

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

GADSDEN COUNTY, FLORIDA

SEPTEMBER 30, 2014

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INDEPENDENT AUDITORS' REPORTS
GADSDEN COUNTY, FLORIDA
SEPTEMBER 30, 2014**

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INTRODUCTORY SECTION

GADSDEN COUNTY, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS

SERVING AS OF SEPTEMBER 30, 2014

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

County Administrator	Robert Presnell
County Attorney	David Weiss

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
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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
(Continued)

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, 2014, and the respective changes in financial position, thereof, and the respective budgetary comparison of the general fund and each major special revenue fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 (GASB), 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.

Other Information

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 purposes 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, 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 of federal awards and state financial assistance 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 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.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2015, 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* in considering the County's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

March 30, 2015
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, 2014. 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 exceeded liabilities at the close of the 2013-14 fiscal year by \$66,648,199 (*net position*). Of this amount, \$6,703,316 (*unrestricted net position*) may be used to meet ongoing obligations to citizens and creditors, \$4,819,417 is restricted for specific purposes (*restricted net position*), and \$55,125,466 is *net investment in capital assets*.

Fund Statements

At September 30, 2014, the County's governmental funds reported combined ending fund balances of \$13,554,540, a decrease of \$216,577 in comparison with the \$13,771,117 ending fund balances on September 30, 2013.

As of September 30, 2014, general fund's unassigned fund balance was \$6,824,134, or 38% of total general fund expenditures excluding transfers.

Local revenues continue to be somewhat affected by the slow economic recovery. Expenditures are cautiously monitored to ensure the sustainability of County operations. The County remains 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.

Government-wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities found on pages 13-14 concentrate on the County as a whole and do not emphasize fund types. The governmental 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 along with 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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.

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 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**. A **statement of fiduciary net position** is presented for the County's agency fund.

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.

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, a reconciliation of net position, reconciliations to change in net position is provided on pages 17 and 20.

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 Basic 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 27-48 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule provides a summary of assets, liabilities, and net position of the County for fiscal years 2013 and 2014.

The largest portion of the County's net position, 83%, 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 position* representing 7% 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 position*, \$6,703,316 (10%), may be used to help meet the government's ongoing obligations to citizens and creditors.

Gadsden County Florida
Summary of Net Position
September 30, 2013 and 2014

	Governmental Activities	
	2014	2013
Current and Other Assets	\$ 17,735,146	\$ 18,086,488
Capital Assets	69,194,751	62,946,450
Total Assets	\$ 86,929,897	\$ 81,032,938
Current Liabilities	5,362,909	5,460,324
Non-Current Liabilities	14,918,789	16,731,377
Total Liabilities	\$ 20,281,698	\$ 22,191,701
Net Position		
Net Investment in		
Capital Assets	55,125,466	47,454,126
Restricted	4,819,417	5,069,411
Unrestricted	6,703,316	6,317,700
Total Net Position	\$ 66,648,199	\$ 58,841,237

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following schedule provides a summary of the changes in Net Position.

Gadsden County, Florida
Changes in Net Position

	Governmental Activities	
	2014	2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,281,748	\$ 4,811,387
Operating Grants and Contributions	2,226,347	3,340,067
Capital Grants and Contributions	9,314,558	1,488,624
Total Program Revenues	16,822,653	9,640,078
General Revenues:		
Property Taxes	11,208,643	11,280,209
Sales Tax and State Shared Revenue	5,900,504	5,516,787
Local Option Taxes	5,461,750	4,952,129
Motor Fuel Tax	2,310,254	2,270,203
Other	693,598	547,887
Total General Revenues	25,574,749	24,567,215
Total Revenues	42,397,402	34,207,293
Expenses:		
Program Expenses:		
General Government	7,620,171	7,342,352
Public Safety	12,411,114	12,035,677
Physical Environment	134,026	474,956
Transportation	7,244,812	8,130,449
Economic Environment	646,527	410,267
Human Services	3,093,827	2,671,401
Court Related	1,804,506	1,792,029
Culture/Recreation	1,112,567	1,163,712
Interest on Long-term Debt	405,897	812,999
Total Expenses	34,473,447	34,833,842
Increase (Decrease) in Net Position	7,923,955	(626,549)
Net Position October 1, 2013 *	58,724,244	59,467,786
Net Position September 30, 2014	\$ 66,648,199	\$ 58,841,237

* Net Position as of October 1, 2013, has been reduced by \$116,993 to reflect a prior period adjustment related to the deduction of the unamortized loan issuance costs which were required to be expensed in accordance with a change in GASB standards.

As reflected in the changes in net position, the County's net position increased by \$7,923,955 which is a 13% increase over the net position of fiscal year 2013. The most significant change in Net Position was the receipt of an additional \$7.8 million in capital grants for transportation improvements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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. Unassigned 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 2014, the County's governmental funds reported combined ending fund balances of \$13,554,540, a decrease of \$216,577 in comparison with the prior year. Of the approximately \$13.5 million total fund balance, unassigned fund balance is \$6.7 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 \$675,187. The total general fund balance was \$7,212,274, of which \$6,824,134 is unassigned. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 38% of total general fund expenditures excluding transfers.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board's general fund's budget increased during fiscal year 2013-2014 in the amount of \$230,805 from the original budget. This was due mainly to the recognition of \$230,805 of fund balance. The largest amount, \$200,000 was for assisting the Emergency Medical Services department's cash flow. Another \$13,320 was to provide the matching funds to the Emergency Management grant. There was an increase to recognize donations for improvements to Lamb Park in the amount of \$9,767. Additionally, there were increases in the amount of \$4,315 to bring the Property Appraiser's budget into compliance with the Department of Revenue and \$3,403 to cover cash deficit balances in Building Inspection department, (\$3,000), debt service (\$150) and Mosquito Control (\$253).

Actual Board general fund revenues were less than the final revenue budget by \$212,629. The ad-valorem taxes fell short of the amount budgeted by \$800,813, while the intergovernmental revenue collections were \$252,369 over the amount budgeted.

Charges for services for the Board also had an increase in the amount of \$64,381. The Probation departments added new programs which generated \$24,024 in excess fees. These services consist of breathalyzer fees, vehicle impoundment fees, anti-theft classes, and victim impact panel fees. Other increases in charges for services came from the Planning and Zoning department which added contractual services for the City of Midway. This contract produced \$25,500 in revenue.

Actual overall expenditures for fiscal year 2014 Board General Fund were \$17,211,799, which was \$866,205 under budget. Several factors contributed to the decrease in costs. The County Attorney fees were \$101,629 less than budgeted. There were funds budgeted for the hospital chiller #2 that were not spent in the amount of \$132,022. Also, welfare-medicaid and indigent services were \$144,802 less than budget again this year. Additionally, multiple departments underspent their budget. Those departments were: Information Services, Building Maintenance, Jail Maintenance, Code Enforcement, Medical Examiner, Animal Control, Aids to Private Organizations, and Parks, to name a few.

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, 2014, amounts to \$69.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure, net of depreciation.

Capital asset events during the current fiscal year included the following:

- Upgrades to the Board's computer center, including servers and bladecenter, amounted to \$54,705.
- The Veteran's service department added a new van for transporting veterans to appointments. The van cost \$23,868.
- The Supervisor of Elections purchased laptops, color printers, workstations, optiplex minitower, and a new server for holding elections. Total costs of these items was \$78,101.
- Replacement of six ambulance stretchers, funded by grants, amounted to \$86,488.
- Road paving projects in the amount of \$433,981 were completed for, Lake Evette West, River Landing Road, Drake Acres, David Thomas Lane, M&M Lane, Cora Lewis Court, Willow Court, Ocklawaha Circle, High/Gray Ave, and Little Cove.
- The County received \$241,529 in grant funds to purchase seven portable cardiac monitor/defibrulators.
- Building improvements to the County Jail to bring it up to standards included replacing the water heaters with tank-less water heaters, installing twelve foot chain length fence, replacing cabinetry, replace sally port door and jail chiller (most of these items are considered maintenance, listed here only for information purposes). Further capital expense included Lock-Down cell doors and renovations to the female/juvenile section of the jail. Actual capital expense was \$561,931.
- Fitness equipment for Lamb Park, playground equipment, and upgrades to Friendship Park and Scottown Park amounted to \$60,102.
- The Fire Service department installed four more fire hydrants throughout the County (there were five installed in 2012-13). The total cost of the hydrants was \$27,936.
- The County spent \$176,451 on courthouse renovations, including roof, and sound system.
- The County spent \$185,000 for a full body security scanner for the jail.

Through grant funds, the County spent \$9,012,878 for several road paving projects. Those were: Woodward Road, Flat Creek Road, Shady Rest Road, and Salem Road. The county also received grants and began work for Caro Street and McDonald Street sidewalks in the amount of \$28,860.

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	
	2014	2013
Land	\$ 2,009,104	\$ 2,009,104
Buildings	25,487,926	25,304,998
Improvements Other than Buildings	4,057,830	3,908,487
Machinery and Equipment	6,789,968	7,151,906
Construction in Progress	0	1,207,871
Infrastructure	30,849,923	23,364,084
Total	\$ 69,194,751	\$ 62,946,450

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

Debt Management

During 2013-14, there was no new debt issued for the County. The County currently has three significant bonds. The first: SunTrust Bank 2013 Florida Gas Tax Revenue Refunding Bond at \$3.7 million, for road paving projects completed during fiscal year 2003-04. The original bond, issued in 2003, was financed through Florida Municipal Loan Council with a payout date of December 1, 2018.

In 2012-13, the bond was refinanced through SunTrust Bank and currently is scheduled to payout in December 2019. The Constitutional fuel tax levied and received pursuant to Article XII, Section 9(c) of the Florida Constitution and Sections 206.41 and 336.24, Florida Statutes, and the County Fuel Tax levied pursuant to Sections 206.41 and 206.60, Florida Statutes, has been pledged to secure the bond.

