim.

**Use of Estimates**

The preparation of special purpose financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the special purpose financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Transfers In and Out**

The Board funds primarily the entire operating budget of the Supervisor of Elections. The payments by the Board to fund the operations of the Supervisor of Elections are recorded as transfers in on the financial statements of the Supervisor of Elections. In accordance with Florida Statutes, the Supervisor of Elections distributes all General Fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year. Repayments to the Board are recorded as a liability and as transfers out on the financial statements of the Supervisor of Elections.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SUPERVISOR OF ELECTIONS**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Related Organizations – Common Expenses**

Certain expenses, 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 Supervisor of Elections. These expenses paid by the board relating to the Supervisor of Elections operations are:

- Occupancy Costs
- Janitorial Service
- Utilities (Except Telephone)
- Property and Worker's Compensation Insurance
- Employees' Health and Life Insurance

**Note 2 - Cash**

As of September 30, 2010, the carrying amount of the Supervisor of Elections' deposits was \$28,435.

**Credit Risk**

Section 218.415(17), Florida Statutes, stipulates the State-approved investment policy for all governmental entities and includes the following investments:

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

The Supervisor of Elections does not have an investment policy that would further limit its investment choices.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure the government's deposits may not be returned to it.

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 custodian 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 Supervisor of Elections' deposits are therefore considered fully insured or collateralized.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SUPERVISOR OF ELECTIONS**  
*(Continued)*

**Note 3 - Employee Benefits**

**Pension Plan**

In accordance with Florida law, the Supervisor of Elections participates in the Florida Retirement System (the System), which presently covers all qualified Gadsden County Supervisor of Elections employees. This System was created by the Florida Legislature and is administered by the State of Florida, Department of Management Services, Division of Retirement and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the State of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Florida Retirement System, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

All Supervisor of Elections employees are eligible to participate in the System. The System provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after they have met one of the following: (1) after 30 years of service, regardless of age; (2) six years of service and age 62; or (3) 25 years special risk service (age 55 if not continuous). Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Benefits are computed on the basis of age, average final compensation, and service credit. Average final compensation is the average of the five highest years of earnings. The System also provides death benefits, disability benefits, and annual cost-of-living adjustments. Benefits are established by Florida Statutes.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Supervisor of Elections, are required to contribute 10.77% of the compensation for regular members and 18.64% for elected officials. The Supervisor of Elections' contributions to the System for the years ended September 30, 2010, 2009, and 2008 were \$27,513, \$27,868, and \$28,592 respectively, equal to the required contributions for each year.

**Note 4 - Changes in Long-term Obligations**

The following is a summary of the changes in long-term obligations of the Gadsden County Supervisor of Elections for the year ended September 30, 2010:

	<b>Balance</b>			<b>Balance</b>
	<b><u>October 1, 2009</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>September 30, 2010</u></b>
Liability for Compensated				
Absences	\$ 18,004	\$ 13,434	\$ (13,355)	\$ 18,083

The portion of the compensated absences liability estimated to be paid during the next year (current portion) is \$7,575.

**Note 5 - Encumbrances**

Encumbrances represent commitments related to underperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Supervisor of Elections had no outstanding encumbrances at September 30, 2010.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SUPERVISOR OF ELECTIONS**  
*(Concluded)*

**Note 6 - Other Disclosures**

The General Fund reported total expenditures in excess of total appropriations of \$1,526. This was the result of an accounting entry made to incorporate certain federal grant revenues and expenditures into the General Fund. Therefore, this budget over expenditure is shown only for financial reporting purposes.



## **OTHER REPORTS**

**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***

The Honorable Shirley Green Knight  
Gadsden County Supervisor of Elections  
Gadsden County, Florida

We have audited the special purpose financial statements of the Gadsden County, Florida Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2010, and have issued our report thereon dated March 14, 2011, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Supervisor of Elections' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting.

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

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

**Certified Public Accountants**

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The Honorable Shirley Green Knight  
Gadsden County Supervisor of Elections  
Gadsden County, Florida

**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*  
(Concluded)**

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the Supervisor of Elections, and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



March 14, 2011  
Gainesville, Florida

## MANAGEMENT LETTER

The Honorable Shirley Green Knight  
Gadsden County Supervisor of Elections  
Gadsden County, Florida

We have audited the special purpose financial statements of the Gadsden County, Florida Supervisor of Elections (the Supervisor of Elections), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 14, 2011, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our report on internal control over financial reporting and compliance and other matters. Disclosures in that report, if any, which is dated March 14, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of 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' reports:

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit 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 Supervisor of Elections 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 the entity's 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 in the management letter any violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

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The Honorable Shirley Green Knight  
Gadsden County Supervisor of Elections  
Gadsden County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that for matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, the following may be reported based upon professional judgment: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (b) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Supervisor of Elections.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Purvis, Gray and Company, LLP*

March 14, 2011  
Gainesville, Florida