A second bond: BB&T Sales Tax Refunding Revenue Bond at \$8.9 million for refinancing of hospital renovations. The original bond, issued in 2010, was set for payout in March 2030 and was originally financed through BB & T, however significantly lower interest rates and reduced monthly payments, prompted the refinancing of this bond during fiscal year 2012-13. The new payout date did not change, however, the monthly payments were reduced. The County voted for a half-cent Indigent Surtax during the elections of 2009 and began receiving the tax in 2010. This tax is used to secure the loan with BB&T.

The third bond: Florida Municipal Loan Council for 2006B Revenue Bonds at \$1.6 million for the financing costs of library facilities, which is secured by the Local Government half-cent sales tax. The payout date on this bond is October 2022. This bond can’t be refinanced until after June 2015.

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

Gadsden County, Florida
Outstanding Debt

	2014	2013	Increase (Decrease)
Revenue Bonds	\$ 12,999,071	\$ 14,275,656	\$ (1,276,585)
Notes and Loans Payable	1,039,943	1,299,215	(259,272)
Compensated Absences	1,660,599	1,560,885	99,714
Other Post Employment Benefits	1,412,600	1,311,500	101,100
Landfill Post-closure Costs	248,989	551,237	(302,248)
Total	\$ 17,361,202	\$ 18,998,493	\$ (1,637,291)

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The unemployment rate for the County in September 2014 was 6.3% (Florida Legislature office of Economic Research). The State of Florida’s rate in September 2014 was approximately 5.6%. (U.S. Department of Labor Statistics.)

Gadsden County is again designated as a fiscally constrained County in the State of Florida and is included in the governor’s designated Northwest Florida Rural Area of Economic Concern. The County’s millage rate is still set below the statutory maximum level of 10.00 mills at 8.9064. It is to be noted that it has been at this millage rate from 2008 to present (2014).

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Concluded)

From the Real Estate side of things, the property values for the 2015 year thus far have shown signs of stability in the residential markets; commercial sales, while not fully recovered have shown an uptick in activity compared to the last couple of years and is an encouraging trend. Agricultural properties have seen a small increase in values as have other large acreage tracts. While it is still early in the year, it appears that Ad Valorem taxes from real estate will increase in overall taxable value somewhere in the range of 1.5 to 2 percent. Taxes from Tangible Personal Property are currently being reported at the time of this writing and our estimate is that these values will be somewhat lower than last year's value due to depreciation of existing assets and to the fact that there has been no large commercial or industrial expansion this year to generate any new taxes from equipment purchases.

Overall, it appears that for 2015, we will be holding steady or showing a slight increase in the Tax Roll.

The Board of County Commissioners continues to be committed to the stabilization of its financial health building sufficient reserves and fund balances in its major governmental funds, while strategically managing debt, and developing a long term capital improvements program to maintain current and future investments in its fixed assets.

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, Phone number 850-875-7079 or 850-875-7063.

BASIC FINANCIAL STATEMENTS

GADSDEN COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Governmental Activities
Assets	
Current Assets:	
Cash	\$ 11,185,082
Investments	2,875,104
Accounts Receivables, Net	411,769
Due from Agency Funds	6,689
Due from Other Governments	3,087,029
Prepaid Items	23,402
Inventories	146,071
Total Current Assets	17,735,146
Noncurrent Assets:	
Capital Assets:	
Nondepreciable	2,009,104
Depreciable, Net	67,185,647
Total Noncurrent Assets	69,194,751
Total Assets	86,929,897
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Expenses	1,463,704
Due to Agency Funds	102,534
Due to Other Governments	285,326
Accrued Wages Payable	438,952
Unearned Revenue	599,709
Unamortized Premium	4,175
Bonds and Notes Payable	1,712,479
Accrued Compensated Absences	723,983
Estimated Landfill Postclosure Costs	32,047
Total Current Liabilities	5,362,909
Noncurrent Liabilities:	
Unamortized Premium	26,096
Accrued Compensated Absences	936,616
Other Postemployment Benefits Obligation	1,412,600
Bonds and Notes Payable	12,326,535
Estimated Landfill Postclosure Costs	216,942
Total Noncurrent Liabilities	14,918,789
Total Liabilities	20,281,698
Net Position	
Net Investment in Capital Assets	55,125,466
Restricted	4,819,417
Unrestricted	6,703,316
Total Net Position	\$ 66,648,199

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, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes In Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General Government	\$ 7,620,171	\$ 2,192,740	\$ 14,407	\$ 0	\$ (5,413,024)
Public Safety	12,411,114	2,382,238	832,979	179,651	(9,016,246)
Physical Environment	134,026	0	83,520	0	(50,506)
Transportation	7,244,812	142,721	83,508	9,134,907	2,116,324
Economic Environment	646,527	0	221,387	0	(425,140)
Human Services	3,093,827	4,019	109,078	0	(2,980,730)
Court-related	1,804,506	503,976	551,304	0	(749,226)
Culture and Recreation	1,112,567	56,054	330,164	0	(726,349)
Interest on Long-term Debt	405,897	0	0	0	(405,897)
Total Primary Government	\$ 34,473,447	\$ 5,281,748	\$ 2,226,347	\$ 9,314,558	(17,650,794)

General Revenues

Taxes:	
Property Taxes	11,208,643
Franchise and Utility Taxes	269,718
Discretionary Sales Surtax	3,930,992
Local Option Gas Tax	1,261,040
Motor Fuel Tax	2,310,254
Other Taxes	121,931
Sales Tax and Other Shared Revenues	5,900,504
Investment Earnings	37,269
Miscellaneous	534,398
Total General Revenues	25,574,749
Change in Net Position	7,923,955
Net Position Beginning of Year (As Restated)	58,724,244
Net Position End of Year	\$ 66,648,199

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

GADSDEN COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>County Transportation</u>	<u>SHIP</u>
Assets			
Cash	\$ 4,979,161	\$ 733,938	\$ 510,927
Investments	2,142,058	391,773	0
Accounts Receivables (Net of Allowance for Uncollectibles)	49,624	6,555	0
Due from Other Funds	130,658	0	0
Due from Other Governments	724,118	510,690	0
Prepaid Expenses	21,735	0	0
Inventories, at Cost	99,223	46,848	0
Total Assets	<u>8,146,577</u>	<u>1,689,804</u>	<u>510,927</u>
Liabilities			
Accounts Payable and Accrued Expenses	409,051	38,999	0
Due to Other Funds	2,984	0	0
Due to Other Governments	18,082	0	0
Accrued Wages Payable	225,613	88,192	56
Unearned Revenues	0	0	510,871
Total Liabilities	<u>655,730</u>	<u>127,191</u>	<u>510,927</u>
Deferred Inflows of Resources	<u>278,573</u>	<u>263,846</u>	<u>0</u>
Fund Balances			
Nonspendable	120,958	50,347	0
Restricted	178,536	1,248,420	0
Committed	0	0	0
Assigned	88,646	0	0
Unassigned	6,824,134	0	0
Total Fund Balances	<u>7,212,274</u>	<u>1,298,767</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 8,146,577</u>	<u>\$ 1,689,804</u>	<u>\$ 510,927</u>

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

Indigent Surtax	Capital Project Public Works	Capital Project SCRAP	Other Governmental Funds	Total Governmental Funds
\$ 319,412	\$ 27,298	\$ 0	\$ 4,614,346	\$ 11,185,082
0	28	0	341,245	2,875,104
0	0	0	355,591	411,770
0	0	0	4,816	135,474
283,524	7,532	846,109	761,685	3,133,658
0	0	0	1,667	23,402
0	0	0	0	146,071
<u>602,936</u>	<u>34,858</u>	<u>846,109</u>	<u>6,079,350</u>	<u>17,910,561</u>
59,465	7,532	846,109	102,552	1,463,708
0	0	0	228,335	231,319
265,212	0	0	48,659	331,953
0	0	0	125,090	438,951
0	0	0	88,838	599,709
<u>324,677</u>	<u>7,532</u>	<u>846,109</u>	<u>593,474</u>	<u>3,065,640</u>
188,103	0	0	559,859	1,290,381
0	0	0	1,667	172,972
90,156	27,326	0	3,274,979	4,819,417
0	0	0	91	91
0	0	0	1,735,352	1,823,998
0	0	0	(86,072)	6,738,062
<u>90,156</u>	<u>27,326</u>	<u>0</u>	<u>4,926,017</u>	<u>13,554,540</u>
<u>\$ 602,936</u>	<u>\$ 34,858</u>	<u>\$ 846,109</u>	<u>\$ 6,079,350</u>	<u>\$ 17,910,561</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 POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

Total Fund Balances of Governmental Funds		\$ 13,554,540
 Amounts Reported for Governmental Activities in the Statement of Net Position 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.		69,194,751
Receivables that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.		1,290,381
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:		
Bonds and Installment Notes Payable	\$ (14,039,014)	
Unamortized Premium	(30,271)	
Accrued Compensated Absences	(1,660,599)	
Accrued Other Postemployment Benefits Obligation	(1,412,600)	
Estimated Landfill Postclosure Costs	(248,989)	(17,391,473)
Total Net Position of Governmental Activities		\$ 66,648,199

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, 2014

	<u>General Fund</u>	<u>County Transportation</u>	<u>SHIP</u>
Revenues			
Taxes	\$ 11,478,361	\$ 3,166,860	\$ 0
Licenses and Permits	113,753	0	0
Intergovernmental Revenues	5,488,811	450,611	221,387
Charges for Services	1,863,909	142,721	0
Fines and Forfeitures	218,196	0	0
Miscellaneous Revenues	162,516	16,027	395
Total Revenues	<u>19,325,546</u>	<u>3,776,219</u>	<u>221,782</u>
Expenditures			
Current:			
General Government	7,025,994	0	0
Public Safety	7,095,030	0	0
Physical Environment	264,784	0	0
Transportation	0	3,802,348	0
Economic Environment	327,751	0	221,782
Human Services	1,409,506	0	0
Court-related	1,422,367	0	0
Culture and Recreation	125,368	0	0
Debt Service:			
Principal	128,639	0	0
Interest	9,373	0	0
Other	0	0	0
Capital Outlay:			
General Government	182,246	0	0
Public Safety	0	0	0
Transportation	0	40,980	0
Economic Environment	23,868	0	0
Human Services	3,434	0	0
Court-related	0	0	0
Culture and Recreation	66,851	0	0
(Total Expenditures)	<u>(18,085,211)</u>	<u>(3,843,328)</u>	<u>(221,782)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,240,335</u>	<u>(67,109)</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers in	7,902,268	226,450	0
Transfers (out)	(8,467,416)	(142,700)	0
Debt Proceeds	0	0	0
Total Other Financing Sources (Uses)	<u>(565,148)</u>	<u>83,750</u>	<u>0</u>
Net Change in Fund Balances	675,187	16,641	0
Fund Balances at Beginning of Year	<u>6,537,087</u>	<u>1,282,126</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 7,212,274</u>	<u>\$ 1,298,767</u>	<u>\$ 0</u>

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

Indigent Surtax	Capital Projects Public Works	Capital Projects SCRAP	Other Governmental Funds	Total Governmental Funds
\$ 1,562,580	\$ 0	\$ 0	\$ 1,197,070	\$ 17,404,871
0	0	0	173,149	286,902
0	7,993,645	1,141,262	3,625,748	18,921,464
0	0	0	2,667,934	4,674,564
0	0	0	72,502	290,698
0	399	0	166,558	345,895
<u>1,562,580</u>	<u>7,994,044</u>	<u>1,141,262</u>	<u>7,902,961</u>	<u>41,924,394</u>
0	0	0	85,847	7,111,841
0	0	0	4,579,690	11,674,720
0	0	0	141,568	406,352
0	0	0	92,880	3,895,228
0	0	0	92,987	642,520
1,004,653	0	0	0	2,414,159
0	0	0	321,775	1,744,142
0	0	0	876,837	1,002,205
0	0	0	1,592,218	1,720,857
0	0	0	398,259	407,632
0	0	0	2,440	2,440
0	0	0	89,059	271,305
0	0	0	1,236,562	1,236,562
0	8,356,084	1,119,635	0	9,516,699
0	0	0	0	23,868
0	0	0	0	3,434
0	0	0	185,156	185,156
0	0	0	0	66,851
<u>(1,004,653)</u>	<u>(8,356,084)</u>	<u>(1,119,635)</u>	<u>(9,695,278)</u>	<u>(42,325,971)</u>
<u>557,927</u>	<u>(362,040)</u>	<u>21,627</u>	<u>(1,792,317)</u>	<u>(401,577)</u>
0	142,700	0	9,565,976	17,837,394
(681,942)	0	0	(8,545,336)	(17,837,394)
0	0	0	185,000	185,000
<u>(681,942)</u>	<u>142,700</u>	<u>0</u>	<u>1,205,640</u>	<u>185,000</u>
(124,015)	(219,340)	21,627	(586,677)	(216,577)
<u>214,171</u>	<u>246,666</u>	<u>(21,627)</u>	<u>5,512,694</u>	<u>13,771,117</u>
<u>\$ 90,156</u>	<u>\$ 27,326</u>	<u>\$ 0</u>	<u>\$ 4,926,017</u>	<u>\$ 13,554,540</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, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (216,577)

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

Capital outlays 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	\$ 11,300,006	
Contributions and Gain/(Loss) on Disposal	101,987	
(Current Year Depreciation)	<u>(5,153,692)</u>	6,248,301

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,720,857
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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.		(185,000)
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Amortization of debt premium is a component of interest expense in the statement of activities, while it has no effect in the governmental funds.		4,175
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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	(99,714)	
Other Postemployment Benefits	(101,100)	
Landfill Postclosure Costs	<u>302,248</u>	101,434

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		<u>250,765</u>
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Change in Net Position - Governmental Activities \$ 7,923,955

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Taxes	\$ 11,081,749	\$ 11,081,749	\$ 11,478,361	\$ 396,612
Licenses and Permits	100,000	100,000	113,753	13,753
Intergovernmental Revenues	5,204,392	5,227,602	5,488,811	261,209
Charges for Services	1,815,086	1,838,996	1,863,909	24,913
Fines and Forfeitures	181,697	181,697	218,196	36,499
Miscellaneous Revenues	149,020	136,778	162,516	25,738
Total Revenues	<u>18,531,944</u>	<u>18,566,822</u>	<u>19,325,546</u>	<u>758,724</u>
Expenditures				
Current:				
General Government	7,540,832	7,626,101	7,025,994	600,107
Public Safety	7,186,308	7,184,838	7,095,030	89,808
Physical Environment	283,143	288,143	264,784	23,359
Economic Environment	337,629	339,737	327,751	11,986
Human Services	1,492,882	1,503,282	1,409,506	93,776
Court-related	1,544,196	1,634,421	1,422,367	212,054
Culture and Recreation	183,901	183,901	125,368	58,533
Debt Service:				
Principal	133,440	133,440	128,639	4,801
Interest	11,560	11,560	9,373	2,187
Capital Outlay:				
General Government	229,005	182,930	182,246	684
Economic Environment	24,000	24,000	23,868	132
Human Services	36,500	36,500	3,434	33,066
Court Related	1,800	6,800	0	6,800
Culture and Recreation	48,000	57,767	66,851	(9,084)
Contingency	60,000	37,865	0	37,865
(Total Expenditures)	<u>(19,113,196)</u>	<u>(19,251,285)</u>	<u>(18,085,211)</u>	<u>1,166,074</u>
Excess of Revenues Over				
 Expenditures	<u>(581,252)</u>	<u>(684,463)</u>	<u>1,240,335</u>	<u>1,924,798</u>
Other Financing Sources (Uses)				
Transfers in	10,136,872	10,141,188	7,902,268	(2,238,920)
Transfers (out)	(10,289,403)	(10,421,313)	(8,467,416)	1,953,897
Total Other Financing Sources (Uses)	<u>(152,531)</u>	<u>(280,125)</u>	<u>(565,148)</u>	<u>(285,023)</u>
Net Change in Fund Balance	(733,783)	(964,588)	675,187	1,639,775
Fund Balance, Beginning of Year	733,783	964,588	6,537,087	5,572,499
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,212,274</u>	<u>\$ 7,212,274</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,760,024	\$ 2,760,024	\$ 3,166,860	\$ 406,836
Intergovernmental Revenues	456,523	456,523	450,611	(5,912)
Charges for Services	130,000	130,000	142,721	12,721
Miscellaneous Revenues	44,000	44,000	16,027	(27,973)
Total Revenues	<u>3,390,547</u>	<u>3,390,547</u>	<u>3,776,219</u>	<u>385,672</u>
Expenditures				
Current:				
Transportation	4,107,879	4,164,079	3,802,348	361,731
Capital Outlay:				
Transportation	107,000	50,800	40,980	9,820
(Total Expenditures)	<u>(4,214,879)</u>	<u>(4,214,879)</u>	<u>(3,843,328)</u>	<u>371,551</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(824,332)</u>	<u>(824,332)</u>	<u>(67,109)</u>	<u>757,223</u>
Other Financing Sources (Uses)				
Transfers in	226,450	226,450	226,450	0
Transfers (out)	(142,700)	(142,700)	(142,700)	0
Total Other Financing Sources (Uses)	<u>83,750</u>	<u>83,750</u>	<u>83,750</u>	<u>0</u>
Net Change in Fund Balance	(740,582)	(740,582)	16,641	757,223
Fund Balance, Beginning of Year	<u>740,582</u>	<u>740,582</u>	<u>1,282,126</u>	<u>541,544</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,298,767</u>	<u>\$ 1,298,767</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
SHIP
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 0	\$ 382,092	\$ 221,387	\$ (160,705)
Miscellaneous Revenues	0	0	395	395
Total Revenues	<u>0</u>	<u>382,092</u>	<u>221,782</u>	<u>(160,310)</u>
Expenditures				
Current:				
Economic Environment	0	381,092	221,782	159,310
Capital Outlay	0	1,000	0	1,000
(Total Expenditures)	<u>0</u>	<u>(382,092)</u>	<u>(221,782)</u>	<u>160,310</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<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 REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
INDIGENT SURTAX
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,377,500	\$ 1,377,500	\$ 1,562,580	\$ 185,080
Total Revenues	<u>1,377,500</u>	<u>1,377,500</u>	<u>1,562,580</u>	<u>185,080</u>
Expenditures				
Current:				
Human Services	695,558	1,069,070	1,004,653	64,417
(Total Expenditures)	<u>(695,558)</u>	<u>(1,069,070)</u>	<u>(1,004,653)</u>	<u>64,417</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>681,942</u>	<u>308,430</u>	<u>557,927</u>	<u>249,497</u>
Other Financing Sources (Uses)				
Transfers out	(681,942)	(681,942)	(681,942)	0
Total Other Financing Sources (Uses)	<u>(681,942)</u>	<u>(681,942)</u>	<u>(681,942)</u>	<u>0</u>
Net Change in Fund Balance	0	(373,512)	(124,015)	249,497
Fund Balance, Beginning of Year	<u>0</u>	<u>373,512</u>	<u>214,171</u>	<u>(159,341)</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 90,156</u>	<u>\$ 90,156</u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

	Private Purpose Trust Fund	Agency Funds	Total
Assets			
Cash	\$ 220,798	\$ 1,577,420	\$ 1,798,218
Investments	8,541,849	0	8,541,849
Accounts Receivable	1,067	7,928	8,995
Due from County	100,000	2,534	102,534
Total Assets	8,863,714	1,587,882	10,451,596
Liabilities			
Accounts Payable	0	8,293	8,293
Due to County	0	6,689	6,689
Due to Individuals	0	277	277
Due to Other Governments	0	68,601	68,601
Assets Held for Others	0	67,759	67,759
Installment Tax Deposits	0	244,506	244,506
Deposits	0	1,190,298	1,190,298
Unearned Revenues	0	1,459	1,459
Total Liabilities	0	1,587,882	1,587,882
Net Position			
Held in Trust	<u>\$ 8,863,714</u>	<u>\$ 0</u>	<u>\$ 8,863,714</u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

	<u>Private Purpose Trust Fund</u>
Additions	
Investment Earnings:	
Net Appreciation in Fair Value of Investments	\$ 464,722
Interest and Dividends	<u>164,741</u>
Total Additions	<u>629,463</u>
 Deductions	
Administrative Fees	<u>14,897</u>
Total Deductions	<u>(14,897)</u>
 Net Increase	 614,566
 Net Position Held in Trust, Beginning of Year	 <u>8,249,148</u>
 Net Position Held in Trust, End of Year	 <u><u>\$ 8,863,714</u></u>

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 a 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 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 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.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 1 - Reporting Entity (Concluded)

- **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. The Agency did not have any activity in fiscal year 2014.
- **Gadsden Hospital, Inc.**—The Gadsden Hospital, Inc. is a not-for-profit corporation established to assist with the operation of the 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, and has been included as a special revenue fund in the accompanying 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 position 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, 2014
(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**—The County Transportation 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.
- **SHIP (State Housing Initiative Program)**—The SHIP or State Housing Initiative Program is funded by the state through the Florida Housing Finance office. The program provides very low, or low to moderate income families with assistance to buy a home or rehabilitate a home as well as other types of homeowner assistance.
- **Indigent Surtax Fund**—The Gadsden County Board of Commissioners levied a one-half percent Indigent Care Sales Surtax as the result of voter approval of Gadsden County Ordinance 08-025. The surtax is used to provide health care services to eligible participants, Gadsden County Health Department and Gadsden County Health Council, as well as Capital Regional Medical Center, the company operating the Gadsden Community Hospital. A portion of the proceeds are pledged to service the bond indebtedness incurred to finance the reconstruction of the County Hospital.
- **Capital Projects Public Works**—The Capital Project Public Works fund was set up to provide funds for road building and resurfacing projects and to track those funds separate from operating expenses, which is the source of revenue for this fund.
- **Capital Projects SCRAP**—Small County Road Assistance Program (SCRAP) are grant funds provided by the Florida Department of Transportation for the purpose of resurfacing and or reconstructing county roads. All road projects funded through this program must comply with certain criteria as provided by Florida Statutes 339.2816.

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.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 and ninety days for grants. 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.

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 funds 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.

The County-wide General Fund is comprised of the following six sub-funds: Board of County Commissioners, Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. In order to comply with the generally accepted accounting principles, the actual intrafund activity has been consolidated in order to eliminate inflated amounts in the aggregate financial statements of the County-wide General Fund.

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.”

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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. The prepaid balances reported on the governmental funds balance sheet are offset by a nonspendable fund balance classification, which indicates these balances do not constitute “available spendable resources.”

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. 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 are offset by a nonspendable fund balance classification which indicates these balances do not constitute “available spendable resources” even though it is a component of net current assets. The costs of governmental fund type inventories are recorded as expenditure when consumed; therefore, the inventory is not available for appropriation.

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 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:

Assets	Years
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.

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 position.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Deferred Inflows/Outflows of Resources

Deferred inflows of resources reported on applicable governmental fund types represent revenues which are measureable but not available in accordance with the modified accrual basis of accounting. The deferred inflows will be recognized as revenue in the fiscal year they are earned or become available. Deferred outflows of resources represent consumption of net position that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to 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.

Postemployment Benefits Other than Pension Benefits (OPEB)

The County participates and administers a 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 14.

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.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance) of the organization’s governing authority (the Board). These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance) employed to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the General Fund that are not restricted, committed or assigned.
- **Flow Assumption**
When both restricted and unrestricted resources are available for use, it is the Board’s policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the Board’s policy to use committed resources first, then assigned, and then unassigned as needed.

Adoption of New Accounting Standards

- The County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement provides more guidance for the items listed in GASB 63, and adds additional changes. It requires that statements avoid the use of the word “deferred” except as it relates to items that are deferred outflows or are deferred inflows. It addresses the calculation of a deferred outflow or inflow for the refunding of debt. For non-exchange transactions, like grants, amounts received before the time period of eligibility are treated as deferred inflows. This Statement also addresses taxes received prior to the period to which they relate. GASB 65 also requires debt issuance costs to be expensed in the period that the debt was issued. In the past, subsequent to the

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 2 - Summary of Significant Accounting Policies (Concluded)

Adoption of New Accounting Standards (Concluded)

- implementation of GASB 34, these costs were amortized over the life of the issue. The effects of this change are required to be disclosed on the statements in the period it is implemented. Losses on debt refundings are not expenses, but rather, treated as deferred outflows. For operating leases, any initial direct costs are recognized in the period incurred, instead of being amortized over the life of the lease. When an asset is recorded in governmental fund statements, but the revenue is not available until a future period, a deferred inflow is reported until the revenue becomes available. The effect of the application of this accounting standard is further described in Note 16.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – amendment of GASB Statement No. 27*, effective for the County’s fiscal year ending September 30, 2015, which establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures for pensions. This statement requires recognition of the liability of employers to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employee’s past periods of service (total pension liability), less the amount of the pension plan’s fiduciary net pension.

As described in Note 9, the County participates in the FRS, a cost-sharing, multi-employer defined benefit public retirement plan. Upon implementation of GASB Statement No. 68, the County will be required to recognize a liability for its proportionate share of the collective net pension liability of all employers for benefits provided through the pension plan, and related pension expense/expenditure and deferred outflows and inflows of resources. The effect of the application of GASB Statement No. 68 has not yet been determined.

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 Hospital.

Public Purpose

As of September 30, 2014, the County’s public purpose programs had the following in cash and investments:

	Carrying Amount
Cash on Hand	\$ 3,995
Deposits in Qualified Public Depositories	10,494,816
Money Market	2,263,691
SBA Florida PRIME	2,871,605
SBA Fund B	3,499
Total Cash and Investments	\$ 15,637,606

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 3 - Cash and Investments *(Continued)*

Credit Risk—*Public Purpose Funds*

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.

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, 2014, 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.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 3 - Cash and Investments (Continued)

Custodial Credit Risk—Public Purpose Funds

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 deposits in these qualified depositories are considered fully insured or collateralized. Bank balances at September 30, 2014, were \$8,073,638.

Interest Rate Risk—Public Purpose Funds

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. The weighted-average investment maturity for Florida PRIME is thirty-eight days.

Hospital Endowment Trust Fund

As of September 30, 2014, the Hospital Endowment Trust Fund had the following balances in investments:

Investments at Capital City Trust Company:

	Fair Value
Cash	\$ 220,798
Repurchase Agreement	360,829
U.S. Government Agencies	421,174
Mutual Funds - (Fixed)	3,321,249
Equities	4,438,597
Total Cash and Investments	\$ 8,762,647

As of September 30, 2014, the Hospital Endowment Trust Fund had cash deposits of \$220,798 in a qualified public depository.

Credit Risk—Hospital Endowment Trust Fund

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.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 3 - Cash and Investments (Concluded)

Custodial Credit Risk—Hospital Endowment Trust Fund

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—Hospital Endowment Trust Fund

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—Hospital Endowment Trust Fund

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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>1-5 Years</u>
U.S. Government Agencies	\$ 421,174	\$ 421,174	\$ 0
Non-Classifiable	8,120,675	0	0
Total	<u>\$ 8,541,849</u>	<u>\$ 421,174</u>	<u>\$ 0</u>

Note 4 - Receivables

Receivables at September 30, 2014, consist of the following:

	<u>Gross Accounts Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General	\$ 49,624	\$ 0	\$ 49,624
County Transportation	6,555	0	6,555
Other Governmental Funds:			
Emergency Medical Services	6,100,482	(5,746,754)	353,728
Library Services	1,663	0	1,663
Judicial Services Fund	78	0	78
Tourist Development	122	0	122
Fiduciary Funds:			
Private Purpose Trust Fund	1,067	0	1,067
Agency Fund—Clerk	150	0	150
Agency Fund—Tax	7,778	0	7,778
Total Receivables	<u>\$ 6,167,519</u>	<u>\$ (5,746,754)</u>	<u>\$ 420,765</u>

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances at September 30, 2014, consisted of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 130,658	\$ 2,984
Other Governmental Funds	4,816	228,335
Fiduciary Funds:		
Private Purpose Trust Fund	100,000	0
Agency Funds	<u>2,534</u>	<u>6,689</u>
Total	<u>\$ 238,008</u>	<u>\$ 238,008</u>

The purpose for each of these interfund receivables and payables is to provide temporary loans for cash flow needs, primarily associated with 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, 2014, consisted of the following:

	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 7,902,268	\$ 8,467,416
County Transportation	226,450	142,700
Indigent Surtax	0	681,942
Capital Projects – Public Works	142,700	0
Other Governmental Funds	<u>9,565,976</u>	<u>8,545,336</u>
Total Interfund Transfers	<u>\$ 17,837,394</u>	<u>\$ 17,837,394</u>

The purposes of these interfund transfers were to: (a) fund budgetary requirements of other funds or Constitutional Officers; (b) meet grant match requirements; or (c) meet state or other budgetary requirements to expend revenues that were collected in another fund.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 2,009,104	\$ 0	\$ 0	\$ 2,009,104
Construction Work in Progress	1,207,871	0	(1,207,871)	0
Total Capital Assets Not Being Depreciated	<u>3,216,975</u>	<u>0</u>	<u>(1,207,871)</u>	<u>2,009,104</u>
Capital Assets Being Depreciated:				
Buildings	35,528,863	892,971	0	36,421,834
Improvements Other Than Buildings	4,609,646	305,512	0	4,915,158
Machinery and Equipment:				
Board and Clerk	15,363,595	772,818	(636,356)	15,500,057
Sheriff	3,306,159	245,770	0	3,551,929
Total Machinery and Equipment	<u>18,669,754</u>	<u>1,018,588</u>	<u>(636,356)</u>	<u>19,051,986</u>
Infrastructure	<u>51,223,335</u>	<u>10,513,044</u>	<u>0</u>	<u>61,736,379</u>
Total Capital Assets Being Depreciated	<u>110,031,598</u>	<u>12,730,115</u>	<u>(636,356)</u>	<u>122,125,357</u>
Less Accumulated Depreciation:				
Buildings	(10,223,865)	(710,043)	0	(10,933,908)
Improvements Other Than Buildings	(701,159)	(156,169)	0	(857,328)
Machinery and Equipment	(11,517,848)	(1,260,275)	516,105	(12,262,018)
Infrastructure	<u>(27,859,251)</u>	<u>(3,027,205)</u>	<u>0</u>	<u>(30,886,456)</u>
Total Accumulated Depreciation	<u>(50,302,123)</u>	<u>(5,153,692)</u>	<u>516,105</u>	<u>(54,939,710)</u>
Total Capital Assets Being Depreciated, Net	<u>59,729,475</u>	<u>7,576,423</u>	<u>(120,251)</u>	<u>67,185,647</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 62,946,450</u>	<u>\$ 7,576,423</u>	<u>\$ (1,328,122)</u>	<u>\$ 69,194,751</u>

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

General Government	\$ 248,977
Public Safety	670,809
Physical Environment	29,922
Transportation	3,349,584
Economic Environment	4,007
Human Services	679,668
Court-related	60,364
Culture and Recreation	110,361
Total Depreciation Expense Governmental Activities	<u>\$ 5,153,692</u>

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(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, 2014:

	Balance 10/1/13	Additions	Deductions	Balance 9/30/14	Due Within One Year
Estimated Landfill Postclosure Costs	\$ 551,237	\$ 0	\$ (302,248)	\$ 248,989	\$ 32,047
Employee Compensated Absences Payable	1,560,885	1,207,617	(1,107,903)	1,660,599	723,983
Other Postemployment Benefits	1,311,500	101,100	0	1,412,600	0
Loan with the Florida Municipal Loan Council for 2006B Revenue Bonds, Semiannual 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	1,640,000	0	(150,000)	1,490,000	155,000
Loan with SunTrust Bank for 2013 Florida Gas Tax Revenue Refunding Bond, Monthly Principal and Interest Payment of \$62,554.57, Commencing September 2013, Interest at 1.44% Funds Used for Refunding of 2003B Revenue Bonds	3,735,461	0	(701,482)	3,033,979	711,650
Loan with BB&T for 2013 Sales Tax Revenue Refunding Bond, Monthly Principal and Interest Payment of \$56,828.47, Commencing February 2013, Maturity March 2030, Interest at 2.95%, Funds Used for Refunding of 2010 Hospital Bond	8,900,195	0	(425,103)	8,475,092	437,814
Loan with Caterpillar Financial Services Corp. Commencing in July 2011, Principal and Interest Payments Occurring Monthly of \$1,712.87, Interest at 3.5% Maturing on June 2016, Funds Used to Pay for a New Generator at W.A. Woodham Building	55,308	0	(18,854)	36,454	19,573

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 7 - Long-term Debt (Concluded)

Summary of Changes in Long-term Debt (Concluded)

	<u>Balance</u> <u>10/1/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/14</u>	<u>Due Within</u> <u>One Year</u>
Purchase of 20 Vehicles, Payable in 12 Quarterly Payments of \$29,364 Including Interest at 4.95%, Commencing September 2012	\$ 195,317	\$ 0	\$ (109,785)	\$ 85,532	\$ 85,532
Purchase of 10 Ambulances, Payable in 5 Annual Installments of \$189,173 Including Interest at 1.68%, Commencing March 2013	725,947	0	(176,977)	548,970	179,950
Loan with SunTrust Bank for Series 2011, Capital Improvement Note, Payable in 5 Annual Installments of \$84,077 Beginning in December 2012, Funds Used to Renovate Tax Collector/ Property Appraiser Office	322,643	0	(78,656)	243,987	79,978
Purchase of Equipment for the Sheriff, Payable in 11 Quarterly Installments of \$12,469 Including Interest at 6.32%	0	185,000	(60,000)	125,000	42,982
Total	<u>\$ 18,998,493</u>	<u>\$ 1,493,717</u>	<u>\$ (3,131,008)</u>	<u>\$ 17,361,202</u>	<u>\$ 2,468,509</u>

Interest expense and other debt related charges during 2014 on long-term debt totaled \$410,072, 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>
2015	\$ 1,712,479	\$ 363,845
2016	1,663,946	329,174
2017	1,675,933	292,300
2018	1,400,432	254,544
2019	869,791	223,195
2020-2024	3,317,830	769,060
2025-2029	3,119,890	289,463
2030	278,713	2,775
Other Years (Including Compensated Absences, Other Postemployment Benefits, and Estimated Landfill Postclosure Costs)	3,322,188	0
Total	<u>\$ 17,361,202</u>	<u>\$ 2,524,356</u>

Original Issue Premium

Unamortized original issue premium at September 30, 2014, was \$30,271.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 8 - Pledged Revenues

The County has pledged certain revenues to repay bonds outstanding as of September 30, 2014. 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, 2014.

<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 2013B	<u>\$ 1,488,150</u>	<u>\$ 750,655</u>	50.44%	<u>\$ 3,131,439</u>	2019
Local Half-cent Tax	Revenue Bond for Library Revenue Bond, Series 2006B	<u>\$ 1,163,556</u>	<u>\$ 224,631</u>	19.87%	<u>\$ 1,795,588</u>	2022
Indigent Surtax Revenues	Sales Tax and Revenue Refund Bond, Series 2013	<u>\$ 1,562,580</u>	<u>\$ 681,942</u>	43.64%	<u>\$ 10,570,094</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.

Plan Benefits and Vesting

If employed prior to July 1, 2011, the system provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after thirty years of service or age sixty-two except for the Special Risk service class. Those hired prior to July 1, 2011, who are assigned the Special Risk service class must have twenty-five years of service or must reach age fifty-five. If employed on or after July 1, 2011, normal retirement is after thirty-three years of service or age sixty-five except for the Special Risk service class. Those hired on or after July 1, 2011, who are assigned the Special Risk service class must have thirty years of service or must reach age sixty. Early retirement may be taken after meeting the appropriate vesting requirement with a 5% benefit reduction for each year prior to the normal retirement requirement. The System also offers eligible employees the ability to participate in an alternative defined contribution plan (the Investment Plan). Employees participating in the Investment Plan are vested after one year of service with

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 9 - Defined Benefit Pension Plan (Concluded)

Plan Benefits and Vesting (Concluded)

no age requirement. Generally, membership is compulsory for all full-time and part-time employees except for Elected Officials who may elect not to participate in the System. Prior to July 1, 2011, retirement coverage for an employee was noncontributory. Effective July 1, 2011, all System members (except those in DROP) are required to contribute 3% of their gross compensation on a pre-tax basis.

The Deferred Retirement Option Program (DROP) is available under the System Pension Plan when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to sixty months. While in the DROP, the member's retirement benefits accumulate in the System trust fund (increase by a cost-of-living adjustment each July). DROP participants starting the program prior to July 1, 2011, earn monthly interest equivalent to an annual rate of 6.5%. Participants starting the program on or after July 1, 2011, earn an effective annual rate of 1.3%. When the DROP period ends, the DROP account is paid out as a lump-sum payment, a rollover, or a combination, and monthly benefits are subsequently paid to the member in the amount as calculated upon entry into DROP, plus cost-of-living adjustments for intervening years. In most cases, the DROP participant must cease employment when the DROP period ends.

The County is required to contribute at an actuarially determined rate. The contributions required for the years ended September 30, 2014, 2013, and 2012, were \$1,628,229, \$1,118,738, and \$941,889, respectively, which is equal to 100% of the required contribution for each year. The employer contribution rates for 2014 were as follows:

	Employer Contribution Rate
	July 1, 2014
Regular Employees	7.37%
Senior Management Service	21.14%
SUS Optional Program	5.14%
Elected County Officials	43.24%
Special Risk	19.82%

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 10 - Risk Management (Concluded)

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.

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 the 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. A long-term liability for accrued landfill postclosure costs at September 30, 2014, has been recorded in the statement of net position 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

Litigation

The County is contingently liable with respect to various 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.

Hospital Lease

Pursuant to the County's agreement to lease the Hospital facility to a third party operator, the County has agreed to provide an amount up to \$460,000 from the proceeds of the one-half cent sales surtax for health care not otherwise committed to repayment of the County's Sales Tax Revenue Refunding Bonds, Series 2013 to the operator. Those funds are to be used for the benefit of the Hospital and provision of indigent care at the Hospital. This commitment is for the term of the Hospital lease which expires in 2020. Should the one-half cent sales surtax not meet the required \$460,000, then the County would be required to make up the difference from the Hospital Endowment Trust Fund.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 13 - Commitments and Contingencies (Concluded)

Construction Commitments

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2014:

<u>Project</u>	<u>Fund</u>	<u>Contract Amount</u>	<u>Expended as of September 30, 2014</u>
Road Resurfacing – Lewis Lane	Capital Projects Public Works	\$ 605,011	\$ 51,938
Gateway Signage	Capital Projects Public Works	142,866	0
Total		<u>\$ 747,877</u>	<u>\$ 51,938</u>

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

Plan Description—The County participates and administers a 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 GASB 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 thirty years. The following table shows the County’s annual cost, its actuarial contributions, and changes in the County’s net OPEB obligation:

	<u>BOCC</u>	<u>Clerk of Courts</u>	<u>Property Appraiser</u>	<u>Sheriff</u>	<u>Tax Collector</u>	<u>Supervisor of Elections</u>	<u>Total</u>
Annual Required Contributions	\$ 58,200	\$ 11,100	\$ 2,600	\$ 60,500	\$ 3,300	\$ 1,100	\$ 136,800
Interest on Net OPEB Obligation	20,100	3,000	1,200	26,900	900	400	52,500
Adjustment to the ARC	(20,300)	(3,000)	(1,200)	(27,000)	(900)	(400)	(52,800)
Annual OPEB Cost (Employer Contributions)	58,000	11,100	2,600	60,400	3,300	1,100	136,500
Increase in Net OPEB Obligation	(14,200)	(3,200)	(1,100)	(15,400)	(1,200)	(300)	(35,400)
Net OPEB Obligation, Beginning of Year	43,800	7,900	1,500	45,000	2,100	800	101,100
Net OPEB Obligation, End of Year	<u>503,600</u>	<u>73,900</u>	<u>29,400</u>	<u>671,200</u>	<u>22,200</u>	<u>11,200</u>	<u>1,311,500</u>
Net OPEB Obligation, End of Year	<u>\$ 547,400</u>	<u>\$ 81,800</u>	<u>\$ 30,900</u>	<u>\$ 716,200</u>	<u>\$ 24,300</u>	<u>\$ 12,000</u>	<u>\$ 1,412,600</u>

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(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, 2012), the unfunded actuarial accrued liability for benefits was \$1,218,100, all of which was unfunded. The County's covered payroll (annual payroll of active employees covered by the plan) was \$12,447,683. The ratio of the County's actuarial accrued liability to the County's covered payroll was 9.79%.

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 health care 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.

For the October 1, 2012, actuarial valuation, the projected unit credit cost method was used to determine the Plan's liabilities and costs. 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 9.5% for pre-Medicare coverage for the fiscal year beginning October 1, 2012, and decrease at a rate of 0.50% per year until an ultimate rate of 5% is reached. The unfunded actuarial liability is being amortized using a 2.75% annual increase over thirty years.

Note 15 - Other Disclosures

Deficits in Fund Balance

The following nonmajor governmental funds had a deficit in fund balance as of September 30, 2014:

Gadsden County Hospital, Inc.	\$ _____ (86,072)
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Fund Balance Classifications

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2014:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Continued)

Note 15 - Other Disclosures (Concluded)

Fund Balance Classifications (Concluded)

Nonspendable Fund Balance

Prepaid Expenses	\$ 23,402
Inventory	146,071
SBA Fund B	<u>3,499</u>

Total Nonspendable Fund Balance \$ 172,972

Restricted Fund Balance

Transportation	\$ 1,306,175
Public Safety	1,081,518
Capital Project	438,628
Federal and State Grants	14,080
Indigent Surtax	772,594
Court Facilities	312,457
Landfill Escrow	50,200
Judicial Services	119,460
Tourist Development	294,423
Boating Improvements	178,536
Building Inspection	37,245
Public Records Modernization	<u>214,101</u>

Total Restricted Fund Balance \$ 4,819,417

Committed Fund Balance

Teen Court	<u>\$ 91</u>
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Total Committed Fund Balance \$ 91

Assigned Fund Balance

Capital Projects	\$ 408,085
Public Safety	425,437
Landfill	215,998
Library Services	348,599
Debt Service	425,231
Hospital Operating	<u>648</u>

Total Assigned Fund Balance \$ 1,823,998

Note 16 - Other Disclosures

Prior Period Adjustment

The County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement provides more guidance for the items listed in GASB 63, and adds additional changes. It requires that statements avoid the use of the word “deferred” except as it relates to items that are deferred outflows or are deferred inflows. It addresses the calculation of a deferred outflow or inflow for the refunding of debt. For non-exchange transactions, like grants, amounts received before the time period of eligibility are treated as deferred inflows. This Statement also addresses taxes received prior to the period to which they relate. GASB 65 also requires debt issuance costs to be expensed in the period that the debt was issued. In the past, subsequent to the implementation of GASB 34, these costs were

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(Concluded)

Note 16 - Other Disclosures (Concluded)

Prior Period Adjustment (Concluded)

amortized over the life of the issue. The effects of this change are required to be disclosed on the statements in the period it is implemented. Losses on debt refundings are not expenses, but rather, treated as deferred outflows. For operating leases, any initial direct costs are recognized in the period incurred, instead of being amortized over the life of the lease. When an asset is recorded in governmental fund statements, but the revenue is not available until a future period, a deferred inflow is reported until the revenue becomes available.

The implementation of this statement resulted in the elimination of \$116,993 of unamortized bond issuance costs in the Governmental Activities.

REQUIRED SUPPLEMENTARY INFORMATION

**GADSDEN COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as Percentage of Covered Payroll
10/1/2008	\$ 0	\$ 2,680,000	\$ 2,680,000	0.0%	\$ 12,188,000	22.00%
10/1/2010	0	1,358,500	1,358,500	0.0%	10,647,740	12.76%
10/1/2011*	0	1,434,000	1,434,000	0.0%	10,647,740	13.47%
10/1/2012	0	1,120,600	1,120,600	0.0%	12,447,683	9.00%
10/1/2013*	0	1,218,100	1,218,100	0.0%	12,447,683	9.79%

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.

The actuarial assumptions were changed with the October 1, 2010, valuation. The medical trend assumption has been updated to 10% for the fiscal year beginning on October 1, 2011, graded down 0.5% per year to 5.0%. Retirement and termination rates have been updated to reflect the most recently available July 1, 2010, Florida Retirement System pension valuation assumption for General Employees, and Special Risk Employees. Disability rates for active employees have not been applied because no material liability is believed to exist. The mortality table used for the valuation was updated from the RP-2000 Combined Mortality Table to the Full-Generational RP-2000 Combined Mortality Table using Scale AA, sex-distinct. The amortization period for the liability was changed from twenty years to thirty years. The participation rates assume that 60% of eligible retirees will elect coverage into retirement and that 15% of eligible retirees will cover a spouse into retirement. The prior valuation assumed that 100% of eligible retirees would elect to continue medical coverage and that 80% of males and 60% of females covered a spouse into retirement. The retiree and spouse participation assumption change accounted for the vast majority of liability and cost decrease in this valuation as compared to the last valuation prepared by the prior actuary. The cumulative effect of these changes decreased the Actuarial Accrued Liability by approximately \$1,961,000.

*This information was based on a roll-forward of data from the prior valuation.

COMBINING NONMAJOR FUND STATEMENTS

**GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Special Revenue		
	Landfill	Fines and Forfeitures	Emergency Medical Services
Assets			
Cash	\$ 145,839	\$ 587,536	\$ 165,144
Investments	50,200	0	0
Accounts Receivables (Net of Allowance for Uncollectible)	0	0	353,728
Due from Other Funds	0	0	0
Due from Other Governments	0	871	1,925
Prepaid Expenses	0	0	0
Total Assets	196,039	588,407	520,797
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	0	0	2,683
Due to Other Funds	0	0	0
Due to Other Governments	0	10,574	0
Accrued Wages	1,907	0	89,604
Unearned Revenue	16,580	0	0
Total Liabilities	18,487	10,574	92,287
Deferred Inflows of Resources	0	0	252,308
Fund Balances			
Nonspendable	0	0	0
Restricted	50,200	328,598	0
Committed	0	0	0
Assigned	127,352	249,235	176,202
Unassigned	0	0	0
Total Fund Balances	177,552	577,833	176,202
Total Liabilities and Fund Balances (Deficits)	\$ 196,039	\$ 588,407	\$ 520,797

Special Revenue

Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Hospital Operating	Tourist Development	General Grants
\$ 421,958	\$ 119,905	\$ 411,868	\$ 327,629	\$ 868	\$ 286,566	\$ 40,150
0	0	0	0	0	0	0
1,663	78	0	0	0	122	0
0	0	0	0	0	0	0
0	7,433	198,311	0	0	16,564	106,047
1,667	0	0	0	0	0	0
<u>425,288</u>	<u>127,416</u>	<u>610,179</u>	<u>327,629</u>	<u>868</u>	<u>303,252</u>	<u>146,197</u>
1,890	7,956	64,551	15,172	220	556	9,343
0	0	0	0	0	0	70,371
2,031	0	0	0	0	0	36,054
20,674	0	3,213	0	0	243	0
50,427	0	0	0	0	0	0
<u>75,022</u>	<u>7,956</u>	<u>67,764</u>	<u>15,172</u>	<u>220</u>	<u>799</u>	<u>115,768</u>
0	0	131,573	0	0	8,030	0
1,667	0	0	0	0	0	0
0	119,460	410,842	312,457	0	294,423	30,429
0	0	0	0	0	0	0
348,599	0	0	0	648	0	0
0	0	0	0	0	0	0
<u>350,266</u>	<u>119,460</u>	<u>410,842</u>	<u>312,457</u>	<u>648</u>	<u>294,423</u>	<u>30,429</u>
<u>\$ 425,288</u>	<u>\$ 127,416</u>	<u>\$ 610,179</u>	<u>\$ 327,629</u>	<u>\$ 868</u>	<u>\$ 303,252</u>	<u>\$ 146,197</u>

**GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
(Continued)**

	Special Revenue			
	GHI	E-911	Building Insp. Fund	CDBG
Assets				
Cash	\$ 13,928	\$ 214	\$ 35,768	\$ 0
Investments	0	0	0	0
Accounts Receivables (Net of Allowance for Uncollectible)	0	0	0	0
Due from Other Funds	0	0	0	0
Due from Other Governments	0	13,866	8,750	0
Prepaid Expenses	0	0	0	0
Total Assets	<u>13,928</u>	<u>14,080</u>	<u>44,518</u>	<u>0</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Expenses	0	0	181	0
Due to Other Funds	100,000	0	0	0
Due to Other Governments	0	0	0	0
Accrued Wages	0	0	7,092	0
Unearned Revenue	0	0	0	0
Total Liabilities	<u>100,000</u>	<u>0</u>	<u>7,273</u>	<u>0</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted	0	14,080	37,245	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	(86,072)	0	0	0
Total Fund Balances	<u>(86,072)</u>	<u>14,080</u>	<u>37,245</u>	<u>0</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 13,928</u>	<u>\$ 14,080</u>	<u>\$ 44,518</u>	<u>\$ 0</u>

Debt Service				Capital Projects
Debt Service Hospital	Debt Service Library	Debt Service Public Works	Debt Service IT Equipment	Capital Projects General
\$ 682,438	\$ 336,209	\$ 131,310	\$ 0	\$ 328,085
0	0	211,045	0	80,000
0	0	0	0	0
0	0	0	0	0
0	183,667	169,576	0	0
0	0	0	0	0
<u>682,438</u>	<u>519,876</u>	<u>511,931</u>	<u>0</u>	<u>408,085</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	0	0
0	94,645	73,303	0	0
0	0	0	0	0
682,438	0	438,628	0	0
0	0	0	0	0
0	425,231	0	0	408,085
0	0	0	0	0
<u>682,438</u>	<u>425,231</u>	<u>438,628</u>	<u>0</u>	<u>408,085</u>
<u>\$ 682,438</u>	<u>\$ 519,876</u>	<u>\$ 511,931</u>	<u>\$ 0</u>	<u>\$ 408,085</u>

GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
(Concluded)

	Constitutional Officer Sheriff Special Revenues	Constitutional Officer Clerk of the Circuit Court	Total Nonmajor Governmental Funds
Assets			
Cash	\$ 362,473	\$ 216,458	\$ 4,614,346
Investments	0	0	341,245
Accounts Receivables (Net of Allowance for Uncollectible)	0	0	355,591
Due from Other Funds	4,816	0	4,816
Due from Other Governments	54,675	0	761,685
Prepaid Expenses	0	0	1,667
Total Assets	421,964	216,458	6,079,350
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	0	0	102,552
Due to Other Funds	57,964	0	228,335
Due to Other Governments	0	0	48,659
Accrued Wages	0	2,357	125,090
Unearned Revenue	21,831	0	88,838
Total Liabilities	79,795	2,357	593,474
Deferred Inflows of Resources	0	0	559,859
Fund Balances			
Nonspendable	0	0	1,667
Restricted	342,078	214,101	3,274,979
Committed	91	0	91
Assigned	0	0	1,735,352
Unassigned	0	0	(86,072)
Total Fund Balances	342,169	214,101	4,926,017
Total Liabilities and Fund Balances (Deficits)	\$ 421,964	\$ 216,458	\$ 6,079,350

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>Special Revenue</u>		
	<u>Landfill</u>	<u>Fine and Forfeitures</u>	<u>Emergency Medical Services</u>
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0
Intergovernmental	13,149	216,742	0
Charges for Services	0	44,531	2,025,338
Fines and Forfeitures	0	12,217	0
Miscellaneous	81	0	3,652
Total Revenues	<u>13,230</u>	<u>273,490</u>	<u>2,028,990</u>
Expenditures			
Current:			
General Government	0	0	0
Public Safety	0	22,348	2,738,377
Physical Environment	69,594	0	0
Transportation	0	0	0
Economic Environment	0	0	0
Court-related	0	0	0
Culture and Recreation	0	0	0
Debt Service:			
Principal Payments	0	0	0
Interest	0	0	0
Other	0	0	0
Capital Outlay:			
General Government	0	0	0
Public Safety	0	0	3,409
Court Related	0	0	0
(Total Expenditures)	<u>(69,594)</u>	<u>(22,348)</u>	<u>(2,741,786)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(56,364)</u>	<u>251,142</u>	<u>(712,796)</u>
Other Financing Sources (Uses)			
Transfers in	56,364	6,689,582	513,783
Transfers (out)	0	(7,030,247)	(55,632)
Debt Proceeds	0	0	0
Total Other Financing Sources (Uses)	<u>56,364</u>	<u>(340,665)</u>	<u>458,151</u>
Net Change in Fund Balances	0	(89,523)	(254,645)
Fund Balances, Beginning of Year	<u>177,552</u>	<u>667,356</u>	<u>430,847</u>
Fund Balances, End of Year	<u>\$ 177,552</u>	<u>\$ 577,833</u>	<u>\$ 176,202</u>

Special Revenue

Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Hospital Operating	Tourist Development	General Grants
\$ 0	\$ 0	\$ 1,077,917	\$ 0	\$ 0	\$ 114,560	\$ 0
0	0	0	0	0	0	0
330,164	0	0	0	0	0	506,518
22,229	102,662	0	273,239	0	0	0
0	0	0	0	0	0	0
7,297	0	0	309	0	276	19,013
<u>359,690</u>	<u>102,662</u>	<u>1,077,917</u>	<u>273,548</u>	<u>0</u>	<u>114,836</u>	<u>525,531</u>
0	0	0	0	0	0	0
0	0	960,600	0	0	0	14,036
0	0	0	0	0	0	71,974
0	0	0	0	0	0	92,880
0	0	0	0	0	92,987	0
0	189,657	0	132,118	0	0	0
876,837	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	29,711	0	0	0	330,391
0	8,705	0	176,451	0	0	0
<u>(876,837)</u>	<u>(198,362)</u>	<u>(990,311)</u>	<u>(308,569)</u>	<u>0</u>	<u>(92,987)</u>	<u>(509,281)</u>
<u>(517,147)</u>	<u>(95,700)</u>	<u>87,606</u>	<u>(35,021)</u>	<u>0</u>	<u>21,849</u>	<u>16,250</u>
358,209	159,909	0	0	0	0	97,771
0	0	0	0	0	0	(208,797)
0	0	0	0	0	0	0
<u>358,209</u>	<u>159,909</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(111,026)</u>
(158,938)	64,209	87,606	(35,021)	0	21,849	(94,776)
509,204	55,251	323,236	347,478	648	272,574	125,205
<u>\$ 350,266</u>	<u>\$ 119,460</u>	<u>\$ 410,842</u>	<u>\$ 312,457</u>	<u>\$ 648</u>	<u>\$ 294,423</u>	<u>\$ 30,429</u>

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
(Continued)

	<u>Special Revenue</u>			
	<u>GHI</u>	<u>E-911</u>	<u>Building Insp. Fund</u>	<u>CDBG</u>
Revenues				
Taxes	\$ 0	\$ 0	\$ 4,593	\$ 0
Licenses and Permits	0	0	173,149	0
Intergovernmental	0	219,512	0	97,065
Charges for Services	0	0	32,850	0
Fines and Forfeitures	0	0	0	0
Miscellaneous	0	30	25	0
Total Revenues	<u>0</u>	<u>219,542</u>	<u>210,617</u>	<u>97,065</u>
Expenditures				
Current:				
General Government	0	0	0	0
Public Safety	0	113,622	221,089	1,150
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Court-related	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	94,915
Court Related	0	0	0	0
(Total Expenditures)	<u>0</u>	<u>(113,622)</u>	<u>(221,089)</u>	<u>(96,065)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>0</u>	<u>105,920</u>	<u>(10,472)</u>	<u>1,000</u>
Other Financing Sources (Uses)				
Transfers in	0	0	3,000	0
Transfers (out)	0	(112,796)	0	(1,000)
Debt Proceeds	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(112,796)</u>	<u>3,000</u>	<u>(1,000)</u>
Net Change in Fund Balances	0	(6,876)	(7,472)	0
Fund Balances, Beginning of Year	(86,072)	20,956	44,717	0
Fund Balances, End of Year	<u>\$ (86,072)</u>	<u>\$ 14,080</u>	<u>\$ 37,245</u>	<u>\$ 0</u>

Debt Service				Capital Projects
Debt Service Hospital	Debt Service Library	Debt Service Public Works	Debt Service IT Equipment	Capital Projects General
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0
0	1,163,556	1,039,729	0	0
0	0	0	0	0
0	0	0	0	0
496	800	820	0	2,114
<u>496</u>	<u>1,164,356</u>	<u>1,040,549</u>	<u>0</u>	<u>2,114</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	0	0
0	0	0	0	0
425,103	150,000	701,482	255,633	0
256,839	74,631	49,173	17,616	0
0	2,440	0	0	0
0	0	0	0	0
0	0	0	0	532,366
0	0	0	0	0
<u>(681,942)</u>	<u>(227,071)</u>	<u>(750,655)</u>	<u>(273,249)</u>	<u>(532,366)</u>
<u>(681,446)</u>	<u>937,285</u>	<u>289,894</u>	<u>(273,249)</u>	<u>(530,252)</u>
681,942	0	0	273,249	400,000
0	(881,595)	(226,450)	0	(28,819)
0	0	0	0	0
<u>681,942</u>	<u>(881,595)</u>	<u>(226,450)</u>	<u>273,249</u>	<u>371,181</u>
496	55,690	63,444	0	(159,071)
<u>681,942</u>	<u>369,541</u>	<u>375,184</u>	<u>0</u>	<u>567,156</u>
<u>\$ 682,438</u>	<u>\$ 425,231</u>	<u>\$ 438,628</u>	<u>\$ 0</u>	<u>\$ 408,085</u>

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
(Concluded)

	Constitutional Officer Sheriff Special	Constitutional Officer Clerk of the Circuit Court	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 0	\$ 0	\$ 1,197,070
Licenses and Permits	0	0	173,149
Intergovernmental	39,313	0	3,625,748
Charges for Services	121,317	45,768	2,667,934
Fines and Forfeitures	0	60,285	72,502
Miscellaneous	131,392	253	166,558
Total Revenues	<u>292,022</u>	<u>106,306</u>	<u>7,902,961</u>
Expenditures			
Current:			
General Government	0	85,847	85,847
Public Safety	508,468	0	4,579,690
Physical Environment	0	0	141,568
Transportation	0	0	92,880
Economic Environment	0	0	92,987
Court-related	0	0	321,775
Culture and Recreation	0	0	876,837
Debt Service:			
Principal Payments	60,000	0	1,592,218
Interest	0	0	398,259
Other	0	0	2,440
Capital Outlay:			
General Government	0	89,059	89,059
Public Safety	245,770	0	1,236,562
Court Related	0	0	185,156
(Total Expenditures)	<u>(814,238)</u>	<u>(174,906)</u>	<u>(9,695,278)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(522,216)</u>	<u>(68,600)</u>	<u>(1,792,317)</u>
Other Financing Sources (Uses)			
Transfers in	332,167	0	9,565,976
Transfers (out)	0	0	(8,545,336)
Debt Proceeds	185,000	0	185,000
Total Other Financing Sources (Uses)	<u>517,167</u>	<u>0</u>	<u>1,205,640</u>
Net Change in Fund Balances	(5,049)	(68,600)	(586,677)
Fund Balances, Beginning of Year	<u>347,218</u>	<u>282,701</u>	<u>5,512,694</u>
Fund Balances, End of Year	<u>\$ 342,169</u>	<u>\$ 214,101</u>	<u>\$ 4,926,017</u>

**GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES - AGENCY FUNDS
SEPTEMBER 30, 2014**

	Agency Funds Clerk of the Courts			Agency Funds Sheriff
	Trust Funds	Cash Bond	Child Support	Civil Account
Assets				
Cash	\$ 929,043	\$ 279,805	\$ 115	\$ 13,697
Accounts Receivable	150	0	0	0
Due from Other Funds	0	0	40	0
Total Assets	929,193	279,805	155	13,697
Liabilities				
Accounts Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Due to Individuals	122	0	155	0
Due to Other Governments	18,578	0	0	0
Installment Tax Deposits	0	0	0	0
Assets Held for Others	0	0	0	13,697
Deposits	910,493	279,805	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	\$ 929,193	\$ 279,805	\$ 155	\$ 13,697

Agency Funds Sheriff		Agency Funds Tax Collector		
Suspense	Confiscated Funds	Commissary and Inmate Welfare	Tax	Totals
\$ 104	\$ 23,441	\$ 42,242	\$ 288,973	\$ 1,577,420
0	0	0	7,778	7,928
0	0	0	2,494	2,534
104	23,441	42,242	299,245	1,587,882
0	0	7,359	934	8,293
0	0	4,366	2,323	6,689
0	0	0	0	277
0	0	0	50,023	68,601
0	0	0	244,506	244,506
104	23,441	30,517	0	67,759
0	0	0	0	1,190,298
0	0	0	1,459	1,459
\$ 104	\$ 23,441	\$ 42,242	\$ 299,245	\$ 1,587,882

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, 2014

Federal Grantor/Pass-Through Grantor/ Grant Program	Federal CFDA Number	Grant ID Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through State of Florida Department of Economic Opportunity:			
CDBG Disaster Recovery Program Agreement	14.228	12-DB-P5-02-30-01-K65	\$ 97,065
U.S. Department of Justice			
Passed Through the State of Florida Office of the Attorney General:			
Victims of Crime Act	16.575	V11227	40,775
Passed Through the State of Florida Department of Law Enforcement:			
SCAPP - State Criminal Alien Assistance Program	16.606	2013 - Award	3,617
County-wide Narcotics Taskforce	16.738	2014-JAGC-GADS-1-E5-235	30,926
Total United States Department of Justice			<u>75,318</u>
U.S. Department of Transportation/Federal Highway Administration			
Passed Through Florida Department of Transportation:			
Local Agency Program Agreement - Salem Road	20.205	429671-2-58-01/429671-2-68-01	2,727,842
Local Agency Program Agreement - Shady Rest Road	20.205	429672-2-58-01/429672-2-68-01	3,091,383
Local Agency Program Agreement - Caro Street	20.205	429859-1-38-01	15,205
Local Agency Program Agreement - McDonald Avenue	20.205	429860-1-38-01	13,655
Subtotal Expenditures - CFDA No.20.205			<u>5,848,085</u>
Passed Through City of Tallahassee, Florida:			
Job Access and Reverse Commute Program	20.516	FL-37-X071-00	46,440
Total U.S. Department of Transportation			<u>5,894,525</u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2014
(Continued)

Federal Grantor/Pass-Through Grantor/ Grant Program	Federal CFDA Number	Grant ID Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed Through State of Florida Department of Revenue:			
Child Support Enforcement	93.563	CSS20	\$ 10,333
Child Support Reimbursement Payments	93.563	CD320	174,120
Subtotal Expenditures - CFDA No. 93.563			<u>184,453</u>
Passed Through State of Florida Department of State			
Voting Access for Individuals with Disabilities	93.617	2011-2012-0002	14,407
Total U.S. Department of Health and Human Services			<u>198,860</u>
U.S. Department of Homeland Security			
Passed Through State of Florida Division of Emergency Management			
Emergency Management Preparedness Grant	97.042	14-FG-IM-02-30-01-087	49,671
State Homeland Security Grant Program	97.067	14-DS-C2-02-03-01-153	10,923
Total U.S. Department of Homeland Security			<u>60,594</u>
Total Federal Expenditures			<u><u>\$ 6,326,362</u></u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2014
(Continued)

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantor Number	State Expenditures
Florida Division of Emergency Management			
Emergency Management Preparedness Grant	31.063	14-BG-83-02-30-01-020	\$ 83,327
Emergency Management Preparedness Grant	31.063	15-BG-83-02-30-01-020	27,936
Total Florida Division of Emergency Management			<u>111,263</u>
Florida Department of Environmental Protection			
Small County Solid Waste	37.012	309SC	<u>70,371</u>
Florida Department of Agriculture and Consumer Services			
Arthropod Control/Mosquito Control	42.003	Contract 020267	<u>23,861</u>
Florida Department of State			
Division of Library and Information Systems: State Aid to Libraries	45.030	14-ST-11	<u>330,164</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Grant	52.901	Unknown	<u>221,782</u>
Florida Department of Transportation			
SCOP - Flat Creek	55.009	429631-58-01	2,000,453
SCOP - Lewis Lane	55.009	431327-1-58-01	51,938
Subtotal Expenditures - CSFA No. 55.009			<u>2,052,391</u>
SCRAP - Woodward Road	55.016		1,141,262
Total Florida Department of Transportation			<u>3,193,653</u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2014
(Concluded)

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantor Number	State Expenditures
Florida Department of Health			
EMS Matching Grant	64.003	M2016	\$ 52,384
EMS Matching Grant	64.003	M3005	166,897
Subtotal Expenditures - CSFA No. 64.003			<u>219,281</u>
EMS County Grant 12/13	64.005	C1020	3,275
EMS County Grant 13/14	64.005	C2020	7,398
Subtotal Expenditures - CSFA No. 64.005			<u>10,673</u>
Total Florida Department of Health			<u>229,954</u>
Florida Department of Management Services			
2012-2013 E911 Maintenance	72.001	Grant 13-10-8	45,237
2013-2014 E911 System Maintenance and Map Maintenance	72.001	Grant 14-4-9	4,427
2013-2014 Spring Coordinator Meeting	72.001	Grant 14-4-29	1,000
Total Florida Department of Management Services			<u>50,664</u>
Total State Financial Assistance			<u>4,231,712</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u><u>\$ 10,558,074</u></u>

GADSDEN COUNTY, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Note 1 - Basis of Presentation

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

**INDEPENDENT AUDITORS' 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, 2014. 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, 2014.

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

**INDEPENDENT AUDITORS' 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing, based on the requirements of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

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 30, 2015
Gainesville, Florida

**GADSDEN COUNTY, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Summary of Auditors' Results

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Gadsden County, Florida, (the County).
2. There were no significant deficiencies identified during the audit of the financial statements 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*.
3. There were no instances of noncompliance identified during the audit of the financial statements 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 *Governmental Auditing Standards*.
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 unmodified 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 program tested as a major federal awards program and state financial assistance projects included:

Federal Program	CFDA No.
Highway Planning and Construction	20.205
State Projects	CSFA No.
SCOP – Flat Creek	55.009
SCRAP – Woodward Road	55.016

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 not be a low-risk auditee 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, 2014
(Concluded)

Financial Statement Findings

Financial statement findings, if any, are reported in the individual reports of the Board and 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*.

**INDEPENDENT AUDITORS' 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, each major fund, and the aggregate remaining fund information of Gadsden County, Florida, (the County) as of and for the year ended September 30, 2014, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 30, 2015. 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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

**INDEPENDENT AUDITORS' 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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that were reported to management in a separate management letter dated March 30, 2015.

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.

Purvis, Gray and Company, LLP

March 30, 2015
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, 2014, and have issued our report thereon dated March 30, 2015.

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 30, 2015, 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:

Prior Audit Findings

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendation in the preceding annual financial report. Additional corrective actions can be found in the respective reports of the Constitutional Officers.

Official Title and Legal Authority

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in 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.

Financial Condition

- Section 10.554(1)(i)5.a., *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 conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

MANAGEMENT LETTER
(Concluded)

Financial Condition (Concluded)

- Pursuant to Section 10.554(1)(i)5.c. and 10.556(8)., *Rules of the Auditor General*, we applied 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 the same.

Annual Financial Report

- Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the County for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

- Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statement of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. Our audit identified recommendations which are included in the respective reports of the Constitutional Officers.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contract or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 30, 2015
Gainesville, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON
COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES**

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

We have examined Gadsden County, Florida's, (the County) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

Pursuant to Chapter 119, Florida Statutes, this 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 30, 2015
Gainesville, Florida

